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# GENERAL TERMS AND CONDITIONS OF SALE, DELIVERY AND PAYMENT

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Version: November 2023

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## 1. Scope

- 1.1 These General Terms and Conditions of Sale, Delivery and Payment ("**GTC**") shall be applicable to all offers by and agreements with KARL MAYER (H.K.) Ltd. ("**KARL MAYER**") in connection with the sale and delivery of textile machinery and related spare parts and provision of ancillary services and works (collectively "**Services**") by KARL MAYER to the other party to which the offer is addressed or of the agreement ("**Customer**"). KARL MAYER offers and provides its Services subject to these GTC. The Customer and KARL MAYER are hereinafter also referred to as the "**Parties**" and individually as a "**Party**".
- 1.2 Any general or standard terms and conditions of the Customer that deviate from or supplement these GTC are hereby expressly rejected. Any stipulations or provisions that seek to deviate from or supplement these GTC shall not be effective unless and until KARL MAYER has expressly agreed to their validity in writing. The applicability of these GTC shall not be affected by any instance of KARL MAYER's performance of the Services without reservation in the knowledge of conflicting or supplementary conditions of the Customer. These GTC shall apply to any and all future transactions within the framework of ongoing business relationships. These GTC shall also apply even if no express reference is made to them.
- 1.3 The terms of any individual agreements made in writing with KARL MAYER in individual cases (including ancillary agreements, supplements and amendments) shall take precedence over these GTC when they are in conflict. Subject to proof to the contrary, a written contract or our written confirmation shall be decisive for the content of such agreements.

## 2. Offers, conclusion of contract and declarations

- 2.1 Unless expressly stipulated otherwise, any offer or quotation made by KARL MAYER (whether or not including terms for acceptance) shall be subject to change and final contract, and are non-binding.
- 2.2 All agreements made between KARL MAYER and the Customer are concluded upon the execution of a contract and are set out in full in writing in the said contract (including these GTC). The Customer acknowledges that the agents and/or employees of KARL MAYER are not authorized to make verbal promises, representations, warranties, or statements of a similar nature that deviate from or go beyond the written contractual agreement, and the same shall not bind KARL MAYER unless they are confirmed in writing by KARL MAYER.
- 2.3 Declarations and notifications by the Customer in relation to any contract subject to these GTC (including without limitation notices of defects or setting of additional deadlines) must be made in text form. Other legal requirements remain unaffected.

## 3. Prices and terms of payment

- 3.1 The prices quoted are ex works (EXW) KARL MAYER's registered office in accordance with ICC Incoterms® 2020. VAT is not included in the prices shown; it will be shown separately on the invoice at the statutory rate applicable at the time, insofar as it is incurred.
- 3.2 KARL MAYER is entitled to invoice its Services electronically. The Customer agrees to receive invoices, credit notes and, if applicable, reminders by e-mail in pdf format and for such purpose to provide KARL MAYER with an e-mail address

to ensure receipt of these electronically delivered documents.

- 3.3 Assembly / commissioning of the contracted products shall be invoiced on a time basis, unless a fixed price has been expressly agreed.
- 3.4 The Customer shall raise objections, if any, to invoices within 14 calendar days of receipt of the invoice, and the invoice in question shall be deemed to have been approved and the Customer's right to object waived if KARL MAYER does not receive any such objection within the said period.
- 3.5 Unless otherwise stated in our order confirmation, the purchase price shall be due without deduction immediately upon conclusion of the contract and shall be paid within 30 calendar days of receipt of the invoice.
- 3.6 The Customer shall only be entitled to a right of retention if it is based on a counterclaim from the same contractual relationship that is undisputed, ready for a decision or established by a final court decision. Offsetting by the Customer is hereby expressly excluded insofar as the Customer's counterclaim is not legally established, ready for decision or undisputed.
- 3.7 In the event of default in payment, KARL MAYER is entitled to withhold the provision of further and/or outstanding Services, to make such provision contingent on the payment of all outstanding items by the Customer, and/or generally only to perform upon advance payment or submission of a deposit. KARL MAYER is also not obliged to take any further measures in order to comply with further delivery dates and quantities (e.g., purchasing, production preparation, etc.). If the Customer does not comply with KARL MAYER's request for advance payment or provision of security within a reasonable period of time and in any event within 14 calendar days of such request, KARL MAYER will be entitled to withdraw from the same contract in whole or in part.
- 3.8 If, after the conclusion of the contract subject to these GTC, KARL MAYER becomes aware of circumstances that are likely to significantly reduce the creditworthiness of the Customer and as a result of which the payment of the outstanding invoices or claims of KARL MAYER by the Customer from the respective contractual relationship is at risk, KARL MAYER is entitled to demand full or partial payment and/or provision of security for payment from the Customer and/or to withhold its performance until the Customer has complied with such demand. KARL MAYER is also entitled to withdraw from the contract and demand compensation for damages upon the Customer's failure to meet any corresponding deadline set by KARL MAYER for concurrent performance or provision of security.
- 3.9 If, from the time of the conclusion of the contract subject to these GTC until the time of the performance of the Services, the costs of KARL

MAYER in performing the Services have increased by more than 5% due to a change in the market price for raw materials or the costs for purchased parts or due to personnel costs or an increase in the fees charged by third parties, KARL MAYER is entitled to invoice the Customer a correspondingly higher price which shall be binding on the Customer, save and except that the Customer is entitled to withdraw from the contract when and only when any such increase in the invoiced amount is 20% above the agreed price or more. The Customer's right to withdraw must be asserted within 14 calendar days after notification of the increased price, upon the expiry of which the Customer shall be deemed to have waived any and all right of withdrawal. In respect of any reduction of more than 5% in the aforementioned costs, KARL MAYER may also but is not obligated to take the same into account and adjust the invoiced amount.

#### **4. Delivery period and delivery conditions**

- 4.1 Delivery shall be ex works (EXW) KARL MAYER's registered office in accordance with ICC Incoterms® 2020. Risk shall pass to the Customer upon any default of acceptance.
- 4.2 Delivery deadlines are only binding if they have been expressly agreed in writing as binding; they are met if the goods have been dispatched or are ready for dispatch by their expiry and the Customer has been notified of the same. KARL MAYER's compliance with the delivery schedule is conditional upon the timely and proper fulfillment of all obligations of the Customer, including without limitation and to the extent necessary the clarification of all essential preliminary technical questions on the part of the Customer and the Customer's submission of all necessary documents such as specifications and drawings and the provision of other necessary information (order clarification). In addition, it is subject to correct and timely supply with goods of KARL MAYER itself from its suppliers, insofar as we have taken reasonable measures in accordance with the course of business and we cannot be accused of gross negligence in the selection of the supplier(s) or the specific procurement.
- 4.3 KARL MAYER shall be released from performing its contractual obligations to the extent that such performance is impeded or made unreasonably onerous by an occurrence or event beyond the control of KARL MAYER whether or not foreseeable at the time of conclusion of the contract ("**Force Majeure**") for the duration of the said event of Force Majeure, provided that KARL MAYER could not reasonably be held responsible for the same. Events of Force Majeure include strikes, operational disruptions, lawful lockouts, political measures or official orders, embargoes, customs duties, worldwide transport problems, shortages of raw materials or primary materials or

suppliers, the effects of pandemics or epidemics, fire, flood, severe weather, natural disasters, war, sabotage, and other events interrupting the operations of KARL MAYER and/or its suppliers. Without prejudice to the generality of the foregoing, a pandemic or epidemic shall constitute a Force Majeure event even if the same had already occurred at the time the contract was concluded, provided that KARL MAYER was not aware of its effects on the contract and could not have foreseen them as probable. For the purpose of this clause, a Force Majeure event occurring at KARL MAYER's suppliers and/or their upstream suppliers shall have the same effect as the foregoing.

4.4 KARL MAYER undertakes to inform the Customer immediately of the occurrence and expected duration of any such Force Majeure event. The delivery time shall be extended by the duration of the Force Majeure event plus a reasonable start-up phase. If the impediment is permanent or, in the case of a temporary impediment, if it is no longer reasonable for one of the Parties to adhere to the contract due to the duration of the impediment, each of the Parties shall be entitled to withdraw from the contract, but the Customer shall only be entitled to do so after prior written (email suffices) notice of 10 calendar days. As a rule, any such duration of impediment is to be assumed unreasonable when it involves an impediment of 3 months or more. KARL MAYER will immediately reimburse the Customer for any consideration already paid in the event of withdrawal as a result of the foregoing.

4.5 KARL MAYER's performance of its contractual obligations is conditional upon the due and timely performance of the supply obligations of KARL MAYER's suppliers. The fulfilment of KARL MAYER's contractual obligations is subject to correct and timely supply with goods of KARL MAYER itself by its suppliers. Any occurrence that temporarily impedes the ability of KARL MAYER's supplier to fulfil its supply obligations shall entitle KARL MAYER to extend the time for its performance of the Services without constituting any default on the part of KARL MAYER. In the event that any of the Parties can no longer reasonably be expected to adhere to the contract due to the duration of any impediment, or that the ability of KARL MAYER's supplier to fulfil its supply obligations is permanently impeded, each of the Parties is entitled to withdraw from the contract upon written notice. In this case, KARL MAYER hereby assigns to the Customer and the Customer accepts the assignment of any claims and causes of action for damages due to delay to which KARL MAYER is entitled against its suppliers on the relevant contracts.

4.6 The Customer hereby agrees to irrevocably grant KARL MAYER a reasonable grace period of at least half the original delivery period but in any case not less than 28 calendar days in the event

of and upon any failure or default on the part of KARL MAYER in performing its delivery obligations. In the event that such failure or default on the part of KARL MAYER persists beyond the grace period so granted, the Customer may then if the legal requirements are met be entitled to withdraw from the contract with effect for the unfulfilled transactions; with effect for partially fulfilled transactions, the Customer may only withdraw if there is absolutely no benefit in the partial delivery and performance. The Customer shall only be entitled to claims for damages due to delay insofar as our liability is not excluded or limited in accordance with these GTC and even then these shall be limited to the damage foreseeable at the time of conclusion of the contract, but in total to a maximum of 5% of the net purchase price of the delayed performance insofar as this cannot be used by the Customer in good time or in accordance with the contract as a result of the delay or non-delivery.

## **5. Scope of Services and quality**

5.1 KARL MAYER is entitled at its sole and absolute discretion to make partial performance. KARL MAYER will inform the Customer at the earliest possible time to find a mutually acceptable solution for the partial performance.

5.2 Unless otherwise agreed, KARL MAYER shall perform within the tolerances permitted by the relevant German, European and/or Hong Kong industrial standards. Technical modifications by KARL MAYER that are necessary due to changes in the law or that serve the purpose of technical further development are also permissible after the conclusion of the contract, insofar as this does not result in a significant change in function or the Customer proves that the modification is unreasonable for him; unreasonableness does not come into consideration if the modification represents a technical improvement or is owed to an expectation of the traffic or legal or official requirements.

## **6. Product documents, duty to examine, reservation of rights, confidentiality, property rights**

6.1 KARL MAYER's documents, illustrations, drawings, details of performance, weights and dimensions in catalogues, product sheets and/or on KARL MAYER's website only represent approximate values. They are not indications of the quality of the goods unless they are expressly designated as binding. KARL MAYER reserves the right to make improvements and changes to the extent customary in the trade and reasonable for the Customer.

6.2 The Customer must inspect KARL MAYER's technical drawings and/or descriptions and exercise independent judgment as regards the same.

The inspection and confirmation shall be made by returning a copy with a confirmation note from the Customer within 2 weeks of receipt by the Customer. If the Customer waives confirmation and return, this shall not release him from the obligation to check and the confirmation shall be deemed to have been made. Desired corrections must be communicated to KARL MAYER immediately and are effective only upon KARL MAYER's written confirmation. Additional costs incurred due to drawings and/or descriptions not being checked by the Customer or not being checked in good time will be invoiced separately by KARL MAYER.

6.3 KARL MAYER exclusively retains sole and exclusive ownership and all our (exploitation) rights to our offers, drawings, illustrations, models, plans and other documents as well as information in tangible and intangible, in particular electronic form, as well as to all data, experience, know-how, inventions, industrial property rights, designs, samples and trademarks (collectively "Information").

6.4 All Information not already in the public domain shall be treated confidentially and shall not be made available to third parties. Physical and intangible Information shall be returned immediately at any time upon request or if no transaction takes place, and electronic information shall be deleted immediately. KARL MAYER undertakes to make information and documents designated as confidential by the Customer accessible to third parties only with the Customer's consent.

6.5 If the property rights of third parties are infringed in the course of Services according to drawings or other information provided by the Customer, the Customer must hold harmless and indemnify KARL MAYER against all claims.

6.6 Insofar as the Customer has to procure documents, he is responsible for their completeness and correctness and for the timeliness of the procurement.

6.7 KARL MAYER is entitled to provide the Customer with parts of the operating instructions in digital form only, insofar as these do not contain any information relevant to safety and health protection. On the other hand, KARL MAYER will provide the Customer with the relevant parts of the operating instructions relevant to safety and health protection in paper form as a supplement.

## 7. Assembly and commissioning

7.1 To the extent KARL MAYER is responsible for installation, assembly and/or commissioning in addition to delivery, the Customer shall at its own expense be obliged,

a) to grant KARL MAYER free and safe access to the place of performance and to ensure that KARL MAYER has sufficient space available for the performance of the Service;

b) to provide KARL MAYER with all the information and data required for the performance of the Service correctly, completely and in good time;

c) to ensure the necessary power supply, sufficient lighting and the supply of compressed air and water during the execution of the work;

d) to provide in good time and to the agreed extent any operating and working equipment to be provided by the Customer and any necessary and suitable assembly assistants;

e) to provide suitable recreation rooms and sanitary facilities for the KARL MAYER employees deployed, as well as dry and lockable rooms for the storage of KARL MAYER's materials and tools;

f) to perform any necessary preparatory work completely and properly.

7.2 The Customer must inform KARL MAYER in good time of the safety regulations applicable at the place where the work is to be performed and take all the necessary measures to protect KARL MAYER's employees from safety and health risks during the performance of the work.

7.3 The Customer must ensure that the assembly can be started immediately after the arrival of KARL MAYER's assembly personnel and carried out without delay until acceptance by KARL MAYER.

7.4 Immediately after notification of the completion of the installation, a joint inspection of the plant components and systems shall take place. A written protocol or assembly report to be signed jointly shall be recorded, which confirms that the assembly has been completed. Identified residual work and defects shall be stated in the report.

## 8. Acceptance

8.1 The Customer is obliged to accept the Services as soon as he has been notified of their completion in writing or verbally and a trial run of the assembled delivery item has taken place, if provided for in the contract. Acceptance may not be refused due to insignificant defects. The Services are deemed to have been accepted upon the delivery and, if KARL MAYER is also responsible for the installation, the installation has been completed, KARL MAYER has notified the Customer of this and has requested the Customer to accept the Services within a reasonable period of time, unless the Customer refuses to accept the Services within this period of time and notifies KARL MAYER of a defect that is not merely insignificant.

8.2 If the assembly proves not to be in accordance with the contract, KARL MAYER shall be obliged to remedy the defect, provided that the defect is not insignificant for the interests of the Customer and is not caused by a circumstance attributable to the Customer.

- 8.3 However, the Customer shall only have the right to remedy the defect itself after prior consultation with us.
- 8.4 If acceptance is delayed through no fault of our own, acceptance shall be deemed to have taken place after 2 weeks have elapsed since notification of completion of the installation; the same shall apply if KARL MAYER issues a (final) invoice after 2 weeks have elapsed since notification of completion of the installation.

**9. Liability for defects**

- 9.1 To the extent that the Services constitute the delivery of goods or works (collectively "**Goods**") defects shall be deemed to exist if the Goods deviate not only insignificantly from the agreed quality at the time of transfer of risk.
- 9.2 KARL MAYER does not accept any liability for defects fully or partially attributable to unforeseeable or improper use, the use of unsuitable operating materials, incorrect or negligent handling or storage, improper maintenance, spare parts, chemical, electrochemical or electrical influences or as a result of natural wear and tear or corrosion not resulting from a manufacturing defect.
- 9.3 Used equipment is sold on an "as-is" basis and without any warranty, and all liability in relation to the quality and merchantability of the said used equipment is hereby expressly excluded except for intent and fraudulent intent.
- 9.4 Immediately upon receipt of the Goods, the Customer shall inspect them for compliance with the contract, in particular for completeness and condition and, if applicable, transport damage. Noticeable deviations, defects and damage must be reported to KARL MAYER immediately and in any event before processing or treatment and at the latest within 7 calendar days after receipt, or, in the case of hidden defects, within 7 calendar days after discovery, by written notification with detailed explanation. The warranty shall lapse automatically if no report is made upon the expiry of the aforesaid periods. Transport damage must be noted on the consignment note and the delivery note and confirmed by the driver's signature.
- 9.5 If the Customer has duly complied with his obligations to give notice of defects in accordance with clause 9.4, he shall be entitled to the statutory warranty rights in the event of a defect in accordance with the following provisions:
  - 9.5.1 The choice of the type of subsequent performance is incumbent on KARL MAYER. In the event of defects, KARL MAYER shall provide warranty by subsequent performance in the form of rectification or replacement delivery at its own expense at the place of the original delivery.
  - 9.5.2 If the Customer has installed the defective Goods in another item or attached them to another item in accordance with their nature

and intended use, the Customer may only claim compensation for the necessary expenses for removing the defective Goods and installing or attaching the repaired or delivered non-defective Goods ("**Removal And Installation Costs**") on the condition that such Removal And Installation Costs are reasonably necessary and reasonable according to objective standards. The Removal and Installation Costs are disproportionate if (1) their value is disproportionate to the repaired or delivered Goods and (2) they do not directly concern the removal or dismantling of the defective Goods and the installation or fitting of repaired or delivered Goods. Additional expenses arising from the fact that the Goods are located at a place other than the agreed or presumed destination shall be borne by the Customer. The Customer shall grant KARL MAYER the necessary time and opportunity to carry out the subsequent performance; otherwise the warranty shall lapse. Expenses incurred by the Customer to remedy defects himself shall not be reimbursed. Replaced Goods become the property of KARL MAYER. The Customer must return them to KARL MAYER at his own expense.

- 9.5.3 Claims for damages shall only exist under the conditions agreed under Clause 10.
- 9.6 The warranty period for claims for defects is 12 months, calculated from delivery of the Goods or, if acceptance is provided for by contract or by law, from acceptance. The warranty period for claims for defects is 12 months, calculated from delivery of the Goods or, if acceptance is provided for by contract or by law, from acceptance. Any and all liabilities of Karl Mayer arising under this Agreement or otherwise in relation to the delivery of the Goods (except in the case of fraud) shall be deemed to be waived and absolutely barred upon the expiry of 12 months from the delivery unless written particulars of any claim (giving details of the alleged breach in respect of which such claim is made and a preliminary statement of the amount claimed) have been intimated in writing by the Customer within the warranty period, and any such claim shall be deemed (if it has not previously been satisfied, settled or withdrawn) to have been withdrawn unless arbitration proceedings have been commenced under Clause 17 prior to the expiry of 18 months from the delivery. This shall not affect the Customer's statutory rights.
- 9.7 KARL MAYER provides a warranty for spare parts installed in the course of the rectification of defects on the basis of the purchase contract until the expiry of the warranty period of the purchased item.

**10. Liability**

- 10.1 Except to the extent precluded by applicable law,

KARL MAYER excludes all its liability arising under, in connection with or related to the provision of Services and the business relationship governed by these GTC, including without limitation all liability for any direct or indirect, general or special damages, incidental, consequential or punitive losses, damages or expenses, and damages for economic loss or loss of profits. To the extent permitted by law, any and all statutory or implied conditions and warranties are hereby expressly excluded.

10.2 Without limiting the generality of the foregoing, KARL MAYER expressly excludes all its liability arising from any failure, delay or default on the part of Karl Mayer in carrying out its contractual obligations or duties directly or indirectly caused by or resulted from acts of God, fire, flood, accident, riot, war, terrorist attack, government intervention, embargoes, strikes, labour disputes, equipment failures or any other causes beyond the reasonable control of Karl Mayer.

10.3 Without limiting the generality of the foregoing and to the extent permitted by law, in no event (other than in cases of gross negligence or wilful misconduct or a fundamental breach of a condition) KARL MAYER shall be liable to the Customer for any direct or indirect damage. For the purpose of this clause, a condition is an essential contractual obligation which fulfilment is necessary to achieve the purpose of the contract and on which fulfilment the Customer regularly relies and may rely. For the avoidance of doubt, KARL MAYER shall not be liable in the event of a breach of an obligation which is not a condition. Any liability on the part of KARL MAYER, if not excluded, shall be limited to direct and foreseeable damage typical for the contract.

10.4 The exclusion of liability under these GTC applies regardless of the basis on which such liability arises, whether for breach of contract, in tort (including negligence), in equity, under statute, under an indemnity, for breach of conditions and warranties implied by custom, the general law or statute, in respect of any claims by a third party against the Customer or otherwise and whether or not KARL MAYER is aware or should have been aware of the possibility of such loss..

10.5 To the extent that the liability of KARL MAYER cannot be excluded and KARL MAYER is able to limit its liability, the maximum aggregate liability on the part of KARL MAYER for all claims arising from, in connection with or related to the Services shall be limited to EUR 100,000 or 5 % of the Customer's payment to KARL MAYER for the particular part of the Services from or as a result of which the specific liability attaches, whichever is lower.

## 11. Security; Retention Of Title

11.1 For Services, KARL MAYER is entitled to request from the Customer an unconditional, unlimited

and irrevocable security of a European bank or a bank letter of credit confirmed by a European bank for the payment of the purchase price.

11.2 The Goods remain the property of KARL MAYER ("**Retention Of Title**") until all its claims arising from the business relationship have been settled in full. This means that KARL MAYER retains ownership of the Goods until all payments arising from the business relationship with the Customer have been received. If there is a current account relationship between the Customer and KARL MAYER, the Retention Of Title also refers to the respective recognised or causal balance.

11.3 The Customer shall treat all Goods delivered in which title has not yet passed to the Customer ("**Reserved Goods**") with care and is obliged to insure them at his own expense against fire, water and theft.

11.4 KARL MAYER shall be entitled to repossess any Reserved Goods without prior notice of default and the Customer irrevocably authorizes KARL MAYER to exercise such right to repossess and will grant KARL MAYER access to the Customer's own premises as necessary for such purpose.

11.5 The Customer is not entitled to pledge the Reserved Goods or to assign them to third parties as security. In the event of seizures or other interventions by third parties, the Customer must notify KARL MAYER in writing without delay. Insofar as the third party is not in a position to reimburse KARL MAYER for the judicial and extrajudicial costs incurred to avert the intervention, the Customer will be liable for the loss incurred by KARL MAYER.

11.6 If the Reserved Goods are combined with other items to form a uniform item or are inseparably mixed or blended and if one of the other items is to be regarded as the main item, the Customer will transfer to KARL MAYER the co-ownership of the uniform item or of the total quantity on a pro rata basis in the ratio of the invoice value of the Reserved Goods to the invoice value of the other mixed or blended items.

11.7 If the Retention Of Title is not effective under the law in whose area the Goods are located, the security corresponding to the Retention Of Title or the assignment in that area shall be deemed agreed. If the Customer's cooperation is required for the creation, the Customer shall be obliged to take all reasonable measures (such as registration or publication requirements) at its own expense which are necessary for the creation and maintenance of such rights.

## 12. Disposal

For the delivered Goods, KARL MAYER offers the Customer, at the Customer's request to be expressed in writing at the time of conclusion of the purchase contract, to take over the disposal

of the packaging materials against reimbursement of the reasonable costs actually incurred in accordance with the statutory provisions. Otherwise, the Customer shall assume the obligation to properly dispose of the packaging materials supplied at his own expense in accordance with the statutory provisions.

### **13. Software usage**

- 13.1 When delivering software, KARL MAYER grants the Customer a non-exclusive and non-transferable right to use the software in accordance with the contract for the operation of the delivered goods. Unless otherwise agreed, the right of use applies in the country of the place of performance pursuant to Section 17.3 and in the territory of the Member State of the European Union or another contracting state of the Agreement on the European Economic Area where the Customer has its head office.
- 13.2 With the exception of the right to make a backup copy, the Customer is not entitled to reproduce the software unless expressly agreed otherwise.
- 13.3 Except otherwise permitted by law, the Customer is not entitled to modify, reverse engineer, translate or separate parts of the software. Copyright notices, serial numbers and other features serving to identify the software may not be removed or changed.
- 13.4 The Customer is obliged to prevent unauthorised access to the software by third parties by taking appropriate precautions.

### **14. Infringement of property rights**

- 14.1 If the property rights of third parties are infringed in the course of deliveries according to information provided by the Customer, the Customer shall be obliged to hold harmless and indemnify KARL MAYER including its officers, employees, agents, the capacities of such other Karl Mayer entities from and against all claims, damage, and liability and to compensate KARL MAYER for all loss and costs arising therefrom.
- 14.2 Claims of infringements of industrial property rights shall be excluded and shall not be valid if such claims arise from modifications made to the goods by the Customer or their usage in conjunction with products not supplied by KARL MAYER.
- 14.3 The Customer undertakes to comply with all applicable laws, ordinances and regulations, in particular also those relating to environmental protection, competition, product safety, data protection and occupational safety.
- 14.4 The contract subject to these GTC shall be conducted in accordance with the principles of fair competition. The Customer warrants that it will not engage in any illegal agreements restricting competition.
- 14.5 The Customer shall take appropriate measures to

ensure that its legal representatives and employees do not offer, promise or grant any undue advantages in order to influence business decisions and do not accept any such advantages themselves. The Customer shall actively and consistently counteract any criminal or unethical influence on decisions of KARL MAYER or other companies and institutions and shall take action against bribery in its own company.

- 14.6 The Customer undertakes to disclose to KARL MAYER, upon request, the beneficial owner behind the company within the meaning of Section 3 of the German Money Laundering Act.
- 14.7 The Customer shall conduct its business in an ethical and socially responsible manner and with integrity and work towards sustainable economic success. The Customer will not permit or tolerate any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, trade union membership, political affiliation or age. The Customer will work to ensure that its employees treat every person with respect, regardless of their origin, worldview or lifestyle, and respect the sanctity and protection of the dignity of every individual.
- 14.8 The Customer is obliged to ensure the implementation and monitoring of the aforementioned compliance and ethics obligations by means of an internal social responsibility strategy and a corresponding internal procedure. An internal reporting system for violations of these compliance and ethics obligations shall be established. Employees who make reports shall not be disciplined or disadvantaged for doing so. The Customer is obliged to actively investigate suspected cases.
- 14.9 The compliance with the above compliance and ethics obligations may be verified either by KARL MAYER itself or by an independent auditor appointed by KARL MAYER and bound to secrecy vis-à-vis third parties after prior notice during normal business hours.
- 14.10 In the event of a breach of the aforementioned obligations of this Clause 15, KARL MAYER is entitled to terminate any framework agreements subject to these GTC with immediate effect by way of notice of termination and/or to withdraw from existing individual agreements without being liable to pay damages to the Customer. Unless it is a serious breach, this right presupposes that KARL MAYER has first given the Customer the opportunity to remedy the situation within a reasonable period of time and that the Customer has not complied with this or has repeatedly breached the principles set out here. KARL MAYER's claims for damages remain unaffected.

### **15. Export control**

- 15.1 The conclusion and performance of the contracts subject to these GTC are subject to admissibility under export control law in accordance with applicable German and EU and Hong Kong law; this



also applies with regard to applicable US and other national law, insofar as this does not conflict with German or European or Hong Kong legal provisions.

- 15.2 The Customer is obliged to observe export and/or import conditions and restrictions and to provide KARL MAYER promptly with all relevant information, including but not limited to: the end customer, destination and intended use of goods, works and services as well as any export control restrictions existing. The Customer shall indemnify KARL MAYER against all consequences as a result of the Customer's breach of the foregoing. If the Customer becomes aware of circumstances that hinder the import of the goods, he shall inform KARL MAYER of the same without delay. If the procurement of necessary export documents is uncertain, KARL MAYER entitled to withdraw from the affected contract subject to these GTC.
- 15.3 If KARL MAYER is obligated to deliver goods to a destination outside of Hong Kong contrary to clause 17.3, and harbours concerns regarding the applicability of export control restrictions, it reserves the right to seek legally binding information from the appropriate authorities to alleviate these doubts. In such cases, KARL MAYER is entitled to postpone the delivery date until the necessary information has been obtained. If the fulfillment of the contract as governed by these GTC becomes unfeasible due to restrictions imposed by export control laws, particularly in cases where the required licenses have not been issued by the relevant authorities, either Party may terminate the contract, in whole or in part, by providing written notice to the other Party in accordance with clause 16.4. Additionally, KARL MAYER retains the right to terminate the contract, in whole or in part, without prior notice by delivering a written declaration to the Customer if the necessary information and documents are not provided by the Customer within 6 weeks of KARL MAYER's request.
- 15.4 In the event of withdrawal, KARL MAYER is entitled to reimbursement of costs for work already carried out up to that point.
- 15.5 KARL MAYER is entitled but not obliged to take legal or extra-legal action against negative decisions of the competent authorities or, in the event of an unreasonably long duration of the official procedure, to seek legal protection from the courts.
- 15.6 Claims against KARL MAYER for compensation for damages resulting from delayed performance or non-performance due to export control restrictions or the clarification of doubts in this respect are excluded, unless the delay or impossibility is due to intentional or grossly negligent behaviour on the part of KARL MAYER.

## **16. Assignment; choice of law; place of performance; arbitration and jurisdiction agreement; severability clause**

- 16.1 The rights and obligations of the Customer arising from the contract subject to these GTC and/or the transactions contemplated thereunder may not be transferred or assigned unless expressly consented by KARL MAYER in writing. This shall not apply insofar as money claims in commercial transactions are concerned.
- 16.2 These GTC, the contractual relationship between KARL MAYER and the Customer, as well as each individual performance under these GTC shall be governed by the laws of the SAR Hong Kong, excluding the UN Convention on Contracts for the International Sale of Goods (CISG) and the conflict of laws rules.
- 16.3 Our registered office as shown in the commercial register is the exclusive place of performance for all Service and payment obligations, unless otherwise agreed.
- 16.4 If the Customer has its registered office within the European Economic Area or Switzerland and if the Customer is a merchant, a legal entity under public law or a special fund under public law, the place of jurisdiction for all disputes arising from and in connection with the contract shall be Frankfurt am Main, Germany. This place of jurisdiction shall apply exclusively for the Customer. Alternatively, KARL MAYER is entitled at its sole and absolute discretion to bring an action against the Customer at the Customer's general place of jurisdiction. If the Customer is domiciled outside the European Economic Area and Switzerland, it is agreed that all disputes arising out of or in connection with the present contract shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce (ICC) by three arbitrators appointed in accordance with these Rules in the case of a value in dispute exceeding EUR 400,000 and by one arbitrator appointed in accordance with these Rules in the case of a value in dispute of not more than EUR 400,000. The place of arbitration shall be Hong Kong. The language of the arbitration shall be English. The law applicable to the matter shall be the law of the Federal Republic of Germany, excluding the UN Convention on Contracts for the International Sale of Goods.
- 16.6 If one or more of the above provisions should be or become invalid in whole or in part, the validity of the remaining provisions shall not be affected and shall remain binding. The Parties agree that any ineffective provision shall be replaced by an effective one which most closely corresponds to the intended economic purpose. The same shall apply if a loophole in need of supplementation arises during the performance of the contract.