

# General Terms and Conditions for Sale and Delivery of the Chemnitzer Zahnradfabrik GmbH & Co. KG, dated September 2021

## I. Area of Application

These Terms and Conditions for Sale and Delivery apply to all contracts, including future contacts

1. with people who are acting in exercise of their trade or independent profession upon conclusion of the contract (entrepreneurs)
2. with legal entities under public law or special funds under public law.

## II. Duty of Information

The customer undertakes to inform us if it cannot be ruled out that the products supplied by us could be delivered to consumers within the meaning of Sect. 13 of the German Civil Code (Bürgerliches Gesetzbuch or BGB), even if the products supplied are incorporated into other products.

## III. Conclusion of the Contract

1. The Terms and Conditions set out below apply exclusively for all agreements and offers with us, including all future agreements and offers. Other terms and conditions shall not be incorporated into the contract even if we do not expressly reject them.
2. Our offers are not binding. Any agreements, approvals, assurances or guarantees made by our employees in conjunction with the conclusion of the contract do not become binding until confirmed in writing. Faxes and emails also constitute the written form.

## IV. Prices

1. Our prices are net of tax and apply EXW Chemnitz. Value added tax is calculated separately at the statutory rate on the day of invoicing. Prices apply solely to the purchase order in question and are not binding for subsequent orders.
2. Packaging, loading, freight and insurance costs are charged separately. Fees and costs incurred for obtaining and attesting certificates of origin, consular invoices, permits or similar documents are charged to the customer separately. The customer is entitled to return transport packaging from our deliveries to our business headquarters free of charge for us. This packaging must be clean, free from foreign bodies, and sorted by materials. Otherwise, we shall be entitled to charge the customer for any added costs incurred for disposal.
3. We are able to charge the customer for any additional costs or services resulting from subsequent change requests.

## V. Delivery and performance

1. Information on delivery and performance periods or delivery and performance deadlines is based on approximate figures. Delivery or performance periods are deemed to be met if we notify the customer that the delivery is ready for dispatch within the agreed period or if we agree on a date for the service to be performed.
2. The delivery period shall be extended by the length of time for which we have failed to receive correct or punctual deliveries from our own suppliers. An agreed delivery period begins from the point at which the customer has presented us with the required documents, necessary permits, approvals and plans in full. Delivery periods shall be further extended by a suitable extent if the customer fails to adhere to the agreed payment conditions or other contractual obligations. The above provision shall not apply if we are responsible for the delay.
3. Should the delivery or service be delayed by the occurrence of events that are out of our control and that could not be foreseen at the time at which the contract was

concluded (e.g. disruptions to operations, intervention by public authorities, commodity shortages, problems with energy supplies, industrial action) and should we be unable to prevent these events despite taking a level of due care suitable for the circumstances in question, the delivery or performance period shall be extended by a suitable extent to a maximum of two months. If delivery of the product or performance of the service is impossible due to the reasons listed above, we shall be released from our delivery or performance obligations. In this case, we shall inform our contract partner of the circumstances without delay and reimburse any consideration already received.

4. Apart from in cases where a period of time has been specified according to the calendar (Sect. 286 Para. 2 Nos. 1 and 2 of the BGB), we shall only be in default if we have been provided with a suitable deadline for performance unless we have seriously and definitively refused performance in advance. Should the deadline expire without successful performance, the customer shall be entitled to withdraw from the contract. In this case, claims for damages shall be based on clause X. of these Terms and Conditions.
5. Deliveries shall take place ex works. The risk of possible loss and deterioration shall be transferred to the customer upon delivery to the freight carrier, at the latest upon leaving the factory. Should dispatch be delayed for reasons outside of our area of responsibility, the risk shall be transferred when the delivery is reported as being ready for dispatch.
6. For call-off orders, we are entitled to set a 14-day deadline for acceptance, once the agreed contract duration has passed, following confirmation of the purchase order and then charge for any products or services that have not been accepted and also calculate suitable warehouse charges or retention fees incurred before acceptance unless otherwise agreed.
7. Suitable partial deliveries and reasonable deviations from order quantities that are customary in commercial practice are permitted.

## VI. Payments

1. Unless otherwise agreed, the price for deliveries or other services can be paid within 10 days with a 2% discount or within 30 days of the invoice date without any deductions. Deductions shall not be granted for payments by bill of exchange.
2. Any services provided by the service department (e.g. repairs or spare parts) shall be invoiced net within 14 days without discount.
3. We reserve the right to accept bills of exchange and cheques; these do not become valid payment until we are credited. Costs and expenses shall be charged to the customer.
4. Should the customer be in default with payments of any type or should his financial circumstances deteriorate substantially, we shall be entitled to refuse all further payments / deliveries and request payment in advance. A deterioration of financial circumstances is to be assumed, for example, if bills of exchange or cheques are rejected, payment deadlines have been missed on a repeated basis, a limit set by a credit insurance provider has been exceeded or has been exceeded due to the intended delivery.
5. If the payment deadline is exceeded, the customer shall pay statutory interest on the delayed payment, which is currently 9 percentage points above the base rate. Claims for further damages shall remain unaffected. The previous provision shall not apply if the customer can prove that he is not responsible for the delay. Should the customer be in default with a payment, all receivables shall become due immediately if the customer cannot prove that he is not responsible for the delay.
6. The customer is able to exercise a set-off of any undisputed claims or any claims that have been recognised by final judgement against our claims. The customer is only entitled to a right of retention in relation to claims resulting from the same

contractual relationship if they are undisputed or recognised by final judgement.

performance shall only refer to the properties of our products and do not represent a guarantee within the meaning of Sect. 443 of the BGB.

## VII. Retention of Title

1. We shall retain ownership of all of the products and services that we supply until all receivables – both future and existing – from the customer resulting from the business relationship have been satisfied. For additions to open invoices, the retention of title shall apply for the balance in question. We are entitled to take back any goods in the event of a delayed payment by the customer. Should we take back any purchased items, we shall withdraw from the contract. Once we have taken back the purchased items, we shall be entitled to utilise them. The goods shall be credited for the amount of actual sales revenue minus resale and return costs. The customer undertakes to insure our property against fire and water damage and theft for the original value at his own cost. The customer hereby assigns any claims against the insurance to us. Should the customer be unable to provide evidence when requested that a sufficient insurance policy has been taken out, we shall be entitled to insure the delivery object against theft, breakage, fire, water and other damage at the customer's cost.
2. The customer shall inform us without delay in the event of seizure, confiscation and other instructions or intervention by third parties.
3. The customer is permitted to process the product as part of proper business practice or to sell it to other parties following agreement of an extended or expanded retention of title. He is not entitled to dispose of the goods in any other way. The customer's entitlement to process and sell the goods shall expire if he fails to adhere to his payment obligations to us, is in severe breach of the obligations arising from the contract concluded, or experiences a deterioration of his financial situation. A deterioration of the financial situation is defined as a suspension of payments, indebtedness, a request to open insolvency proceedings and any other major changes to the customer's financial circumstances, which may lead to our security being put at risk.
4. The reserved goods shall be processed for us. We shall be entitled to co-ownership according to Sect. 947 onwards of the BGB in the event of combined processing for several suppliers. Should the customer combine or integrate our product with an item belonging to him so that the customer's item can be seen as the principal item, the customer shall hereby already transfer a share in co-ownership of the principal item that reflects the value of our product in proportion to the value of the principal item. Our co-owned property shall remain in the customer's possession and the customer shall store the item for us.
5. The customer shall hereby assign a priority share equivalent to our share of co-ownership of the receivables and ancillary rights resulting from resale. He is not entitled to agree a non-assignability clause. Should one of the customer's debtors render partial payments to the customer, the claims assigned to us shall be deemed to be paid as the last. The customer is entitled to collect the claims assigned as part of normal business practice. This entitlement shall expire in the event of the circumstances listed in clause VII. 3 of these Terms and Conditions. In this case, the customer shall be required to assist in collecting the claims.
6. At the customer's request, we undertake to release the securities of our choice as relinquished under the provisions given above if their value exceeds the value of the total receivables by more than 10%.

## VIII. Liability for Defects

1. Liability for a particular purpose shall only be assumed where the purpose is expressly agreed in writing. Otherwise, the customer shall be responsible for the suitability and usage risk.
2. Information that we publish in text or drawing form, e.g. in catalogues, descriptions, illustrations and drawings, and any information related to dimensions, weights and

3. The customer is obliged to accept the delivery/performance if the products exhibit only insignificant defects.
4. The customer's claims for defects require the customer to have properly fulfilled his obligations of inspection and notification of defects set out under Sect. 377 of the German Commercial Code (the Handelsgesetzbuch or HGB). Statutory regulations regarding the inspection of products and notification of defects shall apply providing that the obligation to inspect the goods following delivery extends to any inspection documents and that we are notified of any defects of products and inspection documents in writing or in text form. Any handling of defect reports by us, in particular the inspection of the goods once they have been returned by the customer, does not mean that we release the customer from his obligations regarding the notification of defects.
5. In the event of authorised and timely notification of defects, we shall be entitled to choose whether to rectify the defect or to deliver a defect-free product (cure under Sect. 439 of the BGB). The customer must grant us the necessary time and opportunity to rectify the defect free of charge. We shall only assume installation and dismantling costs according to the conditions set out in clause X. We shall not bear any expenses required to rectify any defects, in particular transportation, handling, labour and material costs, insofar as these are increased by the products having to be transported to another location other than the place of delivery. Parts that are subject to complaints by the customer shall not be returned to us until we request the customer to do so. Where necessary these parts need to be shipped in appropriate packaging and with a packing slip including the order number.
6. We are able to reject any rectification measures if they can only be carried out with disproportionately high costs. This shall particularly apply if the costs exceed 150% of the purchase price. Any other statutory rights belonging to the customer (reduction, withdrawal, damages, reimbursement of costs) shall remain unaffected.
7. Unless otherwise prescribed by law, the customer is obliged to first set us a suitable deadline for rectification in writing or text form before exercising any other warranty rights. Following prior liaison, we shall be granted the necessary time and opportunity to rectify the defects. Should the customer fail to grant us timely opportunity to ascertain the presence of defects, and in particular should he fail to provide us – upon request – with the products subject to the complaint or samples thereof for inspection purposes without delay, his rights relating to material defects shall expire. If the defect is not rectified within a deadline approved by us, the customer shall be entitled to assert his statutory rights, in particular to withdraw from the contract, receive a reduction to the purchase price or to claim damages subject to the conditions under clause X. of these Terms and Conditions. A deadline does not need to be set if we have expressly and seriously rejected rectification or if rectification is not possible.
8. Withdrawal from the contract shall be excluded if the purchased product exhibits insignificant defects. Insignificant defects refer in particular to insignificant deviations from the properties agreed in the contract and slight impairment to the usability of the goods agreed in the contract.
9. The customer can only request claims for damages instead of rectification if the delivery of a defective product represents a major breach of obligations.
10. Claims for damages based on indirect damages that occur separately to the rectification (e.g. production stoppage, loss of profits, claims due to delayed delivery to the customer's customer, etc., Sect. 280 of the BGB) can only be asserted if a rectification deadline has been agreed in writing in advance and has then expired without result. Otherwise, the conditions under clause X. of these Terms and Conditions shall apply for claims for damages.
11. The warranty period for defects shall be 12 months following transfer of risk.

12. The period of limitation in the event of a recourse under Sect. 478 and 489 of the BGG shall remain unaffected; it shall be two years acc. to § 475 Abs.2 BGG, calculated from the delivery of the defective product.

#### IX. Liability for Defects of Title

1. We shall be liable for defects of title in the goods delivered by us according to statutory requirements. We only ensure that the products delivered by us do not violate any commercial property rights or third party copyrights in relation to the country where our business is based (inland) unless otherwise agreed. We shall not assume liability if the violation of such property rights is based on instructions issued by the customer or if the customer has made his own changes to the product or used the product in a way which deviates from the usage agreed in the contract and thereby violated third party rights.
2. The contract party shall inform us without delay if a third party claims violation of his property rights.
3. Clause VIII. II of these Terms and Conditions shall apply accordingly with regard to the warranty period.
4. If third party claims are asserted within the warranty period, we are able to choose to obtain usage rights for the delivery in question at our own cost or to change the deliveries, taking into account the usage agreed in the contract, so that they no longer violate property rights or supply comparable products that are not in breach of property rights.

#### X. Claims for Damages/Liability

1. We shall be liable for damages regardless of their legal grounds only
  - if we, our legal representatives or vicarious agents have acted with intent or gross negligence;
  - for the satisfaction of any guarantees we have issued to the agreed extent;
  - in the event of injury to life, body or health: - in the event of other cases governed by statutory liability (product liability law (*Produkthaftungsgesetz*), etc.);
  - in the event that defects have been fraudulently concealed
2. In cases of slight negligence, we shall be liable for damages, regardless of their legal grounds, only if we are in breach of material contractual obligations and insofar as none of the circumstances in paragraph I above are in place. In the event of slightly negligible violation of material contractual obligations, our liability for damages shall be limited to the amount of typically foreseeable damages unless these Terms and Conditions contain any further limitations (cf. clause V.4 of these Terms and Conditions). The customer shall undertake to notify us of any unusual risks, atypical types of damage or unusual loss amounts in writing or text form prior to conclusion of the contract. Liability for any further subsequent damages, impairment to economic success, indirect damages and damages resulting from third party claims shall be excluded.
3. The above provisions shall apply accordingly for claims for reimbursement of futile expenses (Sect. 284 of the BGG).

#### XI. Property Rights

1. The customer shall guarantee that none of the documents, objects or similar items provided to us for the purposes of delivery or performance are in breach of third party rights. We shall notify the customer of any third party rights known to us. The customer shall hold us harmless from any third party claims and reimburse us for any resulting damages. If a third party prevents delivery, production or performance by making reference to his property rights, we shall be entitled – without checking

the legal grounds – to suspend work and request reimbursement of our expenses. We shall return any documents, objects or similar items given to us for work that did not result in a purchase order upon request and at the customer's cost. Otherwise, we shall be entitled to destroy such items three months after submission of the purchase order.

2. We shall reserve ownership and copyright for all samples, models, drawings, cost proposals, calculations and other information in tangible or intangible forms, including in electronic form. This information must not be made accessible to third parties. Should the contract partner receive this type of information during contract preparations, he is obliged to return it to us free of charge if the contract is not concluded. The contract partner shall undertake to only make information that has been expressly marked as confidential available to third parties with our express approval.

#### XII. Final Provisions

1. German law shall apply for all purchase orders submitted to us. The provisions of the Vienna UN Convention on Contracts for the International Sales of Goods (CISG) dated 11 April 1980 shall not apply.
2. The sole place of jurisdiction shall be Chemnitz, Germany. However, we are entitled to file proceedings against the customer at his general place of jurisdiction or at the court of jurisdiction responsible for his business headquarters.
3. The place of performance and payment for all obligations resulting from legal relationships with the customer shall be Chemnitz, Germany. Agreements on responsibility for costs shall not change the place of performance listed above.
4. In cases of doubt, the German version of the General Terms and Conditions of Sale and Delivery shall prevail.

Version valid as of: September 2021