

General Terms and Conditions of Business

I. Subject Matter of the Terms and Conditions

1. The following terms and conditions of delivery and payment shall apply solely to persons who, when entering into the Contract, are acting in fulfilment of their commercial or independent professional activities (entrepreneurs).
2. All goods and services provided by REA Elektronik GmbH (hereinafter REA) shall be based on these terms and conditions and any separate contractual arrangements. REA shall hereby expressly object to the Ordering Party's divergent terms and conditions of purchase. They shall not become subject matter of the Contract even through acceptance of an order, unless REA has expressly agreed to their validity in writing.
3. A Contract shall, in the absence of a separate agreement, be formed when the Supplier submits an order confirmation in writing. Ancillary agreements and amendments to an order shall require the written form and express written confirmation from the Supplier.
4. These General Terms and Conditions of Business shall also apply to all future transactions with the Ordering Party.
5. REA shall reserve ownership rights and copyrights to samples, quotations, drawings and similar tangible or intangible information, even if it is in electronic form. These documents must not be made accessible to third parties.
6. REA shall undertake to make information and documents designated as confidential by the Ordering Party accessible to third parties only with the latter's consent.
7. The Ordering Party shall have the non-exclusive right to use standard software with the agreed performance characteristics in unmodified form. It may make a backup copy thereof without explicit agreement.

II. Prices and Terms of Payment

1. Unless otherwise stated in the order confirmation, the Supplier's prices shall apply ex works, exclusive of ancillary costs such as packaging, freight, customs and the like. These shall be invoiced separately. Likewise, installation or assembly costs, including any necessary ancillary costs such as travel costs, costs of transporting the trades vehicle, personal luggage as well as subsistence allowances, shall, unless otherwise contractually agreed, be invoiced separately.
2. Statutory VAT shall not be included in REA's prices. It shall be shown separately on the invoice in the statutory amount on the invoicing date.
3. REA reserves the right to change prices commensurately if, following conclusion of the Contract, reductions or increases in costs occur, particularly if they are due to collective wage agreements or material price changes. Evidence thereof shall be provided to the Ordering Party on request. This shall not apply to increases in the charge for goods or services that are to be supplied or provided within four months of formation of the Contract.
4. Claims for payment by REA shall be due upon invoicing and delivery. The Ordering Party shall default if it has failed to settle the claim for payment within a period of 10 days of receipt of the service and invoicing.

5. Any deduction of discount shall require a special written agreement.
6. REA shall make deliveries to countries abroad only against prepayment.
7. Bills of exchange eligible for discount shall be accepted as payment only on the basis of an express agreement.
8. If the object of the delivery is a custom product, the Ordering Party shall be obliged, upon formation of the Contract, to make a down payment of 25 percent of the order value.
9. Any debt on the part of the Ordering Party shall attract interest while it is in default. The default interest rate for claims for payment shall be 8 percentage points above the base rate. The possibility of asserting further damages shall not be excluded.
10. The Ordering Party shall be entitled to set off only if its counterclaims have become *res judicata*, are uncontested or have been acknowledged by REA. Furthermore, the Ordering Party shall be authorized to exercise a right of retention insofar as its counterclaim is based on the same contractual relationship.

III. Retention of Title

1. REA shall retain title to the delivery item until all payments arising from the delivery contract have been received.
2. If the Ordering Party is in breach of the Contract, particularly if it defaults on payment, REA shall be entitled to repossess the object of sale. The repossession shall constitute rescission of the Contract. REA shall, after repossessing the delivery item, be entitled to dispose of it. The disposal proceeds shall be offset against the Ordering Party's liabilities – less reasonable disposal costs.
3. The Ordering Party shall be obliged to handle the delivery item with care. In particular, it shall be obliged, at its own expense, to insure said item adequately to replacement value against fire, water and theft damage. The Customer shall perform any maintenance and inspection work required in a timely manner at its own expense.
4. The Ordering Party may neither pledge the goods supplied to it nor assign them as collateral. In the event of a seizure or other interventions by third parties, it shall notify REA in writing without delay to enable it to bring a legal action in accordance with section 771 of the *Zivilprozessordnung* (German Code of Civil Procedure - ZPO). Where the third party is unable to reimburse REA for the judicial and extra-judicial costs of a legal action pursuant to section 771 of the ZPO, the Ordering Party shall be liable for any loss that REA may incur as a result.

If the Ordering Party fails to notify REA with regard to seizures or other third-party interventions, it shall be liable for any damage incurred as a result of the failure to notify.

5. The Ordering Party shall be entitled to resell the delivery item in the ordinary course of its business. However, it shall hereby assign to REA all claims in the amount of the final invoice (including VAT) of REA's receivable arising to it, against its customers or third parties, from the resale, irrespective of whether the object of sale has been resold without or after processing. The Ordering Party shall continue to be authorized to collect this receivable even after the assignment. This shall not affect REA's entitlement to collect the receivable itself. REA shall, however, undertake not to collect the receivable for as long as

the Ordering Party complies with its payment obligations arising from the proceeds collected, does not default on payment and, in particular, no petition to institute settlement or insolvency proceedings has been filed and there is no cessation of payments.

However, if this is the case, REA may demand that the Customer make known to it the assigned receivables and their debtors, make all disclosures required for the collection, surrender the corresponding documents and inform the debtors (third parties) of the assignment.

6. Any processing or alteration of the delivery item by the Ordering Party shall always be undertaken on REA's behalf. If the delivery item is processed with other objects that do not belong to REA, REA shall acquire co-ownership of the new object in proportion to the value of the delivery item (final invoice amount, including VAT) in relation to the other processed objects at the time of processing. In other respects, the same shall apply to the object that arises due to processing as to the item supplied subject to retention.
7. The Ordering Party shall assign to REA the receivables which arise against a third party due to the combinations of the delivery item in order to collateralize REA's receivables from the Ordering Party.
8. REA shall, at the Ordering Party's request, undertake to release the collateral to which it is entitled insofar as the realizable value of the collateral exceeds the receivables to be collateralized by more than 10%. The choice of collateral to be released shall be at REA's discretion.

IV. Delivery Period, Delayed Delivery

1. The delivery period shall be based on the agreements between the Parties to the Contract. REA's adherence to said period shall be conditional upon resolution of all commercial and technical issues between the Parties and the Ordering Party's fulfilment of all obligations incumbent upon it, such as provision of the necessary official certificates or permits or down payment. If this is not the case, the delivery period shall be extended commensurately. This shall not apply insofar as REA is responsible for the delay.
2. Adherence to the delivery deadline shall be subject to correct and timely delivery to REA by REA's suppliers. REA shall inform the Ordering Party of any sign of delay as soon as possible.
3. The delivery deadline shall be deemed to have been adhered to if, by the time of its expiry, the delivery item has left REA or notification that the delivery item is ready for dispatch has been given. Where an acceptance inspection needs to be carried out, the acceptance date, except where there is a justified refusal to accept, shall prevail or, alternatively, notification that the delivery item is ready for acceptance inspection.
4. If the despatch/acceptance of the delivery item is delayed for reasons for which the Ordering Party is responsible, any costs incurred by REA as a result of the delay shall be charged to the Ordering Party, commencing one month after notification that the delivery item is ready for despatch/acceptance inspection.
5. If failure to adhere to the delivery period is due to force majeure, industrial disputes or other events beyond the control of REA, the delivery period shall be extended commensurately. REA shall inform the Ordering Party of the beginning and end of said circumstances as soon as possible.

6. The Ordering Party may rescind the Contract without notice if it becomes once and for all impossible for REA to render full performance prior to transfer of risk. The Ordering Party may also rescind the Contract if implementation of a part of the delivery for an order becomes impossible and it has a legitimate interest in refusing partial delivery. If this is not the case, the Ordering Party shall pay the contractual price that applies to the partial delivery. The same shall apply in the event of REA's incapacity. In other respects, the provisions of Clause VII. 2. shall apply.

If the impossibility or the incapacity occurs during default on acceptance or if the Ordering Party is solely or predominantly responsible for these circumstances, it shall remain obliged to render a counterperformance.

7. If the Ordering Party, taking statutory exceptions into account, sets REA a reasonable deadline for performance after the due date and if the deadline is not adhered to, the Ordering Party shall, under statutory regulations, be entitled to rescind the Contract. Further claims arising from delayed delivery shall be determined solely in accordance with Clause VII. 2.

V. Transfer of Risk, Acceptance

1. Unless otherwise stated in the order confirmation, delivery "ex works" shall be deemed to have been agreed.
2. Risk shall pass to the Ordering Party no later than when the shipment is despatched even if freight-free delivery or carriage free has been agreed or partial deliveries are made.
3. If despatch is delayed or does not materialize owing to circumstances for which the Ordering Party is responsible, risk shall pass to the Ordering Party from the day on which REA gives notification that the delivery item is ready for despatch. REA shall undertake, at the Ordering Party's expense, to take out such insurance policies as the Ordering Party requests.
4. Where an acceptance inspection needs to be carried out, this shall determine the transfer of risk. It must be carried out immediately after the Supplier has given notification that the delivery item is ready for acceptance. The Ordering Party may not refuse acceptance in the event of a non-material defect, providing the Supplier expressly acknowledges its obligation to remedy the defect.
5. Goods that are ready for despatch must be called off without delay. If the Supplier has set the Ordering Party a reasonable deadline for the call-off, it may, once said deadline has expired without success, store the goods at the Ordering Party's expense and risk.

VI. Warranty

Subject to Clause VII, the Supplier shall provide the following warranties for defects in quality and title of the delivery, which shall also include the absence of warranted properties, to the exclusion of further claims:

Defects in Quality

1. The Ordering Party's warranty claims shall be conditional upon its having properly complied with its inspection and notification obligations required under section 377 of the *Handelsgesetzbuch* (German Commercial Code - HGB).

2. All those parts that, within 12 months of delivery, prove to be unusable or, upon closer inspection, significantly damaged as a result of a circumstance prior to risk transfer must, at the Supplier's option, either be repaired or replaced free of charge. Any such defects identified must be reported to the Supplier in writing without delay.

Replaced parts shall become the property of the Supplier. Parts that are the subject of a complaint shall, where the Supplier deems such necessary, be sent to it to be checked. A period of 5 years shall apply exceptionally to items which, in line with their usual manner of use, have been used for a building and have caused its defectiveness.

If despatch is delayed through no fault of the Supplier, the warranty shall cease 12 months after transfer of risk.

3. The limitation period shall be 12 months, calculated from the transfer of risk.

4. The Ordering Party must, following communication with REA, give REA the necessary time and opportunity to carry out all repairs and replacements that appear necessary to it. Otherwise, REA shall be exempted from liability for any consequences arising therefrom. Only in urgent cases of risk to operational safety or to prevent disproportionately severe damage, in which case the Supplier must be notified immediately, or if the Supplier is in default in remedying the defect or if the subsequent performance by the Supplier is unreasonable to the Ordering Party in some other way, shall the Ordering Party have the right to remedy the defect itself or to engage third parties to remedy it and to demand from the Supplier compensation for the expenses necessarily incurred thereby.

5. REA shall bear the expenses required for the purposes of subsequent performance, particularly those relating to transport, travel, labour and material costs.

6. REA shall be liable for repair work and replacement parts to the same extent as for the original delivery item.

7. No warranty shall be accepted in the following cases, in particular: inappropriate or improper use of the delivery item, incorrect assembly/commissioning by the Ordering Party or third parties, natural wear and tear, minor divergence from the agreed quality, minor impairment of usability, incorrect or negligent handling, improper maintenance, inappropriate operating materials, non-reproducible software errors, chemical, electrochemical or electrical influences - unless the Supplier is at fault for them.

REA shall, in particular, accept no warranty if the Ordering Party programs, uses or operates the REA JET coding and marking systems improperly and/or monitors them improperly during printing, particularly in the event of the printing of codes and label contents for prize draws or similar promotions. Any liability on the part of REA, including liability for consequential damage on account of codes, texts, contents or label contents that are defective, inaccurate, illegible or have been incorrectly multiply printed, shall be excluded accordingly in these cases.

REA shall also accept no warranty, in particular, in the event of the use of inks, paints, primers, thinners or cleaning agents that are inappropriate, unauthorized, incompatible or unsuitable for the intended purpose. In such cases, REA shall also assume no liability for any damage or consequential costs resulting therefrom.

8. If the Ordering Party or a third party carries out an improper repair, REA shall not be liable for any consequences arising therefrom. The same shall apply to any modifications to the delivery item that are made without REA's prior consent.

9. The Ordering Party shall have recourse claims against REA pursuant to section 478 of the *Bürgerliches Gesetzbuch* (German Civil Code - BGB; Recourse of the entrepreneur) only insofar as the Ordering Party has not entered into any agreements with its customers that go beyond statutory warranty claims.

10. The Ordering Party shall have a right to rescind the Contract (rescission) if REA allows a reasonable grace period that it has been set for repair or replacement in respect of a defect for which it is responsible to pass without result. The Ordering Party shall also have a right to rescind the Contract in other cases of failure of repair or replacement by REA.

11. Following expiry of a reasonable grace period that REA has been set, the Ordering Party may equally demand a reduction of the price.

Defects in Title

12. If use of the delivery item within the periods specified in Clause 7, nos 2 and 3, results in infringement of industrial property rights or copyrights, REA shall, at its expense, procure for the Ordering Party the right to continued use or modify the delivery item so as to remove the violation of the proprietary right. If this cannot be done on economically reasonable conditions, REA shall take the delivery item back or refund the contract price minus an amount that takes account of the use of the delivery item and its state of repair.

Over and above this, REA shall indemnify the Ordering Party against any uncontested or legally established claims that the relevant owners of the proprietary rights may have.

13. These obligations of the Supplier shall, subject to VII. 2, be exhaustive with regard to infringement of proprietary rights or copyright. They shall apply only where

- the Ordering Party informs the Supplier without delay of any infringements of proprietary rights or copyright that have been asserted,
- the Ordering Party supports the Supplier to a reasonable extent in defending itself against the asserted claims or allows the Supplier to carry out the modification measures,
- the Supplier reserves the right to take all defensive measures, including out-of-court settlement,
- the delivery item has not been manufactured or altered in accordance with an instruction from the Ordering Party and
- the infringement has not been caused by the Ordering Party making unauthorized changes to the delivery item or using it in a manner that breaches the Contract.

VII. Liability

1. If the delivery item cannot be used by the Ordering Party as stipulated in the Contract, and this inability is the fault of the Supplier due to failure to execute, or incorrect execution of, suggestions and advice given before or after Contract conclusion or due to infringement of other contractual secondary obligations - in particular, instructions for operating and maintaining the delivery item -, the provisions of Clauses VI and VII. 2 and 3. shall apply accordingly, to the exclusion of further claims of the Ordering Party.
2. The Supplier shall be liable for damage that has not occurred to the delivery item itself in the event of wilful intent, in the event of gross negligence on the part of the owner or executive employees, in the event of the absence of warranted properties if the purpose of the warranty was to protect the Ordering Party against the damage that has occurred, in the event of defects in the delivery item, providing, pursuant to the *Produkthaftungsgesetz* (German Product Liability Act), liability is accepted for personal injury or damage to privately used objects. In the event of culpable violation of material contractual obligations, the Supplier shall also be liable in the event of gross negligence on the part of non-executive employees and in the event of ordinary negligence, albeit limited to damage that is usually reasonably foreseeable at the time the Contract is entered into.
3. In respect of claims for damages, liability for damage caused with wilful intent or gross negligence and for damage arising from injury to life, limb or health due to a negligent infringement by the Supplier shall remain unaffected. A wilful or grossly negligent infringement by the Supplier shall be deemed to be no different from that of its legal representative or performing agents.
4. Further claims, on whatever legal grounds, shall be excluded.

VIII. Installation and Assembly

1. Prior to commencement of the assembly work, the Ordering Party shall, without prior request, provide the necessary information about the position of concealed electricity, gas and water pipes or similar equipment as well as the necessary static details.
2. Prior to commencement of the installation or the assembly, the materials and objects required for starting the works shall be available at the installation or assembly site and any preparatory works shall be so far advanced that the installation or assembly can be commenced as agreed and carried out without interruption. Any access routes and the installation or assembly site shall have been levelled and cleared.
3. If the installation, assembly or commissioning is delayed due to circumstances for which REA is not responsible, the Ordering Party shall bear reasonable costs that REA or the assembly personnel incur for waiting time and additionally required journeys.
4. The Ordering Party shall confirm to REA the length of the assembly personnel's working time on a weekly basis and report the completion of the installation, assembly or commissioning without delay.

IX. Obligations in Relation to Special Contractual Services

1. Both REA and the Ordering Party shall warrant to each other that they will ensure data protection.

2. REA and the Ordering Party shall undertake to strictly protect the business and trade secrets of the respective other Party to the Contract if and to the extent that said secrets needed to be exchanged in producing the goods or in clarifying the Customer's needs. Both Parties shall, in this respect, be subject to a contractual penalty amounting to 10% of the net goods value for each individual breach of duty, to the exclusion of the defence of continuation of offence. Exclusion of set-off shall be agreed in relation to claims for contractual penalties.

3. Any tools that are created at the Ordering Party's special request shall become REA's property even if the Ordering Party has to bear all or part of the costs thereof. During the existing contractual relationship between REA and the Ordering Party, the tools may be used only for the Ordering Party's purposes. Following termination of the business relationship, REA alone shall be entitled to use the tool without restriction for its own purposes.

X. Disposal of Electrical and Electronic Equipment

1. The Ordering Party shall, once use of electrical and electronic equipment has definitively ended within the meaning of the *ElektroGesetz* (German Electrical and Electronic Equipment Act - ElektroG), ensure proper disposal of the supplied equipment at a suitable collection point, at its own expense and risk.
2. Alternatively, REA shall carry out the proper disposal of the supplied equipment. The Ordering Party shall inform REA in writing of its request in this respect no later than 30 days in advance and deliver the equipment to REA's domicile at its own expense and risk.

XI. Binding Force of Contracts

If individual provisions in the contracts or these terms and conditions of delivery and payment are invalid, this shall not affect the validity of the contracts or these terms and conditions of delivery and payment in other respects.

In such cases, the Parties to the Contract shall undertake to replace the invalid provisions by a provision that comes as close as possible to the economic intent and purpose of the invalid provisions in the context of the overall contract.

XII. Applicable Law and Legal Venue

1. The law of the Federal Republic of Germany governing legal relationships between German parties shall apply exclusively to the legal relationships between REA and the Ordering Party, without giving effect to the United Nations Convention on Contracts for the International Sale of Goods.
2. The place of performance shall be REA's business domicile.
3. The legal venue shall be the court having jurisdiction over REA's domicile. REA shall, however, be entitled to file an action at the Ordering Party's principal place of business.