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GENERAL TERMS OF SALE

§ 1 General, scope of application

(1) Our General Terms of Sale (Terms) apply exclusively. The buyer's general conditions of trade which deviate from, contradict or add to our Terms do not become a component of contract unless we have agreed to their validity. This requirement of approval applies in all cases, for example, even if we deliver goods to the buyer without reservation in the knowledge of its general conditions of trade.

(2) Our Terms apply to all business relationships with our customers (referred to below as the "buyer"), although only if the buyer is a merchant in the sense of § 14 BGB, a legal entity under public law or a public law special trust.

(3) Our Terms apply in particular to contracts concerning the sale and/or delivery of movable items (also referred to below as "goods"), regardless of whether we produce the goods ourselves or buy these in from suppliers.

(4) The prevailing version of our Terms also apply to future contracts concerning the sale and/or delivery of moveable items with the same buyer as a framework agreement, without the need for us to refer to them in every single case; we shall inform the buyer of changes to our Terms without undue delay.

(5) Individual agreements made with the buyer in a stand-alone case (including auxiliary accords, supplements and amendments) have priority over these Terms in all cases. A written contract or our written confirmation is decisive for the content of such agreements.

(6) Declarations and notices of legal significance to be issued to us by the buyer after conclusion of contract (e.g. setting deadlines, notices of defects, declaration of withdrawal or diminution), require the written form to be valid.

(7) References to the validity of legal regulations in these Terms serve only as supplementary clarifications. Legal regulations therefore apply even without such clarifications, insofar as these are not directly amended or expressly excluded in these Terms.

§ 2 Conclusion of contract

(1) Our offers are free of obligation and non-binding. This also applies if we have issued catalogues, technical documentation (e.g. drawings, plans, calculations, references to DIN norms), other product descriptions or documents - including in electronic form - to the buyer, to which we reserve the title and copyright.

(2) When the buyer orders goods, this is regarded as a binding offer of contract. Unless stated otherwise in the order, we are entitled to accept this offer of contract within 14 days of its receipt.

(3) Acceptance can be declared either in writing (e.g. by confirmation of order) or by delivering the goods to the buyer.

(4) Contracts are concluded in German.

§ 3 Prices and conditions of payment

(1) Unless something different has been agreed in a stand-alone case, our prices prevailing at the date on which the contract is concluded apply ex warehouse **EXW Nördlingen**. They do not include value-added tax, which will be added at the prevailing rate.

(2) The calculation of freight costs is regulated in detail in our current product and price lists. Any customs levies, fees, taxes or other public charges are borne by the buyer.

(3) The purchase price is due and payable within 14 days from the issue of invoice (invoice date) at the latest after delivery and/or acceptance of the goods. In case of contracts with a delivery value higher than EUR 10,000.00 however, we are entitled to demand a down payment of 25 % of the purchase price. The down payment is due and payable within 14 days from the issue of invoice.

(4) Any deduction of discount requires separate written agreement in all cases.

(5) The buyer is in default upon expiry of the aforesaid payment deadline without any further pre-requisites, in particular without the need for us to issue a reminder. Interest is payable on the purchase price during default at the prevailing rate of default interest prescribed by law. We nevertheless reserve the right to pursue further-going default damages. Our claim to the regular interest payable on the due date against merchants (§ 353 HGB) remains unaffected.

(5) The buyer accrues rights of offsetting or retention only insofar as its claim has been established by a court of law or is not disputed. In case of defects in the delivery, the buyer's counter-rights remain unaffected, particularly those pursuant to § 7 of these Terms.



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(6) If it becomes apparent after conclusion of contract that our claim to the purchase price is threatened by the buyer's inability to pay (e.g. due to an application to open insolvency proceedings and/or the initiation of enforcement proceedings and, in particular here, proceedings to issue an assurance in lieu of oath), we are entitled – without prejudice to our other rights – to demand securities or payment in advance for outstanding deliveries, to declare all claims arising from the business relationship with the buyer to be payable immediately and, in accordance with legal regulations, to also refuse performance and – possibly after setting a period of grace – to also withdraw from the contract. In case of contracts concerning the production of custom-made items (one-off manufactures), we can declare withdrawal immediately; legal regulations concerning the dispensability of setting a period grace remain unaffected.

§ 4 Delivery period and default of delivery

(1) The delivery period shall be agreed individually or will be stated by us upon acceptance of the order. If this is not the case, the delivery period of generally 6 weeks starts at the earliest on the date on which the order is confirmed and, whatever the case, not until we receive any documents to be submitted by the buyer.

(2) If we are unable to meet binding delivery dates for reasons for which we are not responsible (unavailability of work or services), we shall inform the buyer of this without undue delay and, at the same time, notify the likely, new delivery date. If the work or services are still not available within the new delivery period, we are entitled to withdraw from the contract in full or in part; we shall then refund any counter-performance already made by the buyer without undue delay. The unavailability of goods and services in this sense particularly includes failure on the part of our suppliers to deliver to us in good time, if we have concluded a congruent hedging transaction, neither us nor our suppliers are culpable or we are not obliged to procure in the particular case.

(3) The advent of our default of delivery is determined by legal regulations. However, the buyer must issue a reminder in all cases. If we are in default of delivery, the buyer can demand flat-rate compensation for its default damages. These flat-rate damages amount to 0.5% of the net price (delivery value) for each completed calendar week of default, although to a maximum of 5% of the delivery value of the goods supplied too late. We are entitled to demonstrate that the buyer has incurred no losses at all or only considerably lower losses than the aforesaid flat-rate damages.

(4) The buyer's rights pursuant to § 7 of these Terms and our legal rights, particularly in case of an exclusion of the duty of performance (e.g. due to impossibility or unreasonability of the work or service and/or subsequent fulfilment), remain unaffected.

§ 5 Delivery, transfer of risk, acceptance, default of acceptance

(1) Deliveries are made ex warehouse, which is also the place of fulfilment. The goods will be dispatched to another destination at the buyer's request and at its expense (sale by dispatch). Unless agreed otherwise, we are entitled to determine the means of shipment (in particular the transport firm, dispatch route, packaging).

(2) The risk of accidental destruction and accidental deterioration is transferred to the buyer at the latest upon handover of the goods. In case of sale by dispatch, however, the risk of accidental destruction and accidental deterioration of the goods and the risk of delay is transferred as soon as the goods are handed over to the carrier, the freight forwarder or to the person or institution otherwise nominated to execute the shipment. If acceptance has been agreed, this is decisive for the transfer of risk. In addition, the legal regulations of German work contract law apply accordingly to any acceptance agreed. If the buyer is in default of acceptance, this is deemed to be equivalent to handover and/or acceptance.

If the buyer is in default of acceptance, if it fails to cooperate or if our delivery is delayed for other reasons for which the buyer is responsible, we are entitled to demand recompense for the losses incurred in this context, including additional expenditure (e.g. storage costs). To this end, we will charge flat-rate damages of EUR 50.00 per calendar day, starting from the delivery date or, if no delivery date has been agreed, from notification of our readiness to ship the goods.

The right to demonstrate higher losses and our legal claims (in particular recompense for additional expenditure, reasonable compensation, termination) remain unaffected; however, the flat-rate damages shall be offset against further-going monetary claims. The buyer is allowed to demonstrate that we have incurred no losses at all or only considerably lower losses than the aforesaid flat-rate damages.

§ 6 Reservation of title

(1) We reserve the title to the goods sold until all our present and future claims from the purchase contract and from the on-going business relationship have been paid in full (secured claims).

(2) Until the secured claims have been paid in full, the goods under reservation of title may not be pledged to third parties or assigned as security. The buyer must notify us without undue delay in writing if and insofar as third parties attempt to seize the goods belonging to us.



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(3) If the buyer is culpable of violating the contract, in particular if it fails to pay the purchase price due, we are entitled to withdraw from the contract in accordance with legal regulations and/or demand that the goods be returned on the basis of the reservation of title. The return of the goods is not equivalent to a declaration of withdrawal; we are rather entitled to solely demand the return of the goods and to reserve withdrawal. If the buyer fails to pay the purchase price due, we may first pursue these rights after we have set a reasonable period of grace for the buyer to pay and this has expired fruitlessly, or if setting such a period of grace can be dispensed with under legal regulations.

The buyer is authorised to resell and/or further process the goods under reservation of title in regular business transactions. In this case, the following provisions apply in addition.

(a) The reservation of title extends to items manufactured by processing, mixing or combining our goods at their full value, whereby we are regarded as the manufacturer. If third parties retain the right of ownership after our goods have been processed, mixed or combined with theirs, we acquire co-ownership to the new item in the ratio of its invoice value to that of our processed, mixed or combined goods. Otherwise the same applies to the manufactured item as to the goods delivered under reservation of title.

(b) The buyer even now assigns the claims it accrues against third parties from the resale of the goods or manufactured items, in total or to the proportionate amount of our co-ownership in accordance with the foregoing paragraph, to us as security. We accept the assignment. The buyer's duties stated in Para. 2 also apply with regard to assigned claims.

(c) Apart from ourselves, the buyer is also authorised to collect the claim. We will not collect the claim as long as the buyer fulfils its obligations of payment toward us, is not in default of payment, the opening of insolvency proceedings has not been applied for and there is no other reason to doubt the buyer's ability to pay. If this is not the case, however, we can demand that the buyer notifies us of the assigned claims and their debtors, discloses all the information needed to collect the claims, hands over all the associated documents and informs the debtors (= third parties) of the assignment.

(d) If the realisable value of the securities exceeds our claims by more than 10%, at the buyer's request we will release securities at our discretion.

§ 7 The buyer's claims in case of defects

(1) Unless something different is regulated below, legal regulations apply to the buyer's rights in case of material and legal defects (including false deliveries, under-deliveries, improper assembly or flawed assembly instructions). The special statutory regulations concerning end deliveries of goods to a consumer (supplier's redress pursuant to §§ 478, 479 BGB) remain unaffected in all cases.

(2) Our liability for defects is primarily based upon the agreement made concerning the quality of the goods. The agreement concerning the quality of the goods is regarded as being all product descriptions that are objects of the individual contract; in this context it makes no difference whether the product description originates from the buyer, from the manufacturer or from us.

(3) Unless a certain quality has been agreed, legal regulations shall be drawn on to judge whether or not a defect exists (§ 434 BGB). However, we accept no liability for public statements made by the manufacturer or by other third parties (e.g. advertising claims).

(4) A prerequisite for the buyer's claims in case of defects is that it has fulfilled its legal duties of inspection and complaint (§§ 377, 381 HGB). If a defect is found during the inspection or at a later date, we must be notified of this in writing without undue delay. Without undue delay is regarded as being notification within one week, whereby the deadline is met if notification is sent within this time. Regardless of its duties of inspection and complaint, the buyer must notify us of obvious defects (including false deliveries and under-deliveries) in writing within one week from the date of delivery, whereby the deadline here is likewise met if notification is sent within this time. If the buyer fails to properly inspect the goods and/or to notify a defect to us, liability on our part for the defect not notified is excluded.

(5) If the delivered item is defective, we can choose whether we perform subsequent fulfilment by rectifying the defect (rework) or by supplying a faultless item (replacement delivery). Our right to refuse subsequent fulfilment under the legal prerequisites remains unaffected. If a defect does exist, we bear the expenses incurred for the purpose of examination and subsequent fulfilment, in particular the costs of transport, journeys, labour and materials (although not the costs of disassembly and reassembly). However, if it transpires that a demand made by the buyer to rectify a defect is unjustified, we can demand recompense from the buyer for the costs we incur in this context.



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- (6) We are entitled to make the subsequent fulfilment owed conditional upon the buyer paying the purchase price due. The buyer is nevertheless entitled to retain a reasonable percentage of the purchase price commensurate with the defect.
- (7) The buyer must give us the time and opportunity to perform the subsequent fulfilment owed, in particular to allow us access to the goods under complaint for the purpose of examination. In case of a replacement delivery, the buyer must return the defective item to us in accordance with legal regulations. If we were not originally obliged to assemble the item, subsequent fulfilment entails neither the disassembly nor the reassembly of the defective item.
- (8) In urgent cases (e.g. if operational safety is endangered or in order to prevent disproportionate damage), the buyer has the right to rectify the defect itself and to demand recompense from us for the expenditure objectively required for the purpose. We must be notified of such self-help without undue delay, if possible beforehand. The right of self-help does not exist if we would have been entitled to reject corresponding subsequent fulfilment under legal regulations
- (9) If subsequent fulfilment fails even after a second attempt or if a reasonable period of grace set by the buyer for subsequent fulfilment expires fruitlessly or can be waived under legal regulations, the buyer can withdraw from the purchase contract or reduce the purchase price. However, a right of withdrawal does not exist if the defect is only minor.
- (10) The buyer's claims to damages or to recompense for expenditure in vain only exist in accordance with § 8 and are otherwise excluded.

§ 8 Other liability

- (1) Unless regulated otherwise by these Terms, including the provisions below, we are liable for a violation of contractual and extra-contractual duties in accordance with the pertinent legal regulations. We are only liable for claims to damages – regardless of whatever their legal basis – in case of malice aforethought and gross negligence. In case of simple negligence, we are only liable
 - a) for fatalities, physical injuries or harm to health, b) for damages resulting from the violation of a cardinal contractual duty, i.e. an obligation whose fulfilment first makes proper performance of the contract possible and which the buyer would and could normally expect to be fulfilled; in this case, however, our liability is limited to recompensing the damages typically foreseeable for such contracts.
- (2) The limitations of liability described under Para. 2 do not apply if we have maliciously concealed a defect or have given a guarantee for the quality of the goods. The same applies to the buyer's claims under product liability laws.
- (3) The buyer cannot withdraw from or terminate the contract due to a violation of duty which does not involve a defect unless we are responsible for the violation of duty. A free right of termination on the part of the buyer is excluded. The legal prerequisites and legal consequences otherwise apply.

§ 9 Expiry by limitation of time

- (1) In deviation to § 438 Para. 1 No. 3 BGB, the general period of limitation for claims arising from material and legal defects is one year from the date of delivery. If acceptance has been agreed, the period of limitation starts with acceptance.
- (2) However, if the goods are a structure or an item normally intended for use in a structure (= construction materials) and they have caused it to be defective, the period of limitation is 5 years from the date of delivery in accordance with the legal regulation (§ 438 Para. 1 No. 2 BGB). Special statutory regulations governing third party claims to return in rem (§ 438 Para. 1 No. 1 BGB), malice aforethought on the part of the seller (§ 438 Para. 3 BGB) and for claims to supplier's redress in case of end delivery to a consumer (§ 479 BGB) also remain unaffected.
- (3) The foregoing periods of limitation pursuant to sale of goods law also apply to the buyer's contractual and extra-contractual claims to damages based on a defect in the goods, unless application of the regular periods of limitation prescribed by law (§§ 195, 199 BGB) would lead to a shorter period of limitation in an individual case. The periods of limitation under product liability laws remain unaffected in all cases. Otherwise the legal periods of limitation apply exclusively to the buyer's claims to damages pursuant to § 8.

§ 10 Choice of law and place of jurisdiction

- (1) German law shall prevail over these Terms and over all legal relationships between us and the buyer to the exclusion of uniform international law, in particular UN Commercial Law. The prerequisites and effects of the reservation of title pursuant to § 6 are subject to the law at the place at which the item is kept, insofar as this rules that the choice of German law is inadmissible or unworkable.
- (2) If the buyer is a merchant in the sense of the German Commercial Code, a legal entity under public law or a public law special trust, the sole place of jurisdiction for all disputes arising directly or indirectly from the contractual relationship - including international disputes - is our registered headquarters in Nördlingen. We are nevertheless entitled to take legal action at the buyer's general place of jurisdiction.



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TERMS OF DELIVERY

Please also observe our General Terms and Conditions attached, which can be also found on our website www.hempflax.de. We cannot accept any liability for typing errors (misprints and errors).

Delivery:

- All deliveries are made **EXW Nördlingen** with jumbo or mega trailers (in combination transport).
- The access for these vehicles must be possible without restrictions. If not, an alternative point of delivery must be given in time.
- The **consignee is responsible for unloading**, not the driver. Sufficient people for unloading must be available (min. 2-4 people). If palletised goods are delivered, a fork lift must be available for unloading.
- If any delays occur on unloading site, we must charge this cost. Time cost: 30,00 €* per ½ hour.
- Breakage and damage of up to 3% of clay panels and wood fibre panels is possible during shipment. No reclamations will be accepted.
- If additional costs occur due to short-term notice of a changed delivery address, those will be charged.

Collection or Delivery Date:

- **The merchant must inform the consignee about the non-binding delivery date.**
- **We try to the best of our knowledge and belief to keep the agreed delivery date. However, we do not agree to fixed dates in general (gemäß HGB § 376).**

Notification:

- A notification by telephone is only possible if we receive the number with the order.
A notification about the approximate delivery time can be made **the previous day or on the day of delivery** (not possible with general cargo or oversea transports).
- The availability of the consignee must be assured.

Storage instructions:

- Our insulation materials: All packs are to be stored upright and protected against humidity (see labels).
- AGATON LEHM: To be protected against humidity. A dry storage must be provided.
- Freight: 1 pallet of HempFlax Building Solutions GmbH insulation material corresponds to appr. 3.6 m³ load volume (depending on thickness and width).
- **Customised manufacturing is possible as of a quantity of 5 m³ per thickness and width.**
- **Euro pallets are charged at 12 €/pc, we charge an exchange fee of 3€ per pallet.**

Cancellations/Changes:

- Cancellations or changes of delivery date are possible free of charge up to 48h (working days) after receipt of the order confirmation. After 48h hours cancellations or changes are only possible after a written confirmation by HempFlax Building Solutions GmbH. In this case, the buyer pays for 25% of the value of the goods in additional to a one-time processing fee of 50.00 €*.
- **No cancellation or changes of mats that are manufactured to specification.**

Returned goods:

- We charge 25% of the value of returned goods for restocking. The freight costs are charged in full.
- **We cannot take back mats that have been manufactured to specification!**