

General Terms and Conditions of

KSL Keilmann Sondermaschinenbau GmbH Bensheimer Str. 101, 64653 Lorsch, Germany
KSE GmbH, Bensheimer Str. 101, 64653 Lorsch, Germany
KSA GmbH & Co. KG, Am Weißen Weg 10, 04600 Altenburg, Germany
- hereinafter referred to as „Keilmann Group“ -



I. Preface

1. Scope of application

These General Terms and Conditions ("Terms") shall only apply to contracts between Keilmann Group and contractors in the sense of Section 14 BGB (German Civil Code), legal persons under public law, and separate estate under public law („Customer“).

Subject to the inclusion of amended Terms of Keilmann Group, these Terms shall also be taken as a basis for future contracts between Keilmann Group and the Customer relating to the delivery of machines, without them having to be included again.

2. Exclusiveness

The contractual relationship between Keilmann Group and the Customer shall exclusively be governed by the existing General Terms and Conditions. The Customer shall accept this when placing an order, at the latest when receiving the machines. Different conditions of the customer are explicitly objected to. Keilmann Group will not be prepared to carry out any orders on the basis of diverging General Terms and Conditions of the Customer; this shall also apply if Keilmann Group renders services without giving any indication going beyond this proviso.

3. Contractual statements

Insofar as nothing to the contrary arises from the circumstances, offers by Keilmann Group shall only represent requests to the Customer to submit binding offers of contract to Keilmann Group („invitatio ad offerendum“). Keilmann Group shall be entitled to accept the Customer's offers of contract within two weeks. Within this period, the Customer shall be bound to his offer of contract. Confirmations of the receipt of an offer by the Customer do not as such represent an acceptance of the contract by Keilmann Group.

When Keilmann Group accepts orders from the Customer, it assumes the Customer's good credit standing and, in individual cases, reserves the right to condition the acceptance of the Customer's order on the provision of a bank guarantee or any other security amounting to the expected invoice amount. Moreover, Section 321 BGB (plea of uncertainty) shall apply.

Any agreements made between Keilmann Group and the Customer shall be documented in writing for evidence purposes.

Subsequent amendments to the contract are subject to a written agreement to become effective.

II. Customer's cooperation

1. Customer's duties to cooperate

- The Customers shall cooperate in the clarification of any required preliminary technical questions. The Customer shall immediately reply to requests by Keilmann Group.
- The Customer shall make available to Keilmann Group the material he intends to process with machine to be manufactured by Keilmann Group.
- The Customer shall make the type and quality of material available to Keilmann Group he will process later.
- The Customer shall make available the material free of charge. The Customer shall bear any transport costs.
- The Customer shall make the material available in due time, at the latest, however, immediately upon request by Keilmann Group.
- The Customer shall make a sufficient amount of the material available to Keilmann Group.
- The Customer shall inform Keilmann Group about the quantity of material he intends to process. The Customer shall inform Keilmann Group if he intends to operate the machines of Keilmann Group for more than 5 days per week, and/or in total for more than 40 hours per week; in particular, if multi-shift operation is intended.
- The Customer shall procure any required official permits or other third-party authorisations required for contract fulfilment. The costs incurred for this shall be borne by the Customer.

2. Failure to cooperate

If the Customer fails to cooperate despite being requested to do so, Keilmann Group can terminate the contract after an appropriate term has elapsed. The Customer shall bear the damage incurred to Keilmann Group by the termination.

III. Performance target, time of performance, place of performance, release from liability

1. Performance target

- Keilmann Group manufactures special-purpose machines. Specifications by the Customer on the quality and speed of processing and the estimation of costs of Keilmann Group shall therefore initially be considered as not binding objectives of the parties.
The objectives are only considered as being binding if this is explicitly agreed, assured or guaranteed in writing.
- If Keilmann Group definitely realises, in the course of development, that the Customer's specifications pertaining to the quality and/or speed of processing cannot be met, or can only be met at higher costs, the company shall inform the Customer about it immediately in writing. In the same written communication, Keilmann Group shall point out to the Customer that the indicated deviations are considered as being approved by the Customer if the latter does not object, in due time and in writing, to the announced deviations.
- The Customer can object to the deviation in writing within 21 working days after receipt of the information regarding the deviation. The parties shall thereupon discuss the matter and try to come to an agreement.
If the Customer does not object in due time, the communicated changes are considered as new target values.

If the parties do not arrive at an agreement, the Customer can terminate the contract in writing if the anticipated results regarding quality and/or speed of processing or the anticipated costs considerably deviate from the previous target values.

Keilmann Group can itself terminate the contract in writing if the Customer does not approve of the deviations regarding quality and/or speed of processing or the anticipated costs and an achievement of the previously communicated target values is seriously jeopardised.

If the probable speed of processing falls short of the target values by 25%, and/or if the probable manufacturing costs exceed the original estimate of costs by 25%, relevancy of the deviation is assumed.

2. Deadlines

- Given deadlines are to be understood as approximate deadlines, unless explicitly binding agreements exist. Delivery time is considered to be kept if, by the time it elapses, the delivery item has left the works or the notice on its readiness for dispatch has been sent.

The terms for execution are adequately extended without further agreement in cases of force majeure, terrorist attacks, or if any other events beyond Keilmann Group's control occur, such as strikes, sabotage, demonstration, and interventions by third parties, as well as in case of a delay caused by public authorities. One cannot assume that Keilmann Group is accountable according to the above stipulation only because it is in delay when the respective events occur.

Notwithstanding other rights to solution, the Customer as well as Keilmann Group have the right to withdraw from the contract if the duration of the impediment to performance exceeds a period of one month, or performance will not be possible for an unforeseeable period of time.

- If the Customer or Keilmann Group becomes aware of events according to Section 3 2a, he or they will inform the contractual partner of this without delay.
- If dispatch is delayed upon the Customer's request, he will be invoiced the costs incurred by storage, starting one month after the notice of readiness for dispatch.

3. Delivery, risk taking, change of place of delivery, duty to cooperate, default in taking delivery

- If nothing to the contrary is stipulated, Keilmann Group shall deliver the machine to the seat of the company of the respective contractual partner.
- The transfer of the place of delivery as agreed by contract requires a written agreement between the parties to the contract. If this agreement is not reached, Keilmann Group shall neither be bound to dispatch nor to assemble the machine at the place of delivery deviating from the contract. In order to fulfil the contract, Keilmann Group can send the machine to the originally stipulated place of delivery and assemble it there.
The Customer shall bear any additional costs arising from a subsequent change of the place of delivery. The agreement on the amount of the costs must be also made in writing.
- If the Customer determines a place of delivery only after the conclusion of the contract, and if this place is located in a country outside the European Union, Keilmann Group shall be neither bound to send nor to assemble the machine at that place. In order to fulfil the contract, Keilmann Group can send the machine to the registered office of the respective party to the Contract and assemble it there.

If Keilmann Group nevertheless ships the machine, they are not even in this case bound to assemble the machine at the changed place of delivery.

This is at Keilmann Group's discretion. The Customer shall bear any additional costs arising from a subsequent change of the place of delivery. The agreement on the amount of the costs must be also made in writing.

- If nothing to the contrary is stipulated, the goods shall be sent on the Customer's account and risk. The risk of accidental perishing and accidental deterioration of the goods passes to the Customer with the transfer, in case of sale by delivery to a place other than the place of performance, with the delivery of the goods to the forwarding agent, the carrier, or any other person or institution determined to execute dispatch. The selection of the route and means of transport is up to Keilmann Group.

If Keilmann Group observes the forwarding instructions given by the Customer, this is done without its own liability and at the Customer's costs and risk.

- If Keilmann Group sends the product to be manufactured to the place specified by the Customer, the risk passes to the Customer as soon as Keilmann Group has delivered the machine to the forwarding agent, the carrier or any other person or institution determined to execute dispatch.
- If employees of Keilmann Group deliver the machine, the Customer must, via his personnel, actively cooperate in the unloading and discharging measures. The same applies to measures for the exact placement of the machine on the Customer's premises.

If the Customer fails to cooperate, he will be in default of acceptance if delivery was announced in due time or is effected at the time of delivery as agreed by contract. As an alternative, Keilmann Group can make use of the aid of third parties. This is at Keilmann Group's discretion.

The Customer shall bear any costs arising due to the Customer's failure to cooperate if delivery was announced in due time or is effected at the time of delivery as agreed by contract.

- If the Customer does not accept the machine offered to him, Keilmann Group shall only be liable for intention and gross negligence during the delay if delivery was announced in due time or effected at the time of delivery as agreed by contract.

The performance risk shall pass to the Customer at the latest with the delay of acceptance. The Customer is obliged to reimburse the expenses for e.g. un-availing preparation works, delivery and storage.

4. Release from liability

The Customer shall observe any embargos of the Federal Republic of Germany and the European Union.

If the Customer transfers, sells or delivers the machine of Keilmann Group to a country other than that of the original place of delivery, he shall release Keilmann Group from the liability and third-party claims arising from this transfer, sale or delivery to the other country.

In particular, he shall release Keilmann Group from any liability arising from the violation of any transport or export embargo.

If Keilmann Group is subjected to sanctions on the grounds of this transfer, sale or delivery of the machine (e.g. by the Federal Office of Economics and Export Control), the Customer shall be liable for the damage arising therefrom.

IV. Retention of title, copyright, protection of confidence

1. Retention of title

a) Any deliveries are made with retention of title. The supplied goods shall remain under the ownership of Keilmann Group until the total purchase price is paid. Moreover, Keilmann Group reserves its title to the supplied goods until all claims which had previously arisen within the scope of business relations with the Customer at the time the contract was concluded ("present claims") as well as all additional claims of Keilmann Group to the Customer that have arisen within the scope of business relations before the complete fulfilment of the present claims ("total claims") have been fulfilled. The Customer is bound to separately store the goods subject to retention of title and to adequately insure them against any usual risks, in particular burglary and fire. At this point in time, the Customer assigns any claims against the insurance companies to Keilmann Group and informs his insurance company about it in case of damage.

b) The Customer has revocable authorisation to resell the supplied goods in the ordinary course of business under the proviso of the following provisions: If the goods subject to retention of title are connected or mixed with other objects not owned by Keilmann Group, Keilmann Group will become a co-owner corresponding to legal provisions. If they are connected in such a manner that the objects not owned by Keilmann Group are to be considered as the main object, it is considered as being agreed that the Customer assigns a pro rata co-ownership to Keilmann Group. For the new mobile object formed by processing, the same moreover applies as for the goods supplied with reservation.

If the goods subject to retention of title are resold, the Customer shall already then assign the claims arising to him by resale to the amount of the final invoice amount including turnover tax, independent of whether the supplied goods have been resold prior to or after processing. Keilmann Group herewith accepts the assignments. If the resold goods subject to retention of title are co-owned by Keilmann Group, the assignment of claim is restricted to the amount corresponding to the share value of the co-ownership of Keilmann Group.

If an assignment corresponding to the preceding provisions is not possible for the Customer, in particular due to assignments to third parties having priority, resale shall not be effected in the ordinary course of business in the sense of this provision.

The Customer shall be entitled to collect the assigned claims until revoked by Keilmann Group. Keilmann Group's authority to collect the claims itself remains unaffected by this. However, Keilmann Group shall commit itself not to indicate the assignment of the claim to the third-party debtor and not to collect the claims as long as the Customer meets his obligations to pay from the proceeds received, is not in arrears, and in particular as long as no request to open insolvency proceedings is filed, or payments have been stopped. Prior to this, Keilmann Group can demand at any time that the Customer disclose the assigned claims and its debtors, give any data required for their collection, and hand over the associated documents.

The Customer must inform Keilmann Group immediately about any enforcement measures or any other interventions in the goods subject to retention of title or in the assigned claims by third parties, at the same time forwarding the documents required for proceedings. Insofar as the third party is not able to reimburse judicial and extra-judicial costs to Keilmann Group, the Customer shall be liable for the loss incurred to Keilmann Group.

With the stoppage of payments, request and opening of judicial insolvency proceedings or extra-judicial arrangement proceedings, the right to resale and use the goods subject to retention of title and the authority to collect the assigned claims shall expire, Keilmann Group shall be bound to release securities due to it at its option if their estimated value is above 150 percent of the sum of the outstanding claims. For claims, the estimated value shall be the nominal value, for objects Customer's purchase price or for the processing of the goods subject to retention of title by the Customer, the manufacturing costs of the secured goods, if Keilmann Group only co-owns the goods, then optionally on a pro rata basis.

c) In contracts where the supplied goods are under retention of title, Keilmann Group shall be entitled to withdraw from the contract on the basis of which the goods subject to retention of title have been delivered if the Customer does not pay the purchase price for the goods subject to retention of title as agreed by contract and an adequate grace period for the performance has been set for him without results, or if the Customer violates one of his duties with respect to the goods subject to retention of title. The same shall apply if the Customer fails to fulfill another total claim under the contract and an adequate

grace period has been set for him for the performance without results, if this claim amounts to more than € 500.00.

d) If the right, under the area of applicability of which the sold goods fall, does not permit the retention of title, but permits Keilmann Group to reserve other similar rights to the delivery item, the Customer shall be bound to make other adequate securities available to Keilmann Group. The Customer shall commit himself to cooperate in the fulfillment of any formal requirements demanded for this.

2. Copyright

Keilmann Group retains the copyright to any drawings, pictures and/or constructions of the supplied goods.

The Customer may not use or amend the drawings, pictures and/or constructions protected by copyright in any way which violates copyright protection without the explicit written approval of Keilmann Group.

3. Confidentiality

The parties do not disclose any confidential information, transactions or documents that become known in connection with the processing of contracts to third parties or freelancers.

The parties are obligated to secrecy, regardless of whether a contract is actually concluded. The obligation of secrecy shall also be continued upon termination of the contract.

V. Prices and terms of payment, delay in payment

1. Prices

a) Keilmann Group's prices are net prices. The applicable value added tax will be added.

b) **Manufacture of special-purpose machines**
If nothing to the contrary is stipulated, the services of Keilmann Group in connection with the manufacture of a special purpose machine shall be due for payment as follows:

aa) 50 %: 14 days upon receipt of the invoice and confirmation of the order

bb) 40 %: 14 days upon receipt of the invoice, the notice of the readiness for dispatch and still before the machine is dispatched

cc) 10 %: 14 days upon receipt of the invoice and receipt of the machine

c) **Delivery of spare part components**

If nothing to the contrary is stipulated in writing, spare part components delivered by Keilmann Group (machine parts, machine accessory parts, wearing parts, etc.) shall be due for payment within 10 working days upon delivery and receipt of the invoice by the Customer.

d) In individual cases, Keilmann Group reserves the right to deliver the spare parts only against prepayment.

2. Terms of payment

The Customer must meet Keilmann Group's claims for payment immediately and without any deduction. Payment must be remitted in euros.

Set-off rights are only due to the Customer in view of the reimbursement owed by him in cases of uncontested counterclaims or counterclaims that have become res judicata.

Discounts may only be taken on the basis of separate agreements. Keilmann Group will only accept bills of exchange and cheques on the basis of separate agreements, and only on account of performance. The Customer shall bear any expenses that will accrue in this respect. Exchange losses incurred for the payment in a foreign currency shall be borne by the Customer.

3. Delay in payment

a) Subject to a preceding payment reminder, the Customer shall be in default of payment at the latest 14 days after the due date and receipt of an invoice or an equivalent request for payment.

If the Customer does not pay the total amount despite a request by Keilmann Group, Keilmann Group shall be entitled to terminate the contract.

b) Aside from its legal rights, Keilmann Group is entitled, in case of a payment delay on the part of the Customer, to retain, at its own option, further deliveries, also as they apply to other contracts, or to make them dependent on some form of payment security. The same applies if, upon conclusion of the contract, circumstances become known which give reason to doubt the Customer's ability to pay or willingness to perform.

VI. Letter of credit, packing and shipping costs, charges for termination of contract

1. Letter of credit

Upon Keilmann Group's request, the Customer shall open a confirmed and irrevocable letter of credit at a credit institution as agreed by contract which will guarantee Keilmann Group that the gross invoice amount will be paid out upon presentation of the consignment note or other documents which confirm the receipt of the machine.

The amount of the agreed letter of credit shall be governed by the agreed total reimbursement.

If the Customer made payments in the concrete contractual relationship according to V. 1. of these Terms, Keilmann Group shall only make use of the Letter of Credit for the amount of the not yet paid total reimbursement.

2. Packing and shipping costs

Packing and shipping costs are not included in the contractual price.

The Customer shall bear packing and shipping costs.

3. Charges for termination of contract

In case of termination, no matter for what reason, for which Keilmann Group is not responsible, Keilmann Group shall have the right to demand a lump sum reimbursement or a compensation consolidated into a lump sum of 10% of the total

price as agreed at the time of termination, unless the Customer or Keilmann Group produces other evidence in the individual case.
In particular, the reimbursement or the compensation contains Keilmann Group's lost profit if the reimbursement or compensation exceeds the lump sum of 10%.

VII. Warranty rights, liability and limitation of action, duty to inspection and objection, acceptance

1. Warranty rights

- a) Keilmann Group shall remove product defects free of charge.
- b) Machines manufactured by Keilmann Group are considered free from defects if they can process the material handed over by the Customer (cf. III. Item 1 of these Terms) according to the current objectives (quality and time).
- c) If the Customer could have detected - upon thorough examination of the defect - that this defect is not within the responsibility of Keilmann Group, he shall bear the costs arising from Keilmann Group in connection with this request to remove defects.
- d) If Keilmann Group does not remove the defects in due time, if it refuses to do so without justification, or if the removal of the defect fails repeatedly, the Customer can demand reduction, remove the defect himself, or terminate the Contract without giving notice.

2. Liability

- a) Keilmann Group's liability is basically restricted to damages that Keilmann Group or its vicarious agents have caused intentionally or by gross negligence. Keilmann Group shall only be liable for slight negligence in case of an injury of life, body or health, and in case of a violation of duties essential for the performance of the purpose of the Contract.
- b) If Keilmann Group is liable for slightly negligent violations of duties, the degree of Keilmann Group's liability is restricted to the damages typical in contracts of the type in question which had been foreseeable at the conclusion of the Contract or at the latest at the time of the violation of duty. This shall not apply in case of an injury of life, body or health.
- c) Claims for damages which, according to law, do not require any fault, shall remain unaffected by the provisions in Section 7 Items 2 a) and b).
- d) The amount of the Customer's claims for damages due to a delay by Keilmann Group is limited to an amount of 0.5% of the agreed net payment per commenced week of delay, and to a maximum of altogether 5% of the agreed net payment, if no intention or gross negligence is imputable to Keilmann Group.
- e) It is explicitly pointed out that Keilmann Group shall not be liable vis-à-vis the Customer for business-related losses, such as a loss of profit, sales, or stoppage in production, unless such a damage was caused intentionally or through grossly negligent behaviour attributable to Keilmann Group.
- f) Keilmann Group shall not be liable for cases of force majeure, war, riots or any other circumstances objectively beyond Keilmann Group's control and for which they are not responsible.
- g) Keilmann Group's liability shall be excluded insofar as defects or damages are due to a transfer, amendment, improper handling and operation not in conformity with the operating instructions, and/or due to omitted or insufficient maintenance of the machines by the Customer. If, by agreement, the maintenance work has been assigned by Keilmann Group, this exclusion of liability shall not be applicable in view of the maintenance work to be rendered by Keilmann Group. The Terms to the Maintenance and Service Contract additionally apply.
- h) If, in the operation of the machine, the Customer uses a material other than the material supplied to Keilmann Group, if the Customer increases the processing speed or makes any other unauthorised changes to the machine (cf. Section 2 Item 1 of these Terms), the Customer can only make claims on Keilmann Group if the defects and deviations are not due to the other material or the changes made by the Customer.

3. Acceptance

- a) If nothing to the contrary is explicitly stipulated, initial acceptance of the machine shall be on the premises of Keilmann Group in Lorsch, Germany.
- b) If Keilmann Group demands initial acceptance upon completion of the machine, the Customer must complete acceptance within 12 working days. Initial acceptance shall be deemed to have been completed if the Customer does not accept the machine within the set deadline although he was obliged to do so.
- c) If the Customer does not have offices in Germany, he must complete initial acceptance within 24 working days instead of 12 working days. The other provisions shall remain unaffected thereby.
- d) Final acceptance will be completed at the place of business of the Customer or at any other delivery address as agreed upon.
- e) If Keilmann Group demands final acceptance after the delivery of the machine, the Customer must complete acceptance within 12 working days. Final acceptance shall be deemed to have been completed if the Customer does not accept the machine within the set deadline although he was obliged to do so.

4. Limitation of actions

- a) The Customer's warranty rights shall become statute-barred at the latest within 12 months after acceptance. The provisions of Sections 338 Subsection 1 No. 2 and 634a Subsection 1 No. 2 BGB shall remain unaffected thereby.
- b) The limitation of actions of the contractual warranty rights shall extend, when the defects have been removed, in each case by the period that was required for removing the respective defect.

5. Customer's duty to examine and make a complaint

- a) The Customer shall examine the machine insofar as this is feasible according to the ordinary course of business.
- b) Obvious defects must be reprimanded immediately, at the latest within seven working days after the Customer noticed the defect. It is insofar irrelevant if the defect is already recognisable during common test runs or at the initial acceptance on the premises of Keilmann Group, or only upon final acceptance by the Customer. If the Customer fails to give notice of defects in due time, the machine shall be deemed to have been approved, unless the defect is one that was not identifiable in the course of examination.
- c) Latent defects must be reprimanded within 7 working days after their detection. If the Customer fails to give notice of the defect in due time, the machine is deemed to have been approved.
- d) If Keilmann Group has fraudulently concealed the defect, then it cannot plead exoneration of liability in terms of 7.4 and 7.5.

VIII. Right to give notice

Keilmann Group can terminate the Contract if the Customer stops his payments completely or only partially, he or Keilmann Group or any other creditor admissibly requested insolvency proceedings (Sections 14, 15 Insolvency Act), or any other comparable legal proceedings, such proceedings are opened or the opening of such proceedings is rejected for a lack of assets, or execution measures against the Customer become known. The rendered services shall be settled. Keilmann Group can demand damages for the non-performance of the rest.

IX. Software

- 1. The Customer may only use software supplied by Keilmann Group in connection with the use of the machine and corresponding to its application, unless any other use was agreed in writing.
- 2. The Customer has no claim on the delivery of the source code of the software.
- 3. The Customer may only make a backup copy of the software program if required for securing the future use of the program. Sections 69c) and d) Copyright Law apply.

X. Place of jurisdiction, applicable law

- 1. Place of jurisdiction for all legal disputes between Keilmann Group and the Customer in connection with this Contract shall be Darmstadt (Germany).
- 2. For any legal relationships between Keilmann Group and the Customer from or in connection with this Contract, the law of the Federal Republic of Germany shall be governing, excluding the UN Sales Conventions.