

Terms of sale, delivery and payment

of ZABAG Security Engineering GmbH

1. Terms - Upon placing the order, the terms of contract and delivery set forth hereunder shall be considered as accepted. Offers shall be non-binding. A contract shall come into existence with the acceptance in writing or written confirmation of the order. Offers placed orally shall be subject to written form. Acceptance of the order on the part of ZABAG Security Engineering GmbH (agent) shall exclusively be made subject to the conditions mentioned hereunder.

2. Property and copyrights - The agent reserves all documents and data surrendered to the principal (e. g. calculations, offers, drawings, also samples) regarding proprietorship and copyright. These documents must not be made available to third parties without explicit written consent by the agent. The intellectual property in solutions found in relation with an order and trade mark rights resulting from that (patents, registered designs etc.) are exclusive property of the agent, unless the contrary has been agreed on between the parties in writing and for which remuneration has been determined for the agent for the assignment of inventions or trade mark rights.

3. Execution of the order - The agent shall basically not be liable for any default resulting from documents (e.g. drawings) handed in by the principal or from imprecise or oral statements respectively. In case wage work is done and materials, semi-finished products, tool fixtures or other parts are provided by the principal, the principal shall be obligated to test the suitability of the aforementioned items regarding their contractual purpose. The agent shall not be affected by such obligation to test. Moreover, the principal considers the usual rejects to be agreed on. In any case, rejections up to 5 % of the total material quantity shall be allowable and conventional. Should the absence of an item made available and mentioned above lead to the fact that a part manufactured by the agent is faulty or not usable, the principal shall nevertheless pay the agreed wage. In case any damage is caused to the agent or third parties by the unfitness of any item mentioned above, the principal shall be liable for those and shall keep the agent indemnified against possible claims for damages by third parties. If the principal commissions the agent with the construction of a plant, which has not been documented until that point in time, the agent shall assume no liability for the successful performance of the order and the efficiency of the design. In case the task set by the principal shall become unfeasible or economically unreasonable (costs for the completion of the order exceed the agreed wage sum by at least 50 %, without any evidence at the acceptance), the agent shall lose his claim to the agreed remuneration, but may account for the spent work hours of his employees in form of a service. Furthermore, the principal shall reimburse the agent the expense for additionally purchased services and materials, which were ordered for completion of the order.

4. Deadlines and agreements - Agreements regarding execution dates or "deadlines" shall only be deemed as rough in case of doubt and shall not be considered as fixed dates. Call orders without deadlines shall be obtained by the principal at the latest one year after placing of order for realization. If the principal does not accept the service offered by the agent, agreed remuneration shall become due. As far as the principal objects to the saved expenses of the agent, he shall provide appropriate evidence.

The principal may only demand adherence to the agreed execution deadlines or delivery dates provided he has produced all required documents within a period of 14 days from acceptance on the part of the agent (receipt at agent shall count). Moreover, unimpeded installation start shall be guaranteed at the construction site in case of

assembly work to be carried out (planning, previous orders or prior arrangements shall be finished and all documents have been handed over to the agent). Furthermore, agreed payments shall have been received by the agent. In case start, continuation or completion of work becomes delayed due to reasons caused by the principal, the agent shall be released from his obligation to adhere to agreed delivery dates. If the principal does not take immediate remedial action at the agent's request, the agent can set the principal a reasonable period of time for remedy and declare that he will withdraw from the contract after effectless expiration of the contract and/or claim damages. The same shall apply for the case that the agent is not able to meet the delivery date or an agreed period (subject to subsequent provisions regarding conditions not caused by the agent). In case of withdrawal from or cancellation of the contract, the agent shall be entitled to claim damage for all expenses incurred on him so far as well as lost profit. The agent shall be entitled to generalise these expenses and lost profit with 20 % of the order total respectively. It shall be at the principal's liberty to prove that expenses and/or profit are to be estimated lower. The assertion of a higher, precisely calculated expenditure or profit shall remain reserved for the agent. Force majeure (e.g. industrial actions) or further circumstances at the agent's premises or at those of his suppliers' not caused by the agent (e.g. difficulties regarding material procurement, lack of labour, regulatory injunction), release the agent from adhering to the delivery dates and inhibit the expiration of time. In case such events shall take place for at least six weeks and that their end cannot be predicted or in case that delivery or performance shall become completely impossible due to such events, both parties are entitled to withdraw from the contract.

5. Retention of title - If it becomes clear after conclusion of the contract that the agent's payment claim is in jeopardy due to the principal lacking solvency, performance can be refused and a reasonable period of time, in which the principal gradually has to render payment or provide security against delivery/performance, can be determined. Refusal or effectless expiration of time entitle the agent to withdrawal from the contract and claim for damages. Delivered items shall stay the agent's property until full payment of the order and until payment of all outstanding debts of the principal towards the agent. If the value of this pledged property shall exceed the value of bills receivable by more than 20 %, the agent shall be obligated to release the pledged property at the principal's request and at his option. If the delivered items have become an integral part of a plot belonging to the principal, the principal pledges himself to allow the agent disassembly of the built-in items in case of non-compliance with the agreed dates of payment, provided they can be demounted without great interference of the structure. The property in these items shall be reassigned to the agent. The costs for the demounting shall be at the principal's expense. If the demounting is impeded by the principal, the principal shall reimburse the agent all expenses incurred by the attempt to demount, in particular by posting of employees for that purpose.

6. Delivery in third-party property - If deliverables are to be built into a property not belonging to the principal, the principal shall assign all his contractual and legal claims against the property owner to the agent for good measure when placing the order. The assignment shall only end upon payment of the order and all other outstanding debts of the principal.

7. Goods declared ready for dispatch - Goods declared ready for dispatch shall be accepted without delay; otherwise we will be entitled to send them at our own option or to store them at the principal's costs and risk. If the principal does not accept the goods for reasons the agent is not responsible for, or if he terminates the contract due to a reason the agent is not responsible for, he shall be obligated to refund all expenses as well as all profit lost to the agent. Explanations regarding the scope of obligation to pay compensation provided above (Paragraph 4) shall apply accordingly.

8. Transfer of risk - The condition of the goods solely depends on the agreed technical shipping instructions. If the agent delivers according to specifications, drawings and samples of the principal, he shall assume the risk of suitability for the intended usage. The date of transfer of risk shall be decisive for the contractual condition of the goods as per Paragraph 11. The principal shall check the delivered goods immediately after delivery and shall indicate all obvious defects to the agent in writing. Assertion of obvious defects after expiration of this period shall be excluded. Other notice of defects shall become time-barred after one year after transfer of risks of the goods according to Paragraph 11.

9. Supplementary performance - In case of legitimate notice of defects at due date, the agent shall correct the goods at his own option or shall provide faultless replacement (cure). Warranty shall neither refer to material defects caused by inappropriate or negligent handling, assembly defects or faulty operation, excessive strain, insufficient maintenance as well as normal wear, nor consequences of inappropriate alterations made without the agent's consent or maintenance by third parties. In case of notice of defects, the principal shall set the agent an appropriate period for cure in writing. The period shall provide sufficient opportunity for checking and if applicable, removal of a supposed defect on site. If the goods have not been retouched after expiration of this period, the principal shall be entitled to adequate reduction of the agreed remuneration if this can be deemed acceptable for the principal. Reimbursement of costs shall be excluded if expenses increase because goods were taken to another place after delivery by the agent.

10. Limitations of liability - Unless specified otherwise below, further and advanced claims of the principal against the agent shall be excluded. This shall particularly apply for claims for damages due to breach of duties from the obligation and unlawful act. The agent shall neither be liable for damages, which did not occur at the delivered goods themselves, nor for loss of profit and further financial losses of the principal. Limitations of liability mentioned above shall not apply in case of malice, act of gross negligence by legal representatives or senior staff of the agent as well as culpable violation of fundamental contractual obligations. In case of culpable violation of fundamental contractual rights, the agent shall be liable – except for cases of malice or act of gross negligence by legal representatives or senior staff of the agent - only for damage typical for the contract and reasonably predictable. Further, preceding limitations of liability shall not apply in case of injury to life, body and health of persons. If the goods are shipped by a third party, the principal shall be obligated in any case to initiate the identification and declaration of claims for compensation in case of loss, reduction or damage.

For return of goods or annulment of orders, the agent's written consent shall be required. Return to the agent shall be addressed carriage paid.

11. Transport of goods and assembly - In the absence of special agreement, the agent shall decide on means of transport and transport route. Upon handing over to the freight forwarder/hauler or upon commencement of warehousing as per Paragraph 7 respectively, otherwise upon leaving of the factory or warehouse, the risk shall pass to the principal, even if the agent has undertaken the delivery. If the goods delivered to the construction site are damaged, destroyed or removed by force majeure or further circumstances not caused by the agent before installation, the agent shall be entitled to entire remuneration, in case of commissioned assembly less a portion of costs of seven per cent for the assembly. If the principal wants to appeal to culpability or a lower a portion of costs for the assembly of the agent, the onus shall lie with him. In the case the goods are delivered by the agent, the principal shall warrant that all unloading points are accessible by lorry.. In case of transport of material of more than 10 metres distance from the unloading point, this shall be deemed as additional, fee-based

obstacle. If it should come to such difficulty, this shall be indicated to the agent without delay. Unless specified otherwise, assembler's hours incurred, if any, shall be calculated in addition to the bid sum. For delivery on site not unloaded, the price shall be understood as the agreed price loaded on truck at streets open to traffic at level access. Unloading shall reside with the principal; in case of delay, he shall bear these costs and risk of unloading, warehousing and return transport.

12. Limited service obligation - If a plant cannot be assembled completely due to a circumstance caused by the principal, the obligation to perform shall be limited to the fitting of those parts of the performance, which can be built in. The agreed remuneration shall remain unchanged, however, the agent shall set off the purchase value of the parts not built in from the wage if he can utilize these parts otherwise.

13. Agreements with the agent - All arrangements with representatives or assemblers of the agent shall be non-binding and shall require the explicit written confirmation by the agent without any exception.

14. Payments - Payments to the representatives and employees of the agent only exempt the principal from his obligations to pay if these representatives and employees present a written authority of the agent regarding encashment.

15. Sample plant - If the agent's representative makes an agreement with the principal to such an extent that it concerns a sample plant and that the principal shall receive a commission for future orders executed insofar, the agent shall not be obligated by that. This shall exclusively concern a contractual relation between the agent's representative and the principal; his contractual obligation to pay towards the agent shall remain unaffected thereof.

16. Terms of payment - All agreed prices shall be net plus value-added tax. Deduction of discount shall require special agreement in writing. The agent shall be entitled to invoice definable parts of his performance with partial invoice. All invoices, including the partial invoice, shall be paid net within 14 days from date of invoice if not agreed otherwise. If the principal defaults with the payment of invoices including partial invoices by reminder or on the basis of statutory provisions, the agent shall be entitled to lien or right to refuse performance. This shall not apply for minor outstanding accounts. Invoices up to 200.00 Euro shall become due immediately in cash and without deduction. All payments shall in the first place be charged to interest and costs without regard for other regulations of the principal, and in the second place to the oldest debt of the agent. Non-compliance with the payment terms, default or circumstances, which are likely to reduce the creditworthiness of the principal, shall result in immediate maturity of all debts of the agent.

17. Supply agreement - In tenders, prices shall be quoted ex warehouse Grünhainichen. Delivery by the agent can be arranged.

18. Information and approvals of the agent - For placing of orders to the agent, the principal shall have obtained possibly required licenses himself. When placing the assembly order, the principal shall indicate possibly existing cables or lines in the section of the place of installation or shall present valid excavation permits. If such notification is not done, the principal shall be liable for all damages caused hereby. The same shall apply for inaccurate data. If application of part B of the German Construction Contract Procedure (VOB/B) has been agreed between the parties, preceding regulations shall override this aspect.

19. **Advertising with manufactured plants** - The agent may use plants built by him and their functioning in his advertising without separate arrangement with the principal, unless they conflict with basic interests of the principal or a separate agreement in writing.

20. **Proper law** - Place of fulfilment and jurisdiction shall be the agent's place of business unless provided otherwise by law. Exclusively German law shall prevail between the parties, with the exception of the UN Convention on Contracts for the International Sale of Goods. In case of a dispute, the contractor is basically interested in an out-of-court settlement. According to the Consumer Dispute Resolution Act: The contractor is not obliged and unwilling to participate in a dispute settlement procedure before a consumer arbitration board

21. **Data protecting and processing** - Personal and/or technical data provided by the agent shall exclusively be used by the principal to work on orders of the agent, to answer the agent's requests and to provide the agent with access to certain information and offers. For business relationship purposes, it may additionally become necessary to save or to process the agent's personal or technical data or to forward them to subcontractors for the purpose of processing the agent's orders or answering the agent's request. Beyond that, it may become necessary for the principal to use the agent's personal and/or technical data to inform him about offers useful for his business activity. As a matter of course, the principal shall respect the agent's disagreement with the usage of corresponding data for business relationship purposes. All data submitted by the agent must neither be sold by the principal to third parties, nor may they be marketed in any other way. The principal shall exclusively collect, process and use all data made available by the agent for the intended purpose, unless the collection, processing or usage becomes required for the preparation, negotiation and performance of an order of the agent, for reasoning or protection of legal claims or for defence of claims or due to legal obligations or regulatory action and court order. The same shall apply for the collection, processing or usage of the agent's data for prevention of malpractice or other illegal activities.

22. **Obligation** - All documents shall be made in the German language.

23. **Final provisions** - In case individual aspects of these provisions shall become ineffective or incomplete, the remaining provisions shall remain unaffected.

(Effective: February 2017)