

## **GENERAL TERMS AND CONDITIONS OF BUSINESS**

of the company RATTUNDE AG, Ludwigslust, Germany

### **I. Quotations, business principles, conditions**

1. Our quotations are presented subject exclusively to the conditions of our general terms and conditions of business. These apply to the entire business relationship as well as all subsequent transactions. Purchasing and other terms and conditions of the ordering party apply only insofar as they agree with our general terms and conditions of business. Deviating or supplementary terms and conditions of the ordering party will not become part of the contract even if we complete the transaction without further reservations. Even if Rattunde refers to a document which contains terms and conditions of business of the ordering party or of a third party or refers to such terms and conditions, this does not constitute agreement with the applicability of those terms and conditions of business.

2. All agreements and understandings relating to the business transaction and its completion must be made in written form without exception. Quotations of our representative are without obligation. Agreements take effect only after written confirmation by our company.

3. We reserve the ownership rights and copyrights to all documentation, figures and drawings belonging to the quotations. They may not be made accessible to third parties and must be returned to us if the order is not placed with us.

### **II. Prices and payments**

1. Prices are ex works including packaging, plus the costs of delivery, insofar as this is performed by Rattunde, and the currently applicable statutory V.A.T.

2. Payments must be made free of charges to the account of the supplier.

3. The ordering party can offset only undisputed claims or claims recognized by declaratory judgment.

4. A right to refuse payment or to withhold payment can be asserted by the ordering party only if it is based on the same contract as the claim to payment.

5. Even in the case of deviating redemption terms and conditions of the ordering party, payments will be credited only in accordance with statutory regulations in the following sequence: expenses-interest-principal debt.

### **III. Description and scope of performance and deliveries**

1. Our scope of services is defined in the contract. The condition of the purchased object is in accordance with the contract if said object is suitable for the agreed, customary use and has a quality that is usual or can be expected of machines of this type and for this purpose.

2. With regard to the safety conditions, German regulations apply, insofar as the ordering party has not documented deviating safety regulations in his country and explicitly requested them in writing. Additional safety conditions must be communicated before the conclusion of the contract and must be explicitly agreed. If additional safety conditions are requested retroactively, a surcharge may be applied.

3. Our deliveries are ex works unless otherwise agreed.

4. Partial deliveries may be made, if

- the partial delivery is useful for the ordering party within the context of the intended use specified in the contract,
- the delivery of the rest of the ordered goods is ensured and
- the ordering party will not incur considerable additional effort and expense or additional costs (unless Rattunde declares its willingness to assume these costs).

5. Delivery requires that all necessary approvals and the documentation, releases, payments and other obligations to be met by the ordering party are obtained, provided and/or fulfilled in a timely manner.

6. The performance deadline has been met when the ordering party has been notified of readiness for shipping.

7. If delivery free domicile and assembly have been agreed, free access and complete preparation of the assembly location are required. If these prerequisites are not met and we incur additional costs for waiting periods, rescheduling, etc., these costs will be paid by the ordering party.

8. We are not liable for impossibility of delivery or for delays in delivery, insofar as these are caused by force majeure or other events not foreseeable at the time of conclusion of the contract (e.g. interruption of operations of all types, difficulties in material or energy procurement, shipping delays, strikes, legal lockouts, scarcity of labor, energy or raw materials, difficulties in procuring required approvals from authorities or failure to deliver or incorrect or late delivery by suppliers) beyond our control. Insofar as such events make the delivery or performance substantially more difficult or impossible and the hindrances are not merely of a temporary nature, we are entitled to cancel the contract. In the event of hindrances of a temporary nature the delivery or performance periods will be extended or the delivery or performance deadlines will be moved by the period of the hindrance plus a reasonable lead time. Insofar as the acceptance of the delivery or performance is unreasonable for the ordering party due to the delay, he can cancel the contract by submitting a written declaration to the seller without delay.

9. Should a delay in delivery result in the obligation to pay compensation for damages, this will be limited to 0.5% for each week of delay, in total to a maximum of 5% of the part of the entire delivery which cannot be utilized in a timely manner due to the delay. Section IX. applies accordingly for the start of the obligation to pay compensation for damages.

10. If the shipping is delayed at the request of the ordering party, we will charge storage costs, which will be calculated at a minimum of 0.5% of the invoice amount for each month.

11. Compliance with the delivery deadline requires that all due contractual obligations of the ordering party have been met.

## **IV. Cancellation in the case of default on payment**

1. Should the ordering party be wholly or partially in default on the payment of a debt, we are entitled - without prejudice to other rights - to cancel the contract. The prerequisite for this is that the ordering party does not pay the arrears within a reasonable deadline set by us.

2. We likewise have the right to cancel the contract if, despite the setting of a deadline or the issuance of a reminder, the ordering party violates substantive provisions of the contract and agreements, or if a substantial deterioration in the financial situation of the ordering party occurs, in particular if judicial execution measures have been initiated against him, if an application to open bankruptcy proceedings on the assets of the customer has been filed and is not rejected within six weeks or if the opening of bankruptcy proceedings is denied due to insufficiency of assets.

3. In the case of cancellation we are entitled - without prejudice to higher actual damages - to compensation for damages in the amount of 15% of the sales price without separate documentation of the damages, whereby the ordering party is permitted to prove that the actual damages were lower.

4. Should one of the aforementioned grounds for cancellation occur, we also have the right to choose to declare outstanding residual receivables arising from the contract or other receivables from further orders immediately due for payment.

## **V. Transfer of risk and shipping**

1. For all deliveries, including partial deliveries, the risk of accidental loss or accidental deterioration is transferred to the ordering party at the time when the goods are handed over by us to the first freight carrier. This also applies if we are responsible for the shipment at our own expense or if we must still perform other services (e.g. assembly).

2. Upon request of the ordering party, the shipment will be insured at his expense by us against theft and the usual breakage, shipping, fire and water damage as well as other insurable risks.

3. If shipping is delayed due to circumstances beyond our control, the risk is transferred to the ordering party from the date of readiness for shipment.

## **VI. Set-up and assembly**

1. Insofar as set-up, assembly and putting the units into operation are included in our obligations, all required preliminary work in the construction and assembly area must be completed by the ordering party before we commence work. This also includes the provision of the power supply, water supply and the required communications lines for connection to the machine as well as all usual auxiliary construction materials. Furthermore, the ordering party will provide free of charge dry and lockable rooms for material, tools and accommodation with sanitary facilities for our installers, and finally, insofar as required, protective clothing and equipment which could be necessary due to special circumstances of the assembly site.

2. The ordering party must document the working hours of the assembly personnel on a weekly basis for us. The completion of the assembly and the commencement of operation must be confirmed without delay.

3. The acceptance of our delivery requires handover in a condition free of defects and shortcomings. However, the ordering party may not refuse acceptance due to minor defects or shortcomings.

4. If a formal acceptance procedure has been agreed, this must be carried out by the ordering party in accordance with the agreement and deadline. If this does not take place, or if no formal acceptance procedure has been agreed, the acceptance of the delivery or performance with the system being put into operation is deemed to have taken place.

## **VII. Warranty**

1. Our warranty starts with the start of operation of the purchased object by the ordering party.

2. We warrant that the purchased object is free of functional or legal defects and possesses the properties agreed in the contract.

3. Claims of the ordering party due to defects require that the ordering party has fulfilled his obligations with regard to inspection and notification of defects in accordance with German commercial law and that a complete written description of the defects claimed is provided to us without solicitation to do so.

4. Claims due to defects do not exist if the defects occurring are connected with a delay in the notification of defects detected earlier, non-compliance with the manufacturer specifications and operating manuals, any operations, any maintenance or care work performed by the ordering party or by a third party hired by him and not authorized by us, with the installation of replacement or supplementary parts not coordinated with us.

5. Insofar as a defect exists, we are entitled to choose supplementary performance (remediation of defects) or delivery of a defect-free article within a reasonable period. If the purchase price has not been paid in full at this point, we can make the supplementary performance or replacement delivery dependent on an appropriate partial payment of the purchase price by the ordering party, taking into account the defect claimed.

6. The ordering party is entitled to choose whether to reduce the purchase price or cancel the contract and claim compensation for damage instead of performance, if we have seriously and finally refused supplementary performance or if the supplementary performance did not work or was unacceptable to the ordering party, or if a reasonable period has expired without successful fulfillment. The claim to cancellation or compensation for damages is excluded if and insofar as the defect claimed does not limit or limits only to a negligible degree the suitability of the purchased object for the contractually defined or usual use.

7. The claims of the ordering party to a reduction in price, cancellation or compensation for damages designated in the aforementioned rules expire one year after the acceptance of the purchased object.

8. The expiration of claims arising from defects is suspended as long as negotiations regarding the determination of defects and the circumstances from which they arise as well as remedial measures are still being pursued by us and the ordering party. The suspension begins with the

written notification of defects by the ordering party and ends with a written refusal on our part, however at the latest two months after the last declaration of one of the involved parties.

## **VIII. Reservation of ownership**

1. The delivered machine and all other delivered parts and accessories remain our property until the purchase price has been paid in full. The retention of ownership also extends to receivables from subsequent transactions, in particular deliveries of replacement parts and customer services.

2. The goods subject to reservation of ownership may not be pledged to third parties nor transferred as security before full payment of the secured debts has been made. The ordering party must inform us without delay if seizure by third parties of the goods belonging to us occurs.

3. The reservation of ownership extends to the products developed by processing, intermixing or incorporation with our goods to the full extent of their value, whereby we are deemed the manufacturer. If the processing, intermixing or incorporation is effected with the goods of a third party and if their rights of ownership are thereby retained, we acquire joint ownership in the ratio of the invoice values of the goods that have been processed, intermixed or incorporated. For the rest, the same applies to the product developed as for the article supplied subject to reservation of ownership.

4. The ordering party is obligated to treat the retained goods with care and in particular to take out machine insurance at his own expense which includes fire and theft insurance. He will assign to us in advance all receivables and claims to remuneration to which he is entitled connected with the retained goods in the amount of the invoice value of our retained goods.

5. If the legal validity of the reservation of ownership depends on a special registration or other local precondition, the ordering party is obligated to fulfill these prerequisites and inform us accordingly. If the reservation of ownership is not permitted in the recipient country, the ordering party is obligated to provide equivalent security for all outstanding claims to payment.

6. In the case of threats to our property, in particular in the case of behavior of the ordering party in violation of the contract, we are entitled to demand the handover of the retained goods and to pick them up directly at their location. In such cases the ordering party will give us access and enable us to dismantle the retained goods. If we demand handover on such grounds, this does not constitute the cancellation of the purchase contract.

## **IX. Liability, compensation for damages and expenses**

1. In accordance with statutory provisions, we are liable for damages arising from harm to life or health due to malicious or negligent violation of obligations by our management or employees and vicarious agents. For other damages, regardless of the legal grounds, in particular impossibility, delay or default, defective or incorrect delivery, breaches of contract, breaches of obligations in breaches of contract and tortious acts, we are liable only in the case of malicious intent or gross negligence of the persons named above, insofar as there is no violation of material contractual obligations. Material contractual obligations include the obligation of timely delivery and installation of the object of delivery free of material defects as well as consulting, duties to exercise proper care and protection, which should enable the ordering party to use the object of delivery as contractually agreed or which are intended to protect the life and health of the personnel of the ordering party or to protect his property from substantial damage.

2. Any liability for non-compliance with assumed warranty obligations remains unaffected.

3. For injury to persons we are liable without limit. In the other cases compensation is limited to the foreseeable damage. Indirect damages and consequential damages which are the consequence of defects of objects of delivery are eligible for compensation for damages only if such damages are to be expected during proper use of the objects as intended. Compensation for lost profit is excluded.

4. Claims for compensation of damages due to violation of obligations expire in 12 months. The period begins when the claim arises, but not before the party entitled to assert the claim has knowledge of the facts which form the grounds for the claim. Liability for malicious or grossly negligent breaches of obligations as well as the liability for damages arising from harm



to life, limb or health as well as for liability in accordance with the German Product Liability Act remain hereby unaffected; to this extent the relevant statutory statute of limitations and the relevant legal beginning of the period of limitation apply.

5. Insofar as our liability is excluded or limited, this also applies to personal liability of employees or vicarious agents.

## **X. Patents, copyrights, etc.**

1. We hold the copyrights and other intellectual property rights to inventions made through us in the course of manufacturing the object of delivery or performance. This also gives rise to the right to register a patent or other intellectual property rights.

2. We guarantee that the object of delivery is free of commercial intellectual property rights or copyrights of third parties.

3. In the event that the object of delivery infringes upon a commercial intellectual property right or copyright of a third party, we will, at our own discretion, change or replace the object of delivery so that no rights of third parties are further infringed upon, but so that the object of delivery continues to fulfill the contractually agreed functions, or we will procure rights of use for the ordering party by concluding a license agreement. If this does not succeed within a reasonable time frame, the ordering party has the right to cancel the contract or to reduce the purchase price by a reasonable sum. Any claims of the ordering party to compensation for damages are subject to the limitations specified in Section IX.

4. With regard to other parts of the object of delivery which are not manufactured in our factory, liability is limited to the assignment of claims we are entitled to assert against our subcontractors.

## **XI. Separability clause, applicable law**

1. Should individual contractual provisions be or become partially or wholly invalid, the validity of the other contractual provisions remains hereby unaffected. This also applies if a loophole



should be found in the contract. The partially or wholly invalid provision(s) should be replaced or any loophole(s) closed with an appropriate new provision which most closely resembles the intent and purpose of the contract, insofar as this is legally possible.

2. The law of the Federal Republic of Germany applies. The United Nations Convention on Contracts for the International Sale of Goods (CISG) does not apply.

3. The place of fulfillment for all claims arising from this contract is Ludwigslust. The court of jurisdiction is Hamburg.

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