

General Terms of Sales and Delivery of phg Peter Hengstler GmbH + Co. KG

1. Validity

- a) These General Terms of Sales and Delivery apply to all - also future - legal relationships between phg Peter Hengstler GmbH + Co. KG (phg) and its contract partners (customers).
- b) By accepting the offer the customer declares its approval of it. Deviating agreements - even if taken up by the customer into the order or orally agreed - only become part of the contract if they are explicitly confirmed by phg in writing.
- c) Apart from that, all deviating terms and conditions of the customer are explicitly contradicted.

2. Offers

- a) Orders that are not based on a written offer by phg only become binding for phg if the order confirmation has been explicitly issued in writing.
- b) phg reserves the right to modify the design and execution even after acceptance of the order insofar as the interests of the customer are not unreasonably affected by this.
- c) Without approval by phg offer documents may neither in original form nor as copies be left to competitors or their employees.

3. Prices and Payment

- a) The prices are net ex works plus costs for packaging, freight, customs, insurance and the respective Value Added Tax. phg is entitled to request from the customer a directly enforceable, unlimited and irrevocable guarantee from a large German bank if the total price of the order exceeds EUR 10,000.00.
- b) If suppliers of phg increase their prices after a period of four months upon conclusion of the contract phg is entitled to charge this price increase from the customer.
- c) In the absence of deviating agreements in writing on a case-by-case basis payments of the customer have to be made immediately upon receipt of delivery and invoice and without any deduction. If the customer is delayed it must pay an interest rate of 9% above the respective base interest rate of the German Federal Bank in addition to the invoice amount.
- d) phg is entitled to request advance payment or a security if the customer does not comply with these terms of payment or phg becomes aware of circumstances which are suitable to reduce its creditworthiness.
- e) The customer may only offset against an undisputed or legally established claim.

4. Delivery and Dispatch

- a) phg delivers ex works in 78652 Deißlingen; the choice of transportation method and route is at phg's discretion. The service is provided as soon as the delivery item leaves the works of phg, upon collection by the customer, as soon as we notified the customer of the readiness for dispatch.
- b) If the dispatch is delayed for a reason the customer is responsible for or if the customer does not collect the delivery item immediately upon notification of readiness for dispatch the customer is in default of acceptance. The customer has to compensate phg for all expenses and damages arising hereof, at least in the amount of 0.75% of the price agreed for each commenced month of the delay. The customer is at liberty to prove that we have not suffered any damage or a damage lower than the lump sum.

5. Delivery Time, Partial Deliveries

- a) The delivery period does not begin before order confirmation and presupposes the clarification of all technical questions and the timely and orderly fulfilment of the customer's obligations. Without explicit agreement to the contrary the delivery period is not binding. In case a delivery period bindingly agreed is exceeded the customer may only refer to the consequences of delay stipulated in §§ 281, 323, 326 BGB (German Civil Code) if it has set phg an adequate grace period of at least 2 weeks beforehand in writing.
- b) Cases of force majeure, e.g. war, strike or other operational disruptions, disruption of transport and delayed deliveries of pre-suppliers entitle phg to extend a firmly agreed delivery date by an adequate period of time, at least

until the malfunction is solved. In case of a delayed delivery lasting longer than 6 months the customer can withdraw from the contract by registered letter. Further claims, e.g. compensation for damages or subsequent performance, are excluded.

- c) If phg is delayed for reasons it is not responsible for the liability for damages is limited to intent and gross negligence.
- d) phg is entitled to partial deliveries and performances at any time. Customary under- or overdeliveries of +/- 10% are permitted.

6. Retention of Title

- a) phg reserves the right to the delivery item until all payments from the order have been received. During this time the customer is not entitled to use, pledge or collateralise the delivery item. The resale of the delivery item is only allowed in the normal course of business and under the condition that the customer receives payment from its purchaser. The claims of the customer against the purchaser are transferred to us.
- b) phg reserves the right to the delivery item beyond lit. a) up to the right to offset all older claims from deliveries and performances.
- c) In case of behaviour of the customer that is contrary to contract, e.g. delayed payment, phg is entitled to take back the delivery item without declaring withdrawal from the contract.

d) The customer is entitled to process, mix or join and resell the delivery item in the ordinary course of business. The customer is not entitled to other provisions, in particular the pledge or assignment by way of security, as long as the retention of title exists.

The resale may only be carried out under retention of title if the third party does not pay immediately in cash.

- e) The entitlement to resale lapses if the customer ceases payment. The customer already assigns all claims to phg that arise against the purchaser or third parties from the resale, no matter if the delivery item is resold without or according to an agreement. The assignment herewith declared is made in the amount of the invoiced value of the delivery item including all ancillary claims.
- f) phg can request that the customer announces the assigned claims and their debtors immediately upon the resale, provides all details required for the collection and hands over respective documents before claims by phg become due. Upon maturity of the claim phg is entitled to inform the third-party debtor and request the latter to make payments to phg. Apart from that, the customer is entitled to collect payment. In any case the customer is obliged to immediately pay the money received from the third-party debtor in the amount of the portion assigned to phg.
- g) In case of processing, joining or mixing of the delivery item by the customer phg acquires the co-ownership of the new item in proportion to the invoiced value - including all calculated and justified ancillary claims of the delivery item - of the listed sales price of the new item.
- h) If phg makes use of the retention of title and requests the handing out of the delivered item any right of retention of the customer is excluded insofar as it is not based on the same contractual relationship and the right of retention of the customer is undisputed or legally established.
- i) If the value of securities exceeds the claims of phg by more than 10% of the realizable value of the securities phg insofar releases securities of phg at its option on request of the customer.

7. Labelling of Goods

The customer is not allowed to resell or process the delivery item without the labelling attached by phg.

8. Obligation of Inspection and Notification of Defects, Warranty

- a) Immediately upon delivery the customer has to inspect the goods for completeness, transportation damages, obvious defects, condition and their properties and in case of a defect has to notify phg at the latest within 5 working days upon delivery in writing. If the customer fails to notify phg the goods are considered as approved unless it is a defect that could not be detected during the inspection. If a defect appears later the notification must be made immediately upon the discovery; otherwise the goods are considered as approved even in consideration of this defect.

b) Apart from that, the warranty is limited to the fact that the purchase item and the other performances comply with the content of the order confirmation. This applies in particular to the suitability of the purchase item for certain applications, designs and purposes and independent of the fact whether phg was involved in the development of own products in which the products and services of phg find application. phg does not guarantee that dummies and first samples can be used by the customer. The customer is obliged to inform phg if due to legal or contractual regulations a product delivered by us is rated or used as subject to safety or documentation and to what extent our products must comply with national and international conformity provisions with the intended use.

Neither is phg liable for defects reported in time that result from faulty installation by the customer or third parties, faulty or negligent treatment and unsuitable or improper use.

c) The warranty period is 24 months upon delivery.

d) Claims for defects presuppose that the customer has properly fulfilled its obligation of notification and are at first limited to subsequent performance.

The purchase item is to be repaired or delivered again at phg's option within the framework of subsequent performance. Within the framework of subsequent performance phg is entitled to remedy the defects, even several times insofar as bearable for the customer.

If phg does not exercise this option or if the remedy of defects ultimately fails, the customer can demand the delivery of faultless goods. phg can deliver several times insofar as bearable for the customer. If the delivery of a faultless purchase item also fails the customer has the right to reduce the purchase price or, at its option, to withdraw from the contract. The customer is not entitled, however, to remedy the fault itself and claim compensation for the expenses required.

9. Liability

a) Claims for compensation to replace the immediate and mediate damages, including collateral and consequential damages, are excluded - no matter for which legal reason - insofar as this is legally permitted.

b) Claims of the customer remain unaffected hereof, if (i) the damage results from intention or gross negligence by phg, legal representatives of phg or agents of phg, (ii) a culpable breach of duty by phg, legal representatives of phg or agents of phg has resulted in a body or health damage, (iii) phg has maliciously concealed a legal or material defect or insofar as phg has taken over a warranty for the condition of goods or (iv) phg has mandatory liability for other reasons, e.g. according to the product liability law.

c) Insofar as a claim for product liability from the use of the products delivered by phg in the products of the customer is established against phg alone or jointly and severally with the customer, the customer has to exempt phg from all claims and the costs of legal defence against such claims on first demand. The customer can only assert claims for compensation against phg because of defectiveness and cause of damages of products delivered by phg if the products delivered by phg do not comply with the content of the order confirmation and phg is responsible for this. The customer is obliged to be sufficiently insured against legal product liability claims. phg can demand evidence that the products delivered by phg are covered by the insurance.

10. Final Provisions

a) The legal relations between phg and the customer are subject to the law of the Federal Republic of Germany excluding the convention of the United Nations on Contracts for the International Sale of Goods (CISG).

b) Exclusive legal domicile for all disputes in connection with the agreements between the contracting partners and with respect to the effectiveness of these agreements is the headquarters of phg (Deißlingen, Federal Republic of Germany). phg is entitled to assert claims against the contractor at any other legal domicile, in particular at the place of the general legal domicile of the customer.

c) The Purchase Conditions of phg as amended are also valid in addition to these General Terms and Conditions.

d) Modifications and amendments of this contract require written form to be effective. This also applies to an alteration of this requirement of the written form.

e) The parties commit themselves to treat all information of a technical or commercial nature from the realm of the respective other party in oral, written or any other form to which they gain access within the framework of cooperation with the customer, in particular know-how, information on company and operational secrets (e.g. inventions, technical processes, product designs, costs and prices) with strict confidentiality and to take all necessary measures to prevent their perusal and exploitation by third parties, in particular current or potential competitors. In doing so the parties shall apply the customary due diligence, at least the due diligence of a prudent businessperson.

f) If individual stipulations of this contract are or become wholly or partially void the effectiveness of the other stipulations shall not be affected. The contractual partners commit themselves to replace the void or ineffective provision by adopting a valid and effective regulation that comes legally and economically closest to this provision.

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