General Terms and Conditions

REIFF

I. Scope

These general terms and conditions apply to all present and future contracts with companies, legal persons governed by public law and public-law special funds for deliveries and other performances. We are under no obligation to honour deviating terms and conditions by the customer which we have not expressly recognised, even if we have not expressly rejected them.

II. Delivery terms

1. Contract conclusion and contents

1.1. Our offers are non-binding. All agreements made prior to or concurrent with the conclusion of the contract, in particular verbally agreed collateral agreements, promises, guarantees and other assurances, are only valid when they are made in writing unless the customer verifies that a forbearance had been given in specific cases.

1.2. Documents that are a part of the offer, such as drawings or figures, technical data, references to standards and claims made in advertising materials only represent declarations of guarantee when they are specifically identified as such.

1.3. Deviations of the scope of delivery from offers, samples, trial deliveries and preliminary deliveries are permissible in accordance with applicable DIN standards, other pertinent technical standards, and provided that they are within tolerances common to the industry.

1.4. INCOTERMS, as currently amended, are to be used to interpret trade terms.

2. Prices

2.1. Prices do not include the costs for packaging, freight, loading and unloading, transport, insurance, set-up, installation and start-up. The buyer must add the statutory VAT to these prices in payment.

2.2. Pursuant to legal requirements, we will accept returns of packages delivered by us if they are returned to us by the purchasing party in a reasonable time (freight prepaid).

3. Delivery/performance periods

3.1. Delivery deadlines or terms are only binding when they are agreed to in writing, unless the customer indicates that a forbearance had been given in specific cases. They are deemed to have been adhered to when the delivered goods have left our facility by the time the deadline has passed.
Performances are not due if the customer has not yet performed an act of cooperation required for fulfilment thereof or has not provided an agreed-upon preliminary pre-payment. In such cases, our obligatory delivery deadlines and terms only begin once the act of cooperation have come into effect or once the pre-payment has been received.
Our delivery obligation is subject to correct and timely receipt of goods from suppliers, unless we are responsible for the failure of such correct and timely receipt.

3.2. Events caused by force majeure entitle us to delay deliveries by a time equal to the duration of the hindrance and an appropriate start-up time. This also applies when such events occur during an existing delay. Force majeure includes monetary, trade, commercial and other governmental measures, strikes, lock-outs, operational disturbances for which we are not responsible, transportation obstructions, delays at customs as well as all other circumstances for which we are not responsible which make delivery and performance considerably difficult or impossible. In this regard, it does not matter whether the circumstances leading to this have originated in our plant or in another supplier's premises.

If, due to the aforementioned events, it becomes unreasonable for a contractual party to fulfil the contract, the party can withdraw from the contract on the basis of an immediate declaration in writing.

3.3. Any reminders or deadline extensions set by the customer must be made in writing.

4. Delivery, shipment, transfer of risk, partial deliveries

4.1. At the time when the object of the contract is passed to a carrier or dedicated persons carrying out shipment, at the latest however when the items leave the sales outlet, warehouse or – in the case of third-party fulfilment as well – the supplier's facility, risk for all transactions passes to the customer, even when the delivery is free domicile. If shipment or receipt is delayed for reasons outside of our control, risk passes to the customer upon receipt of the ready-to-ship notification, or similar notification.

4.2. We may make reasonable partial deliveries or performances. For manufactured or standard package products, we are authorized to make excess and short deliveries to an extent common within the industry, but at least up to 10% of the amount ordered.

4.3. For call orders, we are entitled to produce, or have produced, the entire order quantity as a closed quantity. Change requests after contract awards can only be considered if such requests had been expressly agreed upon.
Call-off dates and amounts can only be honoured within the scope of our delivery or manufacturing capabilities, unless otherwise agreed.
Payments for quantities still due from call orders are due upon expiration of the agreed upon deadline regardless of the delivery status of the call order. If a deadline has not been agreed upon, we are entitled to ask for the remaining payments due no later than one year at the latest after the conclusion of the contract.
In the case of orders for regular delivery, the calls for delivery and breakdowns must be of approximately the same monthly quantities. If call orders or breakdowns are not made in a timely manner, after expiration of a grace period we may select and deliver the goods ourselves or withdraw from the remaining part of the contract and request compensatory damages instead of payment. By the end of the contract, our inventory must have been fully purchased.

4.4. To exchange goods for reasons for which we are not responsible, we charge a proportionate handling fee of 10% of the value of the goods (at minimum €20).

4.5. The customer is obliged to unload the goods at their expense. We will provide insurance only if requested by the customer and at their expense.

5. Goods examination/complaints

5.1. The statutory provisions of the German Commercial Code (HGB) apply to the examination of goods and notification of any defects as follows:
The customer is obliged to examine the goods immediately with respect to properties applicable to their use and to immediately notify us of any defects of the goods in writing. If the goods are to be installed or attached, the properties applicable to the installation or attachment also include internal properties of the goods. The obligation to perform examination is in effect even if a test certificate or other material certificate has been included. Defects which cannot be immediately uncovered upon delivery even following careful examination must be reported in writing immediately once they are discovered.

When installation or attachment of the goods is to be undertaken and the customer fails to at least randomly examine the properties of the goods which are applicable to the purpose of use of the goods prior to the installation or attachment (for example by way of functional tests or a mock-up installation), this represents a very serious oversight of the required due care (gross negligence) in our relationship. In this case, the customer's defect-related rights are only applicable with regard to

these properties when the respective defect had been fraudulently concealed by the supplier or when a quality guarantee had been provided for the goods.

5.2. Upon examining the goods or thereafter, if the customer identifies defects they must provide to us with the rejected goods or a sample thereof so that we can examine them, and must allow us to perform the examination of the rejected goods within a reasonable time. Otherwise, the customer cannot invoke a defect claim for the goods.

III. Payment conditions

1. Due date and default

1.1. For partial deliveries, our invoices shall be due no later than 5 days after the invoice date, billed for the services rendered – no cash discounts allowed.

1.2. The buyer is in default after no more than 10 days after the due date, without the necessity of a reminder. Should the time allowed for payment be exceeded, at the latest at the time of default, we are entitled to charge interest to the amount of the relevant bank interest rates for overdrafts, but at a minimum interest equal to the statutory interest on overdue accounts. We will additionally charge a flat rate delay charge amounting to €40. We reserve the right to claim further damages due to delay.

2. Cash discount

Our allowable discount periods begin on the date of the invoice. An agreed-upon discount only relates to the value of the invoice, and does not include freight, and requires that all due and payable amounts be paid by the buyer at the time of the discount. Invoices for amounts under €100 and for assemblies, repairs, services, moulds and tool costs (pro-rata) are due immediately without deductions.

3. Right to withhold performance, offsetting

3.1. Counter-claims not expressly recognised by us or which are not legally enforcible do not give the customer the right to withhold or offset payment. This does not apply if the counter-claims by the customer result from the very same contractual relationship and/or if they would entitle the customer to refuse payment according to Section 320 of the German Civil Code (BGB).

3.2. If it becomes apparent after conclusion of the contract that our claim for payment is put at risk by the purchaser's lack of ability to pay or if other circumstances arise which indicate a decline in its ability to pay, we are entitled to deny our agreed-upon advance performances and may exercise our rights under Section 321 of the German Civil Code (BGB, plea of insecurity). This also applies if our obligation to perform is not yet due. We are then also entitled to declare all demands from the current business relationship with the customer which were not subject to a statutory time limit to be payable and may revoke any direct debit authorizations. In addition, if payment is delayed, we are entitled to demand the return of the goods on expiry of a reasonable additional term and to prohibit the sale or further processing of the goods supplied. This return shall not constitute a withdrawal from the contract. The customer can avert all such legal consequences by payment or provision of security to the amount of our payment claim which is at risk. Insolvency regulations are not affected by the above.

An inability to pay is also deemed to be in effect when the customer is in payment default for at least 3 weeks to a substantial extent (at least 10% of the amounts due), and if the customer has been downgraded significantly as to the limits available to them from our commercial credit insurance policy)

4. Billing, reconciliation of accounts

Objections to our billing, account statements, reconciliations and the like must be made in writing within a cut-off period of 3 weeks following receipt of the respective document. Timely notification is sufficient. If no objection is raised within the stipulated period, the invoice shall be deemed accepted.
If any obvious inaccuracy is subsequently discovered later than this, particularly miscalculations, the customer and we alike may demand rectification based on statutory requirements.

IV. Retention of title

1. All delivered goods remain our property (reserved goods) until fulfilment of all claims from the business relationship regardless of the legal reason, including any future or conditional claims (balance reservation). Balance reservation does not apply, however, for advance payment or cash transactions which are paid concurrently. In this case, the delivered goods remain our property until the purchase price for these goods has been paid in full.

2. Processing and machining of reserved goods takes place in our name as producer as defined in Section 950 of the German Civil Code (BGB), without a binding effect on us. The processed goods are considered to be reserved goods pursuant to Clause IV.1. If the customer processes, combines or mixes the reserved goods with other goods, we are entitled to a proportionate co-ownership of the new item equal to the ratio of the invoice value of the retained goods to the other goods being used. If our ownership is rendered void as a result of combining or mixing, the customer shall transfer to us right away any ownership rights to the new item to which the customer is entitled, and to the extent of the invoice value of the retained goods, and shall safeguard these goods on our behalf at no charge. The co-ownership rights arising from this are considered to be reserved goods pursuant to Clause IV.1.

3. The customer may only resell the reserved goods as part of normal business transactions and only in accordance with standard business terms, and as long as the customer is not in default, provided that the claims resulting from the resale are passed over to us according to Clause IV.4 and IV.5. The customer is not entitled to any other disposals of the reserved goods.

4. The customer's claims arising from the resale of the reserved goods are to be assigned to us right at this point. They serve as collateral to the same extent as the reserved goods. If the reserved goods are sold by the customer together with other goods not sold by us, then the assignment of the claim from the resale applies only to the amount of the resale value of the respective reserved goods sold. In the event that goods are sold to which we have a co-ownership title pursuant to Clause IV.2, the assignment shall apply to the claim to the amount of said co-ownership shares.

5. The customer is entitled to collect claims arising from the resale until we revoke the contract, which we can at any time.

In addition, if payment is delayed by the customer, we are entitled to demand the return of the goods on expiry of a reasonable additional term and to prohibit the sale and further processing of the goods supplied. This return shall not constitute a withdrawal from the contract. At our request, the customer is required to inform their customers immediately about the assignment to us – as far as we do not do it ourselves – and to provide us with the necessary information and records to accomplish collection.

6. The customer must inform us immediately about any seizure or other adverse actions on the part of third parties.

7. For repair, upgrading, and processing as well as labour contracts, a contractual lien to the object ceded to our possession due to this contract is rightfully due to us because of our claims arising from these orders and from previous orders to the extent that they are related to the object of the order.
   For miscellaneous claims from the business relationship, the contractual lien can only be enforced if it the claims are uncontested or if a legally enforcible legal title is in effect and if the object subject to the order belongs to the customer.
8. If the total value of existing securities exceeds the secured claims by more than 50%, we shall release securities of our choice if the customer so desires.

V. Industrial property/copyrights

1. In the case that our performance involves providing technical guidance, in particular the development of technical solution proposals, generating drawings, formulations, product development and improvement, etc., we reserve all rights due to us in this regard. This applies in particular to our intellectual property rights to products, but also to physical ownership of all drawings, samples, models, etc.
2. Any sharing, including viewing, any kind of secondary forwarding, reproduction (complete or partial) is prohibited and will result in the requirement – irrespective of all of our other claims – that anything produced or acquired as a result be surrendered. The customer is required, upon request, to immediately produce all details or to provide us with the corresponding documentation necessary for us to enforce our rights. Drawings, samples, moulds, etc., prepared by us must be returned to us upon request, and in any case must be returned without prompting if we are not assigned the order.
3. If we have provided items according to drawings, models, samples or other documents or information provided by the customer, they must assume the risk of infringement of intellectual property rights of third parties. If, in particular, third parties prohibit us from manufacturing and supplying such items, invoking intellectual property rights in doing so, we are entitled – without being required to examine the legal situation – to suspend further activity as such and to request compensatory damages if the customer is found to be at fault. The customer must also release us from all claims by third parties in connection therewith.

VI. Test parts, moulds, tools

1. If the customer must provide parts in order to carry out the order, these parts must be delivered in due to free to the production facility at no cost to us and free of defects, and must include the agreed-upon, reasonable surplus amount to provide for any potential waste. If this is not provided, any costs and other consequences resulting from this are to be borne by the customer.

   For tools, moulds and other manufacturing equipment provided by the customer, our liability for the care is limited to such liability as relates to our own affairs. Costs for maintenance, upkeep and insurance must be borne by the customer.
2. The construction of experimental parts and tools, including costs for manufacturing and changes to moulds are the responsibility of the customer. In the absence of other agreements, tools and other equipment required to produce ordered parts remain our sole property. Unless otherwise confirmed, the calculated tool costs are pro-rata costs.
3. The correctness of the manufactured moulds and other technical equipment must be confirmed in writing by the customer prior to the beginning of production. Samples of all mould calibres will be provided. The confirmation of correctness by the customer is considered to us to be binding as an acceptance for production, even if such confirmation is given indirectly in the form of order requests, and does not require additional testing on our side.
4. Our safekeeping responsibility expires – regardless of ownership rights of the customer – no later than two years after the last manufacture from moulds or tools.
5. In the absence of an agreement to the contrary, the customer must bear the costs for transport (including taxes and tariffs), packaging and transportation insurance concerning tool transfer.

VII. Liability for defects

1. The characteristics of the goods, in particular the quality, type and dimensions thereof, are determined according to the agreed-upon DIN and EN standards in effect unless otherwise agreed at the time of contract conclusion, and in the absence thereof according to such standards as are common in practice and as used in the industry. Reference to standards and similar regulations, and information concerning quality, type, dimensions, weights and usage of the goods, information in drawings and figures, as well as statements in advertising media are not assurances or guarantees unless they are expressly identified as such in writing. The same applies to declarations of conformity and to similar characteristics such as CE and GS symbols. Risks of suitability and use are borne by the customer.
2. If the goods are defective, the customer is entitled to statutory rights accruing from defects under the German Civil Code (BGB). This right comes with the limitations that we can, at our choice, either repair or remedy the defect, and that minor (insignificant) defects only allow the customer the right to have the purchase price reduced (reduction).
3. Where the customer has ordered goods from us directly using catalogues, lists or the like from a supplier of ours (third-party components), we provide a warranty only according to the terms of this supplier, provided that these terms are known or should be known to the customer and provided that these terms do not go beyond the statutory claims for defect liability.
4. Claims relating to liability for defects are not recognised if – after leaving our premises – the damage is due to the goods being repaired or otherwise processed by third parties or being used for a purpose other than intended, or where the operating instructions, manufacturer's guidelines or other general regulations have not been heeded.
5. If the customer has installed or attached the defective goods in a different item in accordance with the type and utility thereof, they may only demand compensation for the expenses required to remove the defective goods and to install or attach the remedied or new defect-free goods ("removal and installation costs") and only according to the following stipulations.
   Required removal and installation costs are only those which directly relate to the removal or disassembly of defective goods and the installation or attachment of identical goods and which are based on competitive market conditions and which the customer has verified to us by presenting suitable evidence at least in written form. Customer's costs for defect-related, secondary damage, such as lost profits, costs from lost production or additional costs for replacements, which go above and beyond these, do not constitute direct removal and installation costs and therefore cannot be compensated for as reimbursement of expenses according to Section 439 Par. 3 of the German Civil Code (BGB). The same applies to screening costs and addi-

tional costs resulting from the sold and delivered goods being located at a place of fulfilment which is different to the agreed-upon location. The customer is not entitled to request a retainer for removal and installation costs and other remedial costs.
If the claimed expenses made by the customer for remedies are disproportionate individually, in particular in relation to the purchase price of the goods in the defect-free state and considering the significance of the contract non-conformity, we have the right to deny reimbursement of these expenses. Disproportionate costs are in effect in particular if the claimed expenses for removal and installation costs exceed 150% of the invoiced value of the goods or 200% of the reduced value of the goods deemed as deficient.

6. All other claims are excluded according to Clause VIII. This applies in particular to claims for reimbursement of costs for self-repair of a defect without there being any legal prerequisites in place for the same, and claims to reimbursement of removal and installation costs if the goods delivered by us were no longer available in their original configuration at the time of the installation or attachment or if a new product had been produced from the delivered goods prior to installation.
7. Unfounded defect remedy requests entitle us to compensatory damages if, had the customer performed a careful examination, the customer could have seen that no material defect had existed.
8. Rights of recourse are recognised within the scope of the provisions of the law. Public statements made by our customer which substantiate consumer claims exempt us from our obligations if the statements deviate from our information and have not been approved by us.

VIII. General liability limitation and limitation periods

1. We shall only be liable owing to breaches of contractual and non-contractual duties in particular owing to inability, default, fault in consultations, fault when initiating contracts, and tortious acts – this liability also extending to our executives and other vicarious agents – in cases of wilful intent and gross negligence.
2. The limitations from Clause VIII.1. do not apply in the event of culpable violation of essential contractual obligations (so-called “cardinal obligations”), wherein liability in this case is limited to contractually typical damage foreseeable at the time the contract was concluded. Obligations which are considered essential to the contract include timely delivery and goods which are free from defects that detrimentally affect the functionality or utility more than just insubstantially, and further consultative, protection and proper care for protecting the customer or its personnel against serious damage.

   Furthermore, these restrictions do not apply in cases of mandatory liability according to the Product Liability Act, with injuries to life, limb and health, nor if and insofar as we have maliciously failed to disclose faults to the object or guaranteed that they will not exist. The rules concerning the burden of proof remain unaffected by this.

3. Insofar as not otherwise agreed, contractual claims which the buyer incurs against us as a result of or in connection with the delivery of the goods, shall become statute-barred one year after delivery of the goods. This shall not apply if the law in Sections 438 Par. No. 2, 478, 479 of the German Civil Code (BGB) or Section 634a Par. 1, No. 2 of the German Civil Code (BGB) prescribe longer periods, and in cases of injury to life, limb or health, intentional or grossly negligent breach of obligation by us or fraudulent concealment of a defect. In cases of defective remedies, the limitation period does not renew.

IX. General provisions

1. The place of fulfilment for our performances, for remedies and for payment by the customer is our facility.
2. The place of jurisdiction for all disputes is the headquarters of our main subsidiary or, at our discretion, the place of jurisdiction of the customer.
3. All legal relationships between us and the customer shall be governed by German law not including the United Nations Conventions on Contracts for the International Sale of Goods (CISG) as amended on 11 April 1980

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REIFF Technische Produkte GmbH | D-72762 Reutlingen