

General Terms and Conditions of RONO Maschinenbau GmbH

1. General / Scope of validity

- 1.1. The following General Terms and Conditions (hereinafter in short the "GTC") apply to all contracts relating to the sale of machinery, spare parts or other products (hereinafter referred to as "Goods") and, where applicable, the installation and commissioning of the Goods and other services (such as e.g. repair and maintenance services) by RONO Maschinenbau GmbH (hereinafter referred to as "RONO", the contracts covered by these GTC hereinafter referred to as "Contracts").
- 1.2. These GTC apply exclusively vis-a-vis entrepreneurs pursuant to section 14 of the German Civil Code (hereinafter referred to as "BGB"), legal entities under public law or special funds under public law.
- 1.3. Deviating, conflicting or supplemental terms of the buyer of the Goods (hereinafter referred to as "Buyer") are only incorporated into the Contract if and to the extent RONO has expressly consented to their applicability. This also applies if RONO delivers to the Buyer without reservations in awareness of the terms of the Buyer.
- 1.4. Individual agreements between RONO and the Buyer take precedence over these GTC. A written agreement or the written order confirmation of RONO are decisive for the content of such agreement, subject to proof to the contrary.
- 1.5. Legally relevant declarations and notifications of the Buyer to be made after formation of the Contract (e.g. setting of grace periods, notifications of defects, declarations of rescission or reduction of the purchase price) require written form to be valid (fax or email is sufficient).

2. Formation of Contract

- 2.1. Offers of RONO are subject to change and non-binding unless expressly marked as binding.
- 2.2. The order by the Buyer is deemed as binding offer to form a Contract. A Contract is formed by the service of a written order confirmation of RONO, however, in any case upon commencement of the execution of the order or delivery of the Goods.
- 2.3. Unless the order stipulates otherwise, RONO may accept the offer within 4 calendar weeks after its receipt by RONO.

3. Price and payment

- 3.1. All prices are net prices excluding value added tax and other public charges such as taxes, fees or tolls. The minimum order value for all deliveries and services is EUR 50.00.
- 3.2. Insofar as nothing has been agreed to the contrary, immediately after the conclusion of the Contract 40% of the Purchase Price becomes due. The remaining 60% of the Purchase Price is to be guaranteed through a documentary credit that is to be opened immediately and is irrevocable and confirmed, that is payable upon notification of readiness of RONO to post the goods, however, at the latest at the presentation of the bill of lading. If the price for the agreed installation is separately itemized in the order confirmation and if acceptance is required as per the contractual arrangements, the price for the installation is due in full within 14 days after issuance of an invoice and acceptance.
- 3.3. In case of delayed payment, RONO may assert default interest at the respective applicable statutory default interest rate. The assertion of further default damages and the statutory rights due to the delayed payment remains unaffected. Any delivery periods to which RONO is subject are extended by the duration of the payment delay.
- 3.4. The Buyer is only entitled to set-off or retention rights to the extent that its claim has been finally judicially determined or is undisputed. In case of defects of the Goods, including the installation by RONO, however, mandatory statutory counter-rights (in particular pursuant to section 8.6) of the Buyer remain unaffected.
- 3.5. If after formation of the Contract it becomes apparent (e.g. due to an application to open insolvency proceedings) that RONO's purchase price claim or other payments are endangered due to insufficient liquidity of the Buyer, RONO may in accordance with statutory law withhold its services and/or refuse performance and rescind the Contract, if necessary after setting of a grace period (section 321 BGB). In case of Contracts regarding the manufacture of custom-made products (unique products), RONO may declare rescission immediately. The statutory provisions regarding the dispensability of a grace period and the assertion of damage compensation claims remain unaffected.

4. Delivery commitments and delivery time

- 4.1. Insofar as nothing has expressly been agreed to the contrary, all deliveries shall be understood to be by RONO ex works (EXW Selmsdorf, in accordance with Incoterms 2010). The packaging of the Goods, as well as insurance and transport take place at the costs and at the risk of the Buyer.
- 4.2. To the extent acceptance has been agreed, it is decisive for the transfer of risk. An agreed acceptance is subject mutatis mutandis to the statutory laws governing works contracts, unless otherwise agreed in these GTC. The Goods are deemed as accepted if (a) the delivery has been made, (b) RONO has informed the Buyer hereof under reference to this deemed acceptance and requested the Buyer to declare acceptance within a reasonable period, and (c) the Buyer has failed to refuse acceptance within this period, stating a defect which is not merely immaterial and which is actually existing or at least obvious from an objective point of view.
- 4.3. RONO is entitled to make partial deliveries in a reasonable scope. If partial deliveries can be used separately, they are deemed as separate deliveries for purposes of payment due dates.

- 4.4. The delivery time results from the agreements of the contracting parties and will be set forth in the order confirmation. Their observance by RONO has as a prerequisite that all commercial and technical matters between the parties have been settled and the Buyer has fulfilled all duties that are incumbent upon it. If this is not the case, then the delivery time will be lengthened accordingly. This does not apply insofar as RONO is responsible for the delay.
- 4.5. If RONO is unable to meet binding delivery times for reasons not attributable to RONO (non-availability of the Goods), RONO shall inform the Buyer promptly and at the same time state the estimated new delivery period. If the Goods are not available within the new delivery period, either, RONO may rescind the Contract in whole or in part. Any consideration already furnished by the Buyer will be refunded by RONO promptly. A case of non-availability of the Goods is deemed to arise in particular if RONO is not supplied on time by its suppliers, if RONO has entered into a specific corresponding cover transaction, neither RONO nor the supplier bears any culpability or if RONO is not obligated to source the Goods in the individual case.
- 4.6. The occurrence of delays in delivery by RONO is determined by statutory laws. In any case, however, a reminder with a grace period is required from the Buyer. The liability of RONO due to delayed delivery is limited to an amount of no more than 25% of the net fees payable therefor; this does not apply in case of wilful intent and gross negligence.
- 4.7. If the Buyer falls into default of acceptance or if it culpably breaches other obligations to cooperate, then RONO is entitled to demand the damages including any additional expenses that have been incurred as a result of this. If RONO stores the Goods, the storage fees amount to 0.5% of the invoice amount of the Goods to be stored, for each complete calendar month. The assertion of further claims remains reserved. The Buyer may demonstrate that RONO incurred no damages, or that its damages were substantially lower than the aforesaid lump-sum compensation.
- 4.8. The rights of the Buyer pursuant to section 9 of these GTC and the statutory rights of RONO remain unaffected, in particular in case the obligation to provide specific performance is excluded (e.g. because of impossibility or unreasonability of providing the Goods or secondary performance).

5. Installation, commissioning and services

- 5.1. If RONO is obligated to install and/or commission the Goods pursuant to the order confirmation, the Buyer shall during the execution of the works guarantee RONO, free of charge, the free and unhindered access to its place of business and its facilities and to offer it practical support in appropriate scope. The Buyer must also secure at its expense official permits that are necessary so that RONO can carry out the works at the Buyer's location.
- 5.2. The Buyer is responsible for its own personnel, its equipment, its plants and facilities and must ensure that relevant documents, drawings and operation manuals are made available for its own operational plants and facilities. The Buyer must furthermore ensure power sources and appropriate environmental conditions that are necessary for the performance of the work.
- 5.3. The Buyer must ensure that the personnel of RONO can provide the services immediately after arrival and can complete them without interruption. If this is not the case, then the resulting additional expenses shall be invoiced to the Buyer in reasonable amount. If acceptance is agreed, it shall be effected by signing of the acceptance protocol by RONO and the Buyer.

6. Reservation of title

- 6.1. RONO reserves the ownership of the delivery item (Reserved Goods) until the complete payment of all present and future receivables from transactions with the Buyer. So long as the ownership has not yet been transferred to it, the Buyer is obliged to treat the Reserved Goods with care and to insure them sufficiently at its expense.
- 6.2. The Reserved Goods may not be encumbered to third parties, nor may title thereto be transferred as security, prior to complete payment of the secured claims. The Buyer shall inform RONO immediately in writing if an application to open insolvency proceedings has been filed or if third parties take measures with respect to Reserved Goods (e.g. seizures).
- 6.3. The Buyer may resell and/or join, mix or further process the Reserved Goods in the ordinary course of business. Any joining, mixing or processing of the Reserved Goods by the Buyer is always made on behalf of RONO. If the Reserved Goods are joined, mixed or processed with other goods which are not the property of RONO, RONO acquires joint title in the new item, prorated to the invoice amount of the Reserved Goods to the other joined, mixed or processed goods. Apart from that, the arising new product is subject to the same stipulations as the Reserved Goods.
- 6.4. All claims against third parties arising from the resale of the Reserved Goods or the new product arising from the joining, mixing or processing are assigned any transferred to RONO by the Buyer as security in advance, in full or in the amount of the co-ownership share of RONO, if applicable. RONO accepts this assignment and transfer. The obligations of the Buyer set forth in section 6.2 also apply with respect to the assigned and transferred claims.
- 6.5. Irrespective of the assignment and transfer, the Buyer remains authorized to collect the claims along with RONO. RONO undertakes not to collect the claims as long as the Buyer meets its payment obligations vis-à-vis RONO, its financial situation is unimpaired and RONO does not assert the retention of title by exercising a right pursuant to section 6.7. Otherwise,

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RONO may demand that the Buyer informs RONO about the assigned and transferred claims and their debtors, providing all information required for collection, the related documentation and notifies the debtors about the assignment and transfer. Further, in this case, RONO may revoke the authority of the Buyer to continue to resell and join, mix or process the Reserved Goods.

- 6.6. If the realizable value of the securities exceeds the claims of RONO by more than 10%, RONO will release securities of its choice if so requested by the Buyer.
- 6.7. In case of breach of contract by the Buyer, in particular in case of delayed payment, RONO may rescind the Contract in accordance with statutory laws and demand surrender of the Goods. The assertion of these rights is in particular only possible upon expiration of a fruitlessly set grace period for payment, unless the setting of a grace period is not required pursuant to statutory law. The setting of a grace period is also not required if an application to open insolvency proceedings has been filed regarding the assets of the Buyer.

7. Drawings, calculations, technical data and software

- 7.1. RONO retains the property and copyright rights to all documents connected with the tender preparation and placing of the order such as datasheets, calculations, product samples, software, drawings or other documents. These documents must not be transferred to third parties without the written permission of RONO.
- 7.2. Insofar as the delivery item also comprises a permanent transfer of software, the Buyer obtains the temporally unlimited licence for the use of this software, but not the ownership of the delivered software.

8. Liability for defects

- 8.1. The rights of the Buyer in case of material and title defects (including incorrect and short delivery as well as incorrect installation or insufficient installation instructions) are subject to statutory laws, unless otherwise specified below.
- 8.2. The basis of the liability for defects is primarily the contractual agreement on the quality of the goods.
- 8.3. Claims for liability of the Buyer are subject to the condition that the Buyer duly complied with its inspection and notification duties. Thus, the Buyer shall inspect the Goods immediately after delivery. Complaints due to recognizable defects or incorrect deliveries must be notified to RONO in writing immediately, however, at the latest within 10 days after delivery of the Goods. Hidden defects of the delivered Goods must be notified by the Buyer in writing immediately upon detection. If the Buyer fails to meet this obligation, the Goods are deemed to have been delivered free from defects.
- 8.4. The liability for defects does not cover standard wear and tear. Further, it does not apply to damages arising after transfer of risk due to incorrect or negligent handling, improper maintenance, incorrect storage, incorrect assembly or operation, improper installation into another object or improper attachment to another object, excessive use, unsuitable operating materials or due to chemical, electrochemical or electrical influences which are not presupposed by the Contract and not the responsibility of RONO. Nor is a material defect constituted by non-reproducible software errors and in case of defects not arising in the latest software version provided to the Buyer by RONO, if the use of the latest provided software version is reasonable for the Buyer.
- 8.5. In case of timely and substantiated notification of defects, RONO will at its own discretion either repair the defect free of charge or resupply. RONO may make at least two attempts of secondary performance. RONO may make the owed secondary performance conditional on the Buyer paying the due purchase price. The Buyer may, however, withhold a part of the purchase price reasonable in relation to the defect.
- 8.6. The Buyer must grant RONO the time and opportunity required for secondary performance, in particular hand over the rejected Goods for inspection purposes and/or provide unimpaired access to its premises and facilities, if RONO carried out the installation of the Goods. Secondary performance does not include the disassembly of the defective item or the reinstallation, if RONO was not originally obligated to perform the installation.
- 8.7. RONO bears the costs necessary for inspection and secondary performance - including the dismantling and re-installation costs - if a defect actually exists. Otherwise, the Buyer shall bear these costs, or RONO may demand reimbursement of such costs from the Buyer, unless the absence of defects was not recognizable for the Buyer. Claims of the Buyer for reimbursement of expenses are, however, excluded to the extent that the expenses increase because the Goods have subsequently been transported to another place than the place of performance, unless the shipment corresponds to the contractually agreed use or the intended use following from the circumstances of purchase.
- 8.8. In urgent cases (e.g. in case operational safety is threatened or in order to prevent unreasonable damages), the Buyer may remove the defect itself and seek compensation for the costs objectively necessary for this purpose from RONO. In case the Buyer removes defects itself, it shall inform RONO immediately, where possible in advance. This right of the Buyer to remove defects does not apply if pursuant to statutory laws, RONO would be entitled to refuse secondary performance.
- 8.9. If secondary performance fails or if a reasonable grace period to be set by the Buyer for secondary performance expired fruitlessly or is not required pursuant to statutory law, the Buyer may rescind the Contract or reduce the purchase price. The rescission right, however, does not apply in case of an immaterial defect.

- 8.10. Insofar as RONO is taken into recourse by the Buyer after the resale of the Goods due to claims for defects by its customer and the last customer in the supply chain is an entrepreneur (section 14 BGB), the setting of a grace period for the rights specified in section 437 BGB is always required, contrary to the statutory provision in section 445a para. 2 BGB.
- 8.11. The damage compensation claims and/or the rights to reimbursement for frustrated expenses are subject to the general limitations of liability pursuant to section 9. Any further claims are excluded.
- 8.12. All claims for defects become time-barred 12 months after delivery of the Goods. This limitation period also applies to contractual and non-contractual damage compensation claims of the Buyer based on a defect, unless the applicability of the statutory limitation periods (sections 195, 199 BGB) would lead to a shorter limitation period in the individual case. In case of damage compensation claims of the Buyer due to wilful intent or gross negligence and in case of damages due to injury of life, body or health and pursuant to the Product Liability Act, however, only the statutory limitation periods apply.
- 8.13. Insofar as the last customer in the supply chain is an entrepreneur (section 14 BGB), claims for recourse as per section 445a para. 1 BGB become time-barred 12 months after delivery to the Buyer, however, at the earliest two months after the reseller has fulfilled the respective claims of its customer. This suspension of expiration of the warranty period ends at the latest two years after RONO has delivered the Goods to the Buyer.

9. Liability

- 9.1. Unless otherwise specified in these GTC, including the following clause, RONO is liable pursuant to statutory laws in case of breach of contractual or extra-contractual duties.
- 9.2. Irrespective of the legal basis, RONO is liable to compensate damages in case of wilful intent or gross negligence. In case of simple negligence, RONO is only liable for damages resulting from
- injury of life, body or health; and
 - breach of an essential contractual duty (i.e. a duty the fulfilment of which is essential for the proper performance of the Contract and on the fulfilment of which the Buyer generally relies and may rely); in this case, liability is limited to the foreseeable, typically incurred damages, and subject to a cap of a maximum of 125% of the respective net order amount;
- in each case subject to a lower standard of liability pursuant to statutory laws (e.g. the standard of care exercised in own matters).
- 9.3. The limitations of liability pursuant to section 9.2 also apply in case of breaches of duty by persons whose culpability is attributable to RONO pursuant to statutory laws. They do not apply if and to the extent RONO maliciously concealed a defect or assumed a guarantee for the quality of the Goods; nor do they apply for claims of the Buyer under the Product Liability Act.
- 9.4. The Buyer may only rescind or terminate because of a breach of duty which does not consist of a defect if the breach of duty is attributable to RONO. The right of the Buyer to terminate for convenience (in particular pursuant to sections 651, 649 of the German Civil Code) is excluded. Apart from that, the statutory requirements and legal consequences apply.

10. Export regulations and local laws

The Buyer shall comply with all relevant export regulations and the local laws and other regulations applicable at the location where the goods are used and which apply to the installation and/or operation of the goods. The Buyer shall obtain required licenses and documents at its expense.

11. Applicable law, arbitration, venue

- 11.1. The law of the Federal Republic of Germany applies exclusively under exclusion of the UN Sales Convention (CISG).
- 11.2. All disputes between RONO and the Buyer will be finally adjudicated pursuant to the Arbitration Rules of the German Institution of Arbitration (Deutsche Institution für Schiedsgerichtsbarkeit e.V. - DIS) without recourse to the civil courts. The place of arbitration is Lübeck.
- 11.3. Alternatively, the complaining party may select to initiate proceedings in civil court. In this case, the sole venue is Lübeck. However, RONO is also entitled to bring an action at the head office of the Contractual Partner.
- 11.4. If the complaining party initiates proceedings in civil court, the other party may not cite the arbitration clause as grounds for inadmissibility of or defence against the lawsuit.
- 11.5. Unless otherwise specified in the order confirmation, the seat of RONO in Selmsdorf is place of performance and location of secondary performance.

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