

# STANDARD TERMS AND CONDITIONS FOR ORDERS, DELIVERIES AND SERVICES

## of DFT GmbH Deichmann Filter Technik

### in Business Transactions with Entrepreneurs November 2019

#### 1. Scope, general

1.1 These standard terms and conditions of ordering, deliveries and performances (STC) shall apply solely to entrepreneurs as defined in s. 14 German Civil Code (BGB), that is to natural or legal persons that acquire the goods or performance for trade or professional use.

1.2 The business relationship with our customers, including the provision of information and advice, shall be subject solely to the following terms and conditions (referred to below as "T&Cs").

Deviating standard terms and conditions of the buyer and/or orderer, referred to below as "**customer(s)**", shall only apply if and insofar as we have acknowledged them explicitly in writing; in other cases they will be rejected. Our silence with regard to deviating standard terms and conditions of this type shall not be deemed in particular to be acknowledgement or approval, including in the case of future contracts.

Our T&Cs shall apply in lieu of any standard terms and conditions of the customer's, in particular terms of purchase (**ToP**) even if according to these ToP acceptance of the order is stipulated as unconditional recognition of the terms of purchase, or we deliver/perform after reference by the customer to the applicability of its ToP, unless we expressly waived the applicability of our T&Cs with regard to the customer. Exclusion of the customer's standard terms and conditions, in particular its ToP, shall also apply if these do not contain a separate rule on individual points of regulation in our T&Cs. With the acceptance of our acknowledgment of order or the contractual service the customer explicitly acknowledges that it is waiving the legal objection derived from the terms of purchase that our T&Cs do not apply.

1.3 If framework contracts or other contracts that concern the same performances on our part as these T&Cs are concluded with our customer, they shall have priority over these T&Cs, unless otherwise regulated there. If more special rules are not agreed, they will be supplemented there by these T&Cs.

1.4 If claims for damages are referred to below, claims for reimbursement of expenses as defined in s. 284 BGB are meant in the same way.

#### 2. Information / advice / properties of the products and services / cooperation by the customer

2.1 Information and explanations with regard to our products and services from us, our employees and/or our sales agents are provided solely on the basis of our previous experience. They do not represent any agreements or assurances per-

taining to characteristics or warranties with regard to our products. The values indicated here are to be regarded as average values for our products and/or services.

2.2 Product and/or performance specifications agreed with the customer shall stipulate the due properties conclusively. Further properties of the delivery item or our respective performance, for example, suitability for the use notified by the customer or the usual properties of products of this nature, are not due.

2.3. Data for our products that are not provided with tolerances, as contained on our website or in our catalogues and/or brochures, shall be subject to commercial and/or customary production-related deviations and changes, in particular through further developments in production technology and materials used.

2.4 If we provide instructions for use, these are compiled with customary caution, but do not release our customers from the obligation to check the products carefully with regard to the suitability for the required purpose. This applies analogously to information from us on import, customs and/or approval regulations.

Unless otherwise agreed, the customer remains personally responsible in each case for checking the usability of our products and/or performances for the purpose it intended.

2.5 We assume an obligation to provide advice solely by virtue of a separate consultancy agreement.

2.6 A reference to standards, similar regulations and technical data (e.g. on weights, loads, consumption), assembly periods and the number of required assembly and monitoring personnel, descriptions and illustration of the delivery item in offers and brochures, the Internet and our advertising, as well as in a description of properties that was made available, shall not represent legal information on the properties of our products, unless we have declared the quality explicitly as "*property of the product*"; otherwise these are nonbinding general performance specifications. Unless otherwise agreed, this shall apply analogously to statements from our employees.

2.7 We shall be deemed to have assumed a guarantee regardless of fault only if we described a property and/or a successful performance in writing as "*legally guaranteed*".

2.8 Unless we agreed explicitly otherwise with the customer, with the exception of liability prescribed by law we do not assume any liability for the usability and/or capability of

registration and/or marketability of our products or services for the purposes intended by the customer. This shall not affect the rule in para. 11.

2.9 As a material obligation to cooperate, the customer shall be obliged to make all the information and data required for the provision of the service available in good time and in full.

2.10 The customer shall be solely responsible for obtaining any official permits that may be required and all costs arising in this context shall be for its account.

### 3. Specimen copies / materials and data provided / samples / quotations

3.1 The properties of samples or specimen copies shall not become a component of the contract unless this was *explicitly* agreed. The customer is *not* entitled to exploit and pass on samples.

If we sell to the customer on the basis of a sample or demonstration copies, deviations from these in the delivered goods are permissible and do not give the right to complaints and claims against us, unless otherwise agreed, if they do not have a sustainable impact on the use of the delivered goods for the intended purpose and the delivered goods satisfy any agreed specifications.

3.2 We shall retain all ownership rights and copyrights in samples, illustrations, pictures, photos, drawings, data, quotations and other documents concerning our products and services that are disclosed or handed to the customer. The customer undertakes not to make the samples, data, photos and/or documents referred to in the above sentence available to third parties and not to reverse engineer them, unless we issue our explicit consent. It shall return them to us on demand without delay, if an order based on them is not placed with us. This shall also apply unless permission to retain the above-mentioned objects and/or data is otherwise regulated for the benefit of the customer.

The provisions in sentences 1 and 2 shall apply analogously to the customer's documents, drawings or data; however, we may make these available to those third parties to which we assign permissibly contractual deliveries and/or services with the customer, or that we employ as vicarious agents or suppliers.

3.3 Our quotations shall only be binding if they are explicitly designated as binding and the performance contained therein is commenced on a contractual basis without delay after receipt of the quotation by the customer.

### 4. Conclusion of the contract / scope of delivery and performance / software / procurement risk and guarantee

4.1 Our quotations for products or services are without commitment, unless they are explicitly designated as binding or contain explicitly binding commitments or the bindingness was otherwise explicitly agreed with the customer. They are invitations to the customer to place orders and are not a binding offer on our part. Our quotations for rental facilities and used and refurbished equipment are also without com-

mitment subject to the reservation of the availability of the quoted facilities/equipment in our stocks.

The customer shall be bound by its order as a contract request for 14 calendar days – in the case of electronic orders 5 working days (in each case at our registered office) – after receipt of the order, unless the customer must regularly expect later acceptance by us as well (s. 147 BGB). This shall also apply to repeat orders from the customer.

4.2 A contract shall not come into effect, including in ongoing business, until we acknowledge the customer's order in writing or in text form (i.e. per fax or email as well) in an acknowledgement of order.

The acknowledgement of order shall apply only subject to the confirmation that the customer's still outstanding payments are settled and that a credit check of the customer that we carry out with a bank or credit agency remains without negative information.

In the case of delivery or performance within the commitment period for the customer, our acknowledgement of order may be replaced by our delivery or performance, whereby sending the delivery or carrying out the performance shall be decisive.

4.3 In the case of call orders or delays to acceptance caused by the customer, we shall be entitled to procure the material for the complete order and to produce the total order quantity of agreed delivery items immediately or to stock up with the total order quantity. Accordingly, any requests from the customer for changes can no longer be taken into account after the order is placed, unless this was explicitly agreed.

4.4 The customer shall inform us in good time before conclusion of the contract in writing or in text form of any special requirements for our products. However, information of this kind shall not extend our contractual obligations and liability.

**Unless otherwise explicitly agreed, we shall only be obliged to deliver the ordered products as goods that are marketable and capable of approval in the Federal Republic of Germany.**

4.5 We are only obliged to deliver from our own goods on hand (**inventory obligation**).

4.6 The assumption of a strictly liable procurement risk similar to a guarantee as defined in s. 276 BGB or a procurement guarantee does not lie solely in our obligation to deliver a thing defined only in accordance with its category.

4.7 We shall assume a procurement risk as defined in s. 276 BGB only by virtue of an explicit, separate agreement with the wording "*we assume the procurement risk ...*".

4.8 If acceptance of the products or their shipment or acceptance of our performance is delayed for a reason for which the customer is responsible, we shall have the right, after setting and expiry of a 14-day extension, at our option, to demand immediate payment or withdraw from the contract or refuse performance and demand damages in lieu of the full performance. The extension must be set in writing or in

text form. We are not required to refer again here to the rights in this paragraph.

4.9 If shipment is delayed at the request of the customer or for reasons for which the customer is responsible, we shall have the right, commencing with expiry of the reasonable extension set in writing or in text form in the notification of readiness for shipment, to carry out storage at the customer's risk for loss and deterioration of the goods, and to invoice the costs that arise for this with 0.5% of the net invoice value of the stored goods for each week or part week. Stored goods will only be insured by special request of the customer. This shall not affect the assertion of further rights. The customer reserves the right to prove that *considerably* less (more than 10% less) expenditure was incurred.

In addition, we shall have the right after expiry of the above-mentioned extension pursuant to para. 4.8 sentence 1 to dispose otherwise of the contractual goods and to supply the customer with new goods after a suitable extension (= original delivery period + 7 calendar days scheduling period).

4.10 In the event of a delayed deliver order or call by the customer we shall have the right to postpone delivery by the same period that the customer is behind schedule plus a scheduling period of 4 working days at our registered office.

If purchase on call is agreed, unless otherwise agreed individual calls from the customer shall be received by us spread as evenly as possible over the call period and at least 6 weeks before the required delivery date. Unless otherwise explicitly agreed, the customer shall be obliged to accept the purchased goods in full within one year of receipt of the acknowledgement of order. If the calls are not issued on time, we shall have the right to send a reminder regarding the calls and their issue and to set an extension for the call and its issue of 14 days, which shall provide for acceptance within 4 weeks following receipt of our demand. Upon expiry of the extension without results we shall have the right to withdraw from the contract or to demand damages in lieu of performance. We are not required to refer again here to the rights in this paragraph. Paragraph 4.8 (2) shall apply analogously.

4.11 Unless otherwise agreed in writing or in text form, or if we are subject to a deviating statutory provision, we shall owe user information for our products and a product label only in German, or at our option in English.

4.12 We reserve the right to change the specification of the goods to the extent that statutory requirements make this necessary, provided that this change does not lead to a deterioration with regard to quality and serviceability, provided that a specification on the usual purpose was not agreed, provided that suitability for a specific purpose was agreed for this purpose, and provided that, if a specification was agreed, this is complied with. If this is not possible for us because of legislative or official requirements, we shall have the right to withdraw from the not yet fulfilled part of the contract that was concluded.

4.13 We shall have the right to additional or short deliveries up to 5% of the agreed delivery quantity.

4.14 We shall also have the right to deliver products with customary deviations in quality, dimensions, weight, colour and finish. Such goods shall be regarded as being in conformity with the contract.

4.15. If the delivery item contains software, the customer shall be given only a simple irrevocable, non-exclusive right to use it for the purpose of using the delivery item. However, the customer shall have the right to re-licence this right to use solely for the purpose of the intended use of the delivery item, if it sells or assigns the delivery item to third parties.

4.16. If the delivery item contains software, the customer shall not have a right to the source code for the software.

4.17. If the delivery item contains software, the customer shall not have the right to re-engineer the software, as long as we agree to eliminate the defect or maintain the delivery item at market rates.

## **5. Delivery / place of performance / delivery time / delay in delivery / packaging**

5.1 Binding delivery dates and periods must be agreed explicitly. We shall make our best efforts to conform to non-binding or approximate (approx., about, etc.) delivery dates and periods.

5.2 Delivery and/or performance periods shall commence with receipt by the customer of our acknowledgement of order, in the absence of this 3 working days at our registered office after receipt by us of the customer's order and acceptance of this by us, but not before all details for the execution of the order have been clarified and all other requirements to be met by the customer have been fulfilled, in particular agreed advance payments or security and necessary acts of participation have been performed in full. This shall apply analogously to delivery dates and performance dates. If the customer demanded changes after placing the order, a new reasonable delivery and/or performance period shall commence with our acknowledgement of the change. Reasonable means a delivery period that corresponds to the original remaining delivery period plus the period for the change negotiations and a scheduling period of 14 calendar days.

5.3 Deliveries and/or services before expiry of the time for delivery/performance shall be permitted. In the case of obligations to collect, the delivery day shall be the day on which readiness for shipment is notified, otherwise the day on which the products are dispatched; in the case of an obligation to deliver, the day of delivery at the agreed delivery location.

5.4 In the case of default of delivery on our part, the customer shall initially set us a reasonable extension for performance of not less than 14 calendar days. If this expires without result, claims for damages for a breach of an obligation, for whatever reason, shall only be given in accordance with the rule in para. 11.

5.5 We shall not be in delay as long as the customer is in delay of fulfilment of obligations towards us, including those from other contracts.

5.6 We shall not be obliged to deliver as long as the means of transport that the customer must provide are not available, provided that we did not agree to provide means of transport or an obligation to perform on the customer's premises was agreed. However, in the case of a realisable shipping or call order we shall have the right to bring about delivery by means of our own or hired means of transport. In this case, goods are transported at the customer's risk.

5.7 If a date for collection, which we acknowledged or have to acknowledge for it to be binding, is not specified with the order, or if acceptance does not take place on the agreed collection date, we shall at our option ship the goods with a carrier commissioned by us, or shall store the contractual goods at the customer's expense, whereby we may also make use of the services of a forwarder or warehousing company. On dispatch, we shall invoice the customer in addition for the costs incurred for packaging, transport and insurance (the last-mentioned only insofar as transport insurance was agreed). This rule shall apply analogously, if the customer is in default of acceptance.

In the case of storage the customer shall pay a lump sum for storage in the amount of 0.5% of the net payment per week for the stored goods. The customer reserves the right to prove that *considerably* less (more than 10% less) expenditure was incurred.

## **6. Force majeure / self-delivery**

6.1 If, for reasons beyond our control, we do not receive deliveries or performances from our subcontractors for the provision of our owed contractual delivery or performance, in spite of due and sufficient cover before conclusion of the contract with the customer in accordance with the quantity and quality specified in our delivery or performance agreement with the customer, that means that with fulfilment of the subcontractor's obligation towards us we can fulfil the contract with the customer with regard to type of goods, quantity of goods and delivery time and/or performance (*congruent cover*), or these are incorrect or not on time, or if events of force majeure of not inconsiderable duration occur (i.e. with a duration of longer than 7 calendar days), we shall notify our customer in good time in writing or in text form. In this case we shall have the right to postpone delivery by the duration of the hindrance or to withdraw from the contract in whole or in part, provided that we have complied with our above-mentioned obligation to inform and have not assumed the procurement risk as defined in s. 276 BGB or a delivery guarantee. Equivalent to force majeure are strikes, lockouts, government interventions, shortages of energy and raw materials, transport bottlenecks or blockages for which we are not responsible, operational hindrances for which we are not responsible, e.g. through fire, water and damage to machinery, and all other hindrances that on objective analysis were not caused culpably by us.

6.2 If a binding delivery date or binding delivery period is agreed and the agreed delivery date or the agreed delivery

period is exceeded because of events under para. 6.1, the customer shall have the right, after lapse of an extension of 14 calendar days without result, to withdraw from the contract in respect of the part that has not yet been fulfilled. Further claims by the customer, in particular for damages, are excluded in this case.

6.3 The above rule in accordance with 6.2 applies analogously, if it is objectively unreasonable for the customer to continue to adhere to the contract, for the reasons stated in para. 6.1, even without contractual agreement of a fixed delivery date.

## **7. Shipping / transfer of risk / acceptance**

7.1 Unless otherwise agreed in writing, delivery shall be ex works Incoterms 2010. In the case of obligations to collect or send, goods shall be transported at the risk and for the account of the customer.

7.2 Unless otherwise agreed, we reserve the right to select the transport route and the means of transport in the case of agreed shipment. However, we shall make every effort to take account of the customer's wishes in respect of the shipping method and shipping route without the customer having a right to this. Extra costs caused by this, including with agreed carriage paid, shall be for the account of the customer, as will transport and insurance costs.

If shipping is delayed with regard to the agreed time at the request or as a result of the fault of the customer, we shall store goods at the expense and risk of the customer. Paragraph 5.7 subsection 2 shall apply analogously.

In this case, notification of readiness for shipment shall be the equivalent of shipping.

7.3 In the event that an obligation to collect is agreed, the risk of accidental loss or accidental deterioration shall be transferred to the customer with handover to the customer of the products to be delivered, with an agreed obligation to ship on handover to the forwarder, carrier or other enterprise specified to implement shipping, but at the latest on leaving our works or our stores, or our branch or the manufacturing plant. This shall also apply if an agreed part delivery takes place.

In the event of an obligation to deliver, the risk is transferred with readiness for unloading at the agreed delivery location.

7.4 If shipping is delayed because we make use of our right of retention as a result of complete or partial default of payment of the customer, or for another reason for which the customer is responsible, the risk shall be transferred to the customer at the latest from the date on which the notification of readiness to ship and/or perform is sent to the customer.

7.5 If acceptance of the delivery parts is agreed, this is to be carried out in the manufacturing plant immediately after notification to the customer of readiness for acceptance. The costs of carrying out the acceptance are for the customer's account. If the customer does not demand acceptance, the performance is deemed to be accepted on expiry of 14 calendar days after receipt by the customer of our notification of

completion or delivery in written or text form, insofar as we agreed to do this. If the customer has started to use the performance or a part of the performance commercially, unless otherwise agreed, acceptance shall be deemed to have taken place on expiry of 14 calendar days after the start of use.

#### **8. Notice of defects / breach of obligation arising from defective performance in the form of material defects ("warranty")**

8.1 The customer shall notify us in writing or in text form of obvious material defects without delay, but at the latest 12 calendar days after collection in the case of delivery ex works or storage location, otherwise within the above-mentioned time limit after delivery, concealed material defects without delay after discovery, but the last mentioned at the latest within the warranty time limit in accordance with para. 8.6. A complaint that is not within the time limit, or in the correct form, shall bar all claims by the customer based on a breach of obligation in the form of material defects. This shall not apply in the case of intentional, grossly negligent or fraudulent acts on our part, in case of injury to life, limb or health or assumption of a guarantee of freedom from defects, or of a procurement risk pursuant to s. 276 BGB as defined in para. 4.6 or other mandatory statutory liability conditions, and in the case of a right of recourse in the supply chain (s. 478 BGB).

8.2 In addition, complaints of material defects that are obvious on delivery shall be submitted to the transport company making the delivery and the customer shall arrange for this company to record the defects on site in writing or text form. Arranging for the record of the notice of defect to the transport company making the delivery outside the time limit, or not in the correct form, shall rule out all claims by the customer based on a breach of obligation in the form of material defects. This shall not apply in the case of fraudulent, intentional or grossly negligent acts on our part, in case of injury to life, limb or health or assumption of a guarantee of freedom from defects, or of a procurement risk pursuant to s. 276 BGB as defined in para. 4.6 or other mandatory statutory liability conditions and in the case of a right of recourse in the supply chain (s. 478 BGB).

If deficiencies in the number of pieces and weights were already obvious on delivery after the above-mentioned obligations to examine, the customer shall complain about these defects to the transport company making the delivery on receipt of the products and have the complaint certified in writing or in text form. A complaint to the transport company that is not within the time limit, or a certificate by the transport company that is not in the correct form, shall also rule out all claims by the customer arising from breach of obligation on account of material defects. This shall not apply in the case of fraudulent, intentional or grossly negligent acts on our part, in case of injury to life, limb or health or assumption of a guarantee of freedom from defects, or of a procurement risk pursuant to s. 276 BGB as defined in para. 4.6 or other mandatory statutory liability conditions and in the case of a right of recourse in the supply chain (s. 478 BGB).

8.3 Before commencing one of the above-mentioned activities or another use of products that we deliver, the customer

shall be responsible for clarifying by means of tests with a suitable scope and methodology whether the products delivered are suitable for the intended purposes.

8.4 Warnings in writing or in text form that set a reasonable period of time for remedying shall be submitted without delay regarding other breaches of obligations on our part before the customer asserts further rights, otherwise the customer shall forfeit the rights resulting from this. This shall not apply in the case of intentional, grossly negligent or fraudulent acts on our part, in case of injury to life, limb or health or assumption of a guarantee of freedom from defects, or of a procurement risk pursuant to s. 276 BGB as defined in para. 4.6 or other mandatory statutory liability conditions.

8.5 If the customer is a full merchant as defined in the German Commercial Code (HGB), we shall remedy defects for which the customer itself is responsible and unjustified complaints on behalf and for the account of the customer without the necessity of a separate order having to be placed by the customer.

8.6 Unless otherwise explicitly agreed, the limitation period for claims arising from breach of obligation due to defective performance in the form of material defects shall be 12 months, calculated from the date of the transfer of risk (see para. 7.3); in the case of refusal by the customer to accept delivery or inspect, from the date of the notification of availability for acceptance of the goods. This shall not apply for claims for damages based on a guarantee, on the assumption of a procurement risk in accordance with s. 276 BGB as defined in para. 4.6, claims based on injury to life, limb or health, fraudulent, intentional or grossly negligent acts on our part, or if a longer limitation period is mandatory in cases of ss. §§ 478 (recourse in the supply chain), s. 438(1) no 2 (erection of buildings and delivery of things for buildings) and s. 634a(1) no 2 BGB (defects to buildings) or insofar as a longer limitation period is mandatory by law. The above rule is not associated with a reversal of the burden of proof.

8.7 We shall not be liable for the consequences if the customer or a third party corrects products we delivered unprofessionally, and if the defect is caused by this. This shall apply analogously to changes to the delivery item that were carried out without our prior approval.

8.8 Further claims by the customer based on or in connection with defects or the consequences of defects for whatever reason shall exist only in accordance with the provisions of para. 11.

8.9 Our warranty (*breach of obligation arising from defective performance in the form of material defects*) and the resulting liability shall be excluded insofar as defects and the damage associated with them are not verifiably based on defective material, faulty construction or defective execution, or defective manufacturing materials or, where owed, insufficient instructions for use. In particular, the warranty and the liability for breach of obligation arising from defective performance arising from this are excluded for the consequences of incorrect use of the delivery item, unsuitable storage



conditions for it, and the consequences of chemical, electromagnetic, mechanical or electrolytic influences on the delivery item that do not conform to influences that were foreseen intrinsically with regard to the contract. The above shall not apply to fraudulent, intentional or grossly negligent acts on our part, or in case of injury to life, limb or health or assumption of a guarantee, a procurement risk in accordance with s. 276 BGB as defined in para. 4.6, or liability based on other mandatory statutory liability conditions.

Every warranty and liability is excluded if the customer fails to comply with our technical provisions or instructions for use that were specified with the contract we concluded, or those that generally exist, if the defect was caused by the non-compliance.

8.10 Claims by the customer for expenses that are required for the purpose of rectification, in particular transport and travel expenses, costs of labour and materials, are excluded if the expenses increase because the delivery item was subsequently brought to a location other than the customer's branch for deliveries, unless the transfer corresponds to the use for the intended purpose. This shall not affect s. 439(3) BGB (payment by the seller of the costs of installation and removal for defective products).

8.11 Claims based on defects shall not be given in case of insignificant (i.e. hardly visible / barely discernible) deviation from the agreed or standard quality or serviceability.

Filter elements that are part of the product are subject to inevitable wear that does not represent a defect. We shall provide insofar a goodwill warranty for 24 months from the date of delivery, subject to the proviso that the costs of the filter elements accepted by us for exchange without defect shall be invoiced to the customer at 1/24 per month or part month after the date of delivery.

8.12 We do not provide any warranty under s. 478 BGB (recourse in the supply chain – supplier's regress), if the customer has worked, processed or otherwise altered the products we supplied in accordance with the contract, insofar as this does not conform to the intended purpose of the products.

8.13 Before goods that are the subject of complaints are further processed or resold we shall be given an opportunity to check the complaint. We shall be given an opportunity to inspect the claimed defects at the location and place at which the goods that are the subject of complaints are located at the time of the complaint in an unchanged state. If the customer claims a defect, it shall be obliged to store the goods in due manner until our inspection or waiver of the right to inspect after a demand by the customer in written or text form, to enable us to survey the goods within 14 calendar days after receipt by us of the customer's complaint. If the customer fails culpably to comply with one of these obligations, this shall result in the loss of its warranty rights (claims based on a breach of obligation in the form of material defects).

## **9. Prices / terms of payment / defence of uncertainty**

9.1 All prices are understood in principle in euros net, not including packaging for carriage by sea or air, freight, postage and, if transport insurance was agreed, costs of insurance, but including loading, plus the VAT to be paid by the customer (where this is due by law) at the rate prescribed by law at the time payment is due, ex works or stores plus any country-specific taxes on delivery to countries other than the Federal Republic of Germany, and plus customs duties and other fees and public charges for the delivery/performance.

9.2 Payment methods other than cash or bank transfer shall require a separate explicit agreement between us and the buyer; this shall apply in particular to the issue of cheques and bills of exchange. Bills of exchange and cheques shall be accepted on account of payment only. By accepting bills of exchange or cheques we do not accept any obligation with regard to protest and timely presentation. All expenses or other costs that are incurred on the collection of bills of exchange or cheques shall be for the customer's account.

9.3 If taxes or charges accrue for the customer or us on the performance we carried out (withholding tax), the customer shall indemnify us for these taxes and charges.

9.4 We shall have the right to prepare partial invoices corresponding to the progress of order handling and/or to demand payments on account corresponding to the progress of processing.

9.5 The purchase price shall be due for payment in the case of an agreed obligation to collect with receipt of the notification of availability of the goods, with an obligation to ship when they are handed to the carrier and with an obligation to deliver on delivery of the goods.

9.6 If the customer pays in a currency other than euros, settlement shall only take place if the payment in the foreign currency corresponds to the agreed amount in euros on the date payment is received.

9.7 Unless otherwise agreed, performances that are not a component of the agreed scope of delivery shall be carried out by us on the basis of our general price lists for performances of this nature, as amended from time to time.

9.8 We shall have the right to increase the payment unilaterally to a corresponding extent in the event of increases in material production costs and/or material and/or product procurement costs, wage and incidental wage costs, performance costs, social security contributions, energy costs and costs arising through environment requirements, and/or currency regulations and/or changes to customs duties and/or freight rates and/or public charges, if these directly affect the cost of production or procurement of the goods or the costs of our contractually agreed performances, and if there are more than 4 months between the conclusion of the contract and delivery. An increase for the purposes specified above shall be excluded insofar as the cost increase for individual or all the above-mentioned factors is cancelled by a costs reduction for other factors with regard to the total costs burden for the delivery (balancing). If the above-

mentioned cost factors are reduced without the reduction in costs being offset by an increase in other above-mentioned cost factors, the reduction in costs shall be passed to the customer in the framework of a price reduction.

If the new price based on our above-mentioned cost escalation right is 20% or more above the original price, the customer shall have the right to withdraw from the not yet completely fulfilled contracts in respect of the part that has not yet been fulfilled. However, it may only assert this right without delay after notification of the increased price.

9.9 If we pay freight costs in an exceptional case in accordance with the contract, the customer shall pay the extra costs that arise from increases in freight rates after conclusion of the contract.

9.10 Agreed terms of payment shall commence from the day of delivery.

9.11 In the event of default, default interest shall be charged in the amount of 9% above the base rate applicable on the due date for payment (s. 247 BGB). We reserve the right to claim further damage.

9.12 If bank transfer is agreed, the day of payment shall be deemed to be the date on which we receive the money or the date of crediting to our account or to the account of a payment office that we specified. If the customer has issued a direct debit mandate (SEPA, basis or SEPA company mandate), we shall have the right to collect invoice amounts by means of SEPA direct debit. An email will be sent to the customer with a corresponding reference to the collectability of the debit account. The time limit for pre-notification shall be reduced to 2 days. If the due date for collection falls on a weekend, a public holiday or a bank holiday, collection shall take place on the next possible working day. The customer shall guarantee the availability of funds in the account. Costs that are incurred through non-payment or return of a direct debit shall be for the customer's account, provided that the non-payment or return was caused culpably by the customer.

9.13 Default of the customer shall lead to payment claims under the business relationship with the customer becoming due immediately. In this case, all obligations of the customer payable to us shall be due for payment without delay, regardless of deferment agreements, terms of acceptance of bills and instalment payment agreements.

9.14 If terms of payment are not complied with, or circumstances become known or apparent that, on the basis of our due commercial discretion, lead to legitimate doubts regarding the customer's creditworthiness, including such facts that existed when the contract was concluded but were not known to us or should have been known to us, without prejudice to additional statutory rights we shall in such cases have the right to stop further work on current orders or to cease deliveries and demand payment in advance for outstanding deliveries or provision of a bank guarantee from a German credit institute linked to a deposit insurance fund, and after unsuccessful expiry of a reasonable extension for the provi-

sion of such security – without prejudice to additional statutory rights –, to withdraw from the contract in respect of the part that has not yet been fulfilled. The customer shall be obliged to compensate us for all damage arising from the non-performance of the contract. This shall also apply if we have already accepted bills or cheques. A legitimate doubt regarding the customer's creditworthiness shall exist in particular if information from a bank or a business information institute suggests the customer's credit unworthiness. This shall also apply if the customer is in default with at least one of our invoices without having the right to retain or set off.

9.15 A right of the customer to retain or set off shall only exist with regard to counterclaims that are uncontested or legally established. This shall apply analogously if the counterclaim that is to be set off is synallagmatic with our claim (that is, two performances in the contract concluded with us are reciprocal).

9.16 The customer may only exercise a right of retention if its counterclaim is based on the contractual relationship.

9.17 Incoming payments shall be used first to pay costs, then interest and finally main claims according to age.

A contrary stipulation from the customer on payment shall be irrelevant.

9.18 Timeliness of a payment, regardless of the method used to pay, shall depend exclusively on the date on which it is credited to our account. In the case of payment by cheque the value date is decisive. Payments by the customer shall be made for our benefit free of postage and charges.

#### 10. Retention of title, attachments

10.1 We retain ownership of all goods that we supply (referred to below in total as "**retained goods**") until settlement of our claims from the business relationship with the customer, including claims that arise in future on the basis of contracts that are concluded later. This shall also apply to a balance in our favour, if individual or all claims by us are included in a current account and the balance is struck.

10.2 The customer shall insure retained goods adequately, in particular against fire and theft. Claims against the insurer under a claim involving retained goods are hereby assigned to us in the amount of the value of the retained goods.

10.3 The customer shall be entitled to resell the delivered products in the ordinary course of business. The customer shall not be permitted to dispose otherwise of the products, in particular to pledge or assign them as security. If retained goods are not paid for immediately on resale to third-party purchasers, the customer shall be obliged to resell only subject to retention of title. The right to resell retained goods shall expire immediately if the Customer suspends payments or is in default of payment to us.

10.4 The customer hereby assigns to us all claims against the final consumer or against third parties, including security and ancillary claims that accrue to it from or in connection with

the resale of retained goods. It may not conclude any agreements with its buyers that exclude or impair our rights in any way whatever or frustrate the advance assignment of the claim. In the event of a sale of retained goods with other objects the claim against the third-party purchaser shall be deemed to be assigned in the amount of the delivery price agreed between us and the customer, insofar as amounts applying to individual goods cannot be determined from the invoice.

10.5 The customer shall retain the right to collect claims assigned to us until revocation by us, which is permissible at any time. On demand by us, it shall be obliged to hand over to us in full without delay the information and documents required to collect assigned claims and, if we do not do this ourselves, to notify its buyers without delay of the assignment to us.

10.6 If the customer applies claims from the resale of retained goods to a current account relationship existing with its buyers, it hereby assigns to us a recognised final balance in its favour in the amount of the sum that corresponds to the total amount of the claim from the resale of our retained goods applied to the current account relationship.

10.7 If the customer has already assigned claims from the resale of goods that we delivered or have to deliver to third parties, in particular on the basis of real or recourse factoring, or other agreements, through which our current or future security interests in accordance with para. 10 may be impaired, it shall notify us of this without delay. In the case of recourse factoring, we shall have the right to withdraw from the contract and to demand the handover of already delivered products. This shall apply analogously in the case of real factoring, if the customer is unable to dispose freely over the purchase price of the claim under the contract with the factor.

10.8 In the case of acts by the customer contrary to the contract, in particular on default of payment, following withdrawal from the contract we shall have the right to take back all retained goods. The customer shall be obliged in this case to surrender without further action. We may enter the customer's business premises at any time during normal hours of business to determine the stocks of goods we delivered. Taking back retained goods shall only mean withdrawal from the contract if we state this explicitly in writing or mandatory statutory provisions prescribe this. The customer shall notify us without delay in writing of all access by third parties to retained goods or claims that were assigned to us.

10.9 If the value of the existing securities to which we are entitled under the above provisions exceeds the secured claims in total by more than 10%, we shall be obliged on demand by the customer insofar as to release securities at our option.

10.10 Machining and processing retained goods shall be carried out for us as manufacturer but without obliging us. If retained goods are processed or inseparably combined with other objects that do not belong to us, we shall acquire co-ownership of the new thing in the ratio of the net invoice

amount of our goods to the net invoice amounts of the other processed or combined objects. If our goods are combined with other movable objects into a uniform thing that is to be regarded as the principal thing, the customer hereby assigns co-ownership thereof in the same ratio. The customer shall safeguard ownership or co-ownership for us free of charge. Co-ownership rights that are created hereby shall be regarded as retained goods. The customer shall be obliged at any time on demand by us to provide the information required to track our ownership or co-ownership rights.

10.11 If in the case of deliveries abroad specific measures and/or declarations on the part of the customer are required in the importing country for the efficacy of the above-mentioned retention of title, or of other rights on our part referred to there, the customer shall inform us of this in writing or in text form and implement or submit such measures and/or declarations without delay at its expense. We shall collaborate in this to the required extent. If the laws of the importing country do not permit retention of title, but permit us to retain other rights in the delivery item, we may exercise all rights of this nature at our reasonable discretion (s. 315 BGB). If this does not achieve equivalent security for our claims against the customer, the customer shall be obliged to obtain at its own expense without delay other customary security for the delivered goods at our reasonable discretion (s. 315 BGB). This shall not affect the customer's right to a judicial review of the discretionary decision in accordance with s. 315 III BGB.

10.12 The customer shall notify us in writing without delay of attachments or other interventions by third parties so that we can bring an action pursuant to s. 771 German Civil Procedure Rules (ZPO). If the third party is not in a position to reimburse us for the court and extra-judicial costs of an action pursuant to s. 771 ZPO, the customer shall be liable to us for any loss incurred.

#### **11. Exclusion / limitation of liability**

11.1 Subject to the following exceptions, we shall in particular not be liable for claims by the customer for damages or reimbursement of expenses, regardless of their legal basis, following breaches of obligations under the contract.

11.2 The above exclusion of liability in accordance with para. 11.1 shall not apply

- to own intentional or grossly negligent breach of obligation and intentional or grossly negligent breach of obligation by legal representatives or vicarious agents;
- to breaches of material contractual obligations; "*material contractual obligations*" are those whose fulfilment defines the contract and on which the customer may rely.
- in case of injury to life, limb and health, including by legal representatives or vicarious agents;
- if we have assumed a guarantee for the quality of our goods or the existence of a successful performance, or a procurement risk pursuant to s. 276 BGB as defined in para. 4.6;



- in the case of liability based on legally mandatory liability elements, in particular pursuant to the Product Liability Act.

11.3 In the event that we or our vicarious agents are responsible for slight negligence only, and there is no case falling under the above para. 11.2, indents 3, 4 and 5, we shall be liable even on breach of material contractual obligations only for foreseeable damage typical for the contract.

11.4 The amount of our liability is limited for each individual claim to the maximum amount of EUR 3,000,000.--. This shall not apply if we are guilty of fraud, intent or gross negligence, to claims based on injury to life, limb and health and in case of a claim based on tort or an explicit assumed guarantee or the assumption of procurement risk in accordance with s. 276 BGB as defined in para. 4.6 or in cases of legally compulsory deviating liability sums. Further liability is excluded.

11.5 Liability exclusions or limitations in accordance with the above paras. 11.1 to 11.4 and para. 11.6 shall apply to the same extent for the benefit of our bodies, our executive and non-executive employees and other vicarious agents and our subcontractors.

11.6 Claims by the customer for damages arising from this contractual relationship may only be asserted within a cut-off period of one year from the start of the statutory limitation period. This shall not apply if we are guilty of intent or gross negligence, to claims based on injury to life, limb and health and in case of a claim based on tort or an explicit assumed guarantee or the assumption of procurement risk pursuant to s. 276 BGB as defined in para. 4.6 or in cases in which a longer limitation period is legally compulsory.

11.7 The above rule is not associated with a reversal of the burden of proof.

## **12. Place of performance / venue / applicable law**

12.1 With the exception of the case of assumption of an obligation to deliver, or unless otherwise agreed, the place of performance for all contractual obligations is our company's registered office. Place of payment for the customer is our company's registered office.

12.2 If the customer is a merchant as defined in the German Commercial Code, the sole venue for all disputes is our company's registered office. This jurisdiction rule in sentences 1 and 2 shall apply as well in clarification to such issues between us and the buyer that can lead to non-contractual claims as defined in EC Regulation No 864/2007. However, we shall also have the right to sue the customer at its general venue. If the customer has its registered office in a country that has signed the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards of 10 June 1958, in deviation from the above provision we shall have the right to seek arbitration proceedings without recourse to the ordinary courts of law. If we make use of this right, disputes shall be finally decided by an arbitration tribunal with three arbitrators in accordance with the rules of arbitration of the German Institute of Arbitration (Deutsche Institution für Schiedsgerichtsbarkeit e.V. (DIS)) without recourse to the

ordinary courts of law on the basis of rules of arbitration applicable there when the arbitration action was filed (receipt). Insofar, German law, with exclusion of the United Nations Convention on the International Sale of Goods, shall be applied to the content of the dispute. The ordinary courts of law shall retain jurisdiction for preliminary injunction proceedings.

12.3 All legal relationships between the customer and us shall be governed solely by the law of the Federal Republic of Germany in particular with exclusion of the United Nations Convention on the International Sale of Goods (CISG). It is explicitly stated that this choice of law shall also be understood as a choice as defined in Art. 14 (1b) EC Regulation No 864/2007 and thus applies to non-contractual claims as defined in this Regulation. If the application of foreign law is compulsory in an individual case, our T&Cs shall be interpreted in such a way that the commercial aims pursued with them are safeguarded as far as possible.

## **13. Property rights, licence**

**13.1 Unless otherwise agreed, we are only obliged to provide the delivery in the Federal Republic of Germany free of industrial property rights and copyrights of third parties.**

If a third party asserts claims based on infringement of property rights through products we delivered to the customer, we shall be liable to the customer within the time limit specified in para. 8.6 as follows:

- We shall at our option attempt first of all either to realise a right of use at our expense for the deliveries concerned, or to change the delivery item with due compliance with the contractually agreed properties in such a way that the property right is not infringed, or to exchange it. If we are unable to do this, or if we refuse, the customer shall be entitled to its statutory rights, which shall be governed by modification through the contract and these standard terms and conditions for deliveries and orders.
- In the event of a property rights infringement through our delivery items the customer shall only have rights against us if it notifies us without delay in writing or in text form of the claims asserted by third parties, does not admit any infringement and leaves all defence measures and negotiations for a settlement to us.
- If the customer ceases to use the products in order to mitigate the damage or for other important reasons, it shall be obliged to point out to the third party that cessation of use is not linked to acknowledgement of an infringement of property rights.
- If the customer is charged by a third party with infringements of property rights as a result of using products we delivered, the customer shall be obliged to notify us of this without delay and to give us an opportunity to take part in possible legal proceedings. The customer shall support us in every way in conducting such legal proceedings. The customer shall not carry out any act that might impair our legal position.

13.2 Claims by the customer shall be excluded insofar as it is responsible for the infringement of the property right. Claims by the customer shall also be excluded insofar as the infringement of the property right is caused by particular specifications of the customer, through an application we could not foresee, or by the products being changed by the customer, or used together with products that we did not deliver that do not conform to the intended use, insofar as the infringement of the property right is based on this.

13.3 In the event of due fulfilment of its contractual obligations the customer shall be given the right to contractual use of the performances.

Unless otherwise explicitly agreed, we shall retain all copyright, patent or other industrial property rights.

If patentable inventions are created by us in the framework of implementation of the contract, we shall grant the customer a non-exclusive and non-assignable right to use them at economically preferential conditions. This shall not affect the customer's right to receive all rights that are the object of the invention in the event that achieving the invention is a main contractual obligation for us.

#### **14. Export control / product approval / import regulations**

14.1 In the absence of deviating contractual agreements with the customer, the goods to be delivered in accordance with the contract are intended solely for initial placing on the market in the Federal Republic of Germany or, in case of delivery outside the Federal Republic of Germany, to the agreed country for the first delivery (*country of first delivery*).

14.2 The export of specific goods from there by the customer may be subject to approval, for example, because of their type or their purpose or final destination. The customer shall be obliged to check this itself and to let us have all the information and papers required for obtaining the relevant export licence in good time and shall be obliged to comply strictly with the relevant export regulations and embargoes for these goods, in particular those of the European Union (EU), Germany or other EU Member States as well as, where applicable, of the USA, Asian or Arab countries and all affected third countries, insofar as it exports the products we delivered from there or has them exported through us.

In addition, the customer shall be obliged to ensure that it will obtain the necessary import and export licences, the national product approvals or product registrations before shipment to a country other than the country of first delivery agreed with us, and that specifications incorporated in the national laws of the country concerned on providing user information in the local language and all import regulations are complied with.

14.3 Before further delivery of goods we delivered in particular and before issue of a direct delivery order to its customers the customer shall check and guarantee, and provide proof to us on demand, that

- the products that were handed over are not intended for use in connection with armaments, nuclear technology or weapons without the relevant authorisation;

- (i) deliveries will not be made to enterprises and individuals that are named through the embargo of a country or association of states, in particular the United States of America, the European Union, ASEA states, the United Arab Emirates UAE, or (ii) are named in the US Denied Persons List (DPL), or (iii) are supplied with products originating in the US, US software and/or US technology, without the necessary authorisation from the respective competent agency;
- enterprises and individuals that are named in the US Warning List, US Entity List or US Specially Designated Nationals List, will not be supplied with products originating in the US without the relevant authorisation;
- deliveries will not be made to enterprises and individuals that are named in the list of Specially Designated Terrorists, Foreign Terrorist Organizations, Specially Designated Global Terrorists or the terrorist list of the EU or other relevant negative lists for export control, without the relevant authorisation;
- deliveries of the products will not be made to military recipients without the relevant authorisation;
- all early warnings from the competent German authorities or the competent national authorities of the respective country of origin and the country of first delivery for the delivery are observed.

14.4 Access to and the use and export of goods we deliver may only take place if the customer has carried out and provided the above-mentioned checks and assurances; if this is not done, the customer shall refrain from the intended export and we shall not be obliged to perform.

14.5 The customer shall be obliged when passing on goods we delivered to third parties to oblige these third parties in the same way as in paras. 14.1-14.4 and to provide us with proof of this on demand, and to inform us in full and correctly of the necessity of compliance with legal provisions from embargo or export control law with regard to delivery of the contractual goods.

14.6 In the case of an agreed delivery outside the Federal Republic of Germany, the customer shall ensure at its own expense that all national import regulations of the country of first delivery have been complied with in respect of the goods that we are to deliver.

14.7 The customer shall indemnify us against all damage and expenditure that result from culpable infringement of obligations in accordance with paras. 14.1-14.7.

#### **15. Institution of insolvency proceedings / Incoterms / written form / severability clause**

15.1 An application for the institution of insolvency proceedings by the customer, or its suspension of payments, in spite of a warning, that is not based on rights of retention or other rights, shall entitle us, in the event that the customer is in

breach of obligation towards us at this time, to withdraw from the contract at any time, insofar as the customer commits a breach of contract at this time, or to make contract performance dependent on the prior fulfilment of the obligation to pay. In the case of continuing obligations, we shall have the right to terminate without notice instead of withdrawal. This shall not affect s. 314 BGB. If delivery of the purchased object or our performance has already taken place, the consideration shall be due immediately in the above-mentioned cases. We shall also have the right to demand the return of the purchased object in the above-mentioned cases and to withhold it until full payment of the purchase price.

15.2 If commercial terms in accordance with the International Commercial Terms (INCOTERMS) are agreed, the INCOTERMS in the version valid at the time the contract is concluded shall be applied.

15.3 All agreements, ancillary agreements, assurances and contract changes must be in writing. This shall apply as well to the waiver of the requirements of the written form itself. This shall not affect the priority of an individual agreement in written, text or oral form (s. 305b BGB).

15.4 The statutory rules shall apply if a provision of this contract is or becomes wholly or partly ineffective/invalid or infeasible for reasons contained in the provisions governing standard business terms in sections 305 to 310 BGB.

If a current or future provision of the contract is or becomes wholly or partly ineffective/invalid or infeasible for reasons other than the provisions governing standard business terms in sections 305 to 310 BGB, this shall not affect the validity of the remaining provisions, unless implementation of the contract would represent an unreasonable hardship for one of the parties (s. 306 III BGB), even taking the following rule into account. This shall apply analogously if a gap requiring supplementation arises after conclusion of the contract.

Contrary to a possible principle whereby a severability clause is intended solely to reverse the burden of proof, the effectiveness of the remaining contract provisions is intended to be maintained at all events and thus s. 139 is to be waived as a whole.

The parties shall replace the provision that is or becomes wholly or partly ineffective/invalid or infeasible for reasons other than the provisions governing standard business terms in sections 305 to 310 BGB or a gap requiring supplementation with a valid provision that in its legal and economic content corresponds to the ineffective/invalid/infeasible provision and to the overall purpose of the contract. Section 139 BGB (partial invalidity) is explicitly excluded. If the invalidity of a provision in the above-mentioned case is based on a dimension for the performance or time (period or date) contained therein, the provision is to be agreed with a legally permissible dimension that most approaches the original dimension.

**Note:**

In accordance with the provisions of the German Data Protection Act and the EU General Data Protection Regulation we must point out that contract handling in our company is carried out using a computer system and that in this context we also store data received based on the business relationship with the customer.

Bebra, November 2019

**DFT GmbH Deichmann Filter Technik**