

Terms and Conditions of Sale and Delivery

Valid from January 2018

Section 1 Scope

Unless expressly stipulated otherwise in writing, these Terms and Conditions of Sale and Delivery apply to all offers, purchase agreements and orders concerning deliveries by Heidelberger Druckmaschinen AG, one of its subsidiaries or one of its sales partners (collectively referred to hereinafter as "Heidelberg") to its customers ("Clients"). They also apply to future business relationships, even if they are not expressly agreed again. The version of these Terms and Conditions applicable at the time of contract closing is decisive. Deviating terms and conditions of the Client are not accepted, even if they are not expressly disputed.

Section 2 Contract conclusion

- (1) Offers by Heidelberg are subject to alteration and are non-binding, unless expressly described as binding in the text of the offer. An order by the Client is considered as binding contract offer. The contract is only closed when Heidelberg confirms the order to the Client in writing or, in a specific case, when a written agreement is signed between the parties.
- (2) Heidelberg assumes a warranty only if this has been explicitly stated in the order confirmation or in advertising statements.
- (3) Heidelberg's goods and services must be listed exhaustively in the order confirmation, including any supplements to it. Documents provided by Heidelberg in the context of contract initiation, such as illustrations and drawings, and statements made by Heidelberg regarding weight, space, power requirements and performance are decisive. Other documents such as prospectuses and catalogs, and the properties of models and samples, are only binding insofar as they have been expressly agreed as a property of the delivery item. Information on the suitability and use of goods is made to the best of knowledge, but do not exempt the Client from performing its own tests and trials. Technical changes or improvements or design changes to the order confirmation are permitted if they are reasonable for the Client.
- (4) If Clients have also requested the development of new products or other development services by Heidelberg, a separate development agreement between Heidelberg and the Client will regulate the specific details.

Section 3 Transport and passing of risk

- (1) Risk passes to the Client as stated in the order (agreed INCOTERMS). If shipping is delayed on account of the Client's conduct or due to a circumstance beyond Heidelberg's control, risk passes to the Client on notification that the shipment is ready. If there is no official acceptance, the delivery item is deemed accepted after a period of 7 (seven) days.
- (2) Unless agreed otherwise, Heidelberg is entitled to choose the nature of shipment itself (in particular transport company, shipping route, packaging). Heidelberg or its suppliers will take out transport insurance for the Client and for its account that covers the risk of transporting the delivery items ex works to the agreed destination.
- (3) In the event that commercial clauses are agreed, Incoterms apply as currently amended.
- (4) Unless specifically agreed otherwise, the Client is responsible for compliance with statutory and official provisions on the import, transport, storage and use of goods. Heidelberg must be provided with the necessary permits, documents and information in good time prior to delivery.

Section 4 Delivery date and force majeure

- (1) Delivery dates not expressly designated as binding are non-binding. At the earliest, delivery periods begin after fulfillment of all agreed performance obligations of the Client, in particular the receipt of all documents and information necessary for defining the content of the order, provided that the Client is contractually required to procure these, and after receipt of the agreed prepayment. A delivery date has been adhered to if the shipment is ready for dispatch within the agreed period and Client has been informed. In all cases, confirmed orders and delivery dates are subject to correct and timely self-delivery.
- (2) Delivery periods are extended in the event of circumstances beyond Heidelberg's control with a significant influence on the manufacture or delivery of the item; in particular, they are also extended in the event of war/warlike acts, seizure, embargo, natural disasters, labor disputes and other circumstances affecting Heidelberg or subcontractors (disruptions of operations for which they are not responsible) by the duration of the disruption of operations. If, despite all reasonable efforts, it is not possible to adapt the contract on account of a disruption of operations for which it is not responsible, Heidelberg is entitled to withdraw from the contract.
- (3) If the delivery period is extended on account of the circumstances described above or Heidelberg is freed from its duty to deliver, the Client has no claims for liability of any kind against Heidelberg. Heidelberg is not liable for any disruptions of operations for which it is not responsible during the delay. Heidelberg is required to inform the Client of the occurrence of such circumstances.
- (4) Before the end of the delivery period, Heidelberg is entitled to make part deliveries and issue interim invoices to a reasonable extent.
- (5) If the dispatch or delivery of the delivery item is delayed at the request of the Client or on account of circumstances originating under the Client's risk and responsibility, the Client must reimburse Heidelberg for costs incurred for storage and for interest on the capital invested for the delivery item. The claim for storage by Heidelberg is at least 0.5% of the outstanding invoice amount for each

outstanding month, starting one month after notification that the shipment is ready; the Client has the right to prove that the loss incurred was lower. However, after a reasonable notice period has been set and has expired without effect, Heidelberg is entitled to dispose of the delivery item otherwise and to make an alternative delivery to the Client with a reasonably extended deadline.

Section 5 Delivery of software

If the delivery item is sold together with an electronic device, Heidelberg grants the Client a non-transferable and non-exclusive right to use the associated software. This entitles the Client solely to use the software as intended with the electronic device included with the delivery item. In particular, the Client does not have the right to distribute, reproduce or edit the software. By way of exception, the transfer of the software is permitted if the Client proves a legitimate interest in transferring it to a third party while giving up its own use, e.g. in the event of the resale of the delivery item. In such event, the Client is required to contractually compel the purchaser to respect Heidelberg's rights. Otherwise Heidelberg's terms and conditions for the transfer of the use of software apply as amended. The documents and programs necessary to operate the delivery item are the subject of copyright and intellectual property rights and remain the property of Heidelberger Druckmaschinen AG or its subsidiaries.

Section 6 Prices

Deliveries are made at the prices stipulated in the order confirmation, otherwise at the prices published in the applicable price lists. Unless agreed otherwise, all prices are ex works/place of dispatch, or ex warehouse for spare parts and consumables. Unless stated otherwise, all prices are in euro and do not include packaging, transport, insurance, installation or instruction costs, or any state or official taxes and duties, including copyright duties and customs duties.

Section 7 Payment, default and offsetting

- (1) Unless contractually agreed otherwise, payments must be made to Heidelberg in cash without any deduction as indicated in the invoice. For machinery, systems and equipment, a third of the purchase price is to be paid as a prepayment on receipt of order confirmation, a third 60 days before delivery and a third after invoicing.
- (2) If payments are not paid within fourteen (14) days after receipt of appropriate invoices, the Client is in default of payment without requiring a separate reminder. In the event of default, default interest is calculated at the statutory rate or at least 9% per year; the Client has the right to prove that the loss incurred was lower up to the statutory interest rate. Heidelberg reserves the right to claim further damage caused by delay.
- (3) In the event of payment by installment, Heidelberg is entitled to demand immediate payment of the entire residual purchase price if the Client is in default of two or more consecutive installments and the amount in default accounts for more than 10% of the purchase price. If there is legitimate doubt as to the Client's ability to pay, in particular if it is in default of payment, Heidelberg further reserves the right to revoke the terms of payment granted, to deliver the delivery item only after receipt of the purchase price plus shipping costs, or to make delivery dependent on being granted other collateral.
- (4) The Client is permitted to offset payments or exercise a right of retention only if it has claims that are undisputed, that it has acknowledged or that have been recognized by declaratory judgment.

Section 8 Retention of title

- (1) Heidelberg reserves title to the delivery item until it has been paid for in full. Retention of title continues until all claims under the business relationship with the Client have been settled. If the item sold is processed or converted, this is always done for Heidelberg as the manufacturer. If Heidelberg's (joint) ownership expires, the Client's ownership of the resulting item passes to Heidelberg in the proportion of the value of the total receivable in accordance with section 8(2) to the value of the modified items. The Client holds Heidelberg's property in safekeeping free of charge.
- (2) If such reservation of title is not permitted by the law of the state in which the delivery item is located, Heidelberg has the equivalent rights to ensure its ownership that the relevant law allows. The Client must provide Heidelberg with every assistance so that it can take all necessary measures to ensure its ownership or equivalent rights (e.g. liens).
- (3) At the request of the Client, Heidelberg will release the delivery item to the extent that Heidelberg's collateral interests expire. These collateral interests expire when the recoverable value of the delivery item more than just temporarily exceeds the indemnity limit of 110% of the secured claims. The indemnity limit is presumed to have been reached when the value of the delivery item estimated by an assessor amounts to 150% of the secured claims at the time of the release request. This does not affect the right to prove that the delivery item has a different recoverable value.
- (4) The following applies until full payment of the purchase price:
 - a) The Client has the right to use the delivery item, but not the right to transfer it to third parties, to sell it or to encumber it.
 - b) In deviation from the above, if the delivery item is parts and components, electromechanical assemblies and systems or other items intended for further processing, the Client is entitled to resell the delivery item, or a new item created by processing it, in the ordinary course of business provided that the Client is not

in default of payment to Heidelberg. However, effective immediately it transfers to Heidelberg all receivables and ancillary rights of the Client arising from the resale of the items to its customer or third parties. Heidelberg revocably authorizes the Client to collect receivables transferred to Heidelberg for its account in the name of the Client. If the item sold is processed or converted, this is always done for Heidelberg as the manufacturer. If Heidelberg's (joint) ownership expires, the Client's ownership of the resulting item passes to Heidelberg in the proportion of the value of the total receivable in accordance with (2) to the value of the modified items. The Client holds Heidelberg's property in safekeeping free of charge.

c) At its own expense, the Client must protect the delivery item against any access by third parties, and must inform Heidelberg in writing without delay of the threat of such access, including on the Client's premises. The Client must advise third parties of Heidelberg's ownership.

d) A change in the location of the delivery item requires the prior written approval of Heidelberg and may only be performed by employees of Heidelberg or Heidelberg agents.

e) The Client must keep the delivery item in faultless condition. At its own expense, and to Heidelberg's benefit, it must also insure the delivery item against damage due to transport, assembly, mechanical failure, fire, burglary and mains water, and provide Heidelberg with evidence of the insurance and the payment of premiums on request.

f) The Client will allow Heidelberg or agents of Heidelberg to inspect the delivery item and, to this end, will allow them to access the rooms in which it is located and undertakes, if necessary, to provide assistance without claiming compensation for this.

(5) If the purchase price is financed by a third party (in particular, by way of a financing agreement), retention of title is agreed and Heidelberg's rights arising from the contract remain in effect until payment of the delivery claim and until the Client has also fully satisfied the third party in accordance with the provisions of the financing agreement.

(6) If the Client is in default of payment or if the Client violates its obligations under this section 8, Heidelberg is entitled to withdraw from the contract or to demand the return of the delivery item without exercising any right of withdrawal or termination while reserving its right of withdrawal.

Section 9 Claims for defects – limitation period

(1) The Client is required to inspect the delivery item immediately on receipt. The Client must inform Heidelberg of obvious defects in writing without delay, or by no later than within 7 (seven) calendar days of receipt of the goods; it must report hidden defects without delay after they are discovered. If the Client does not report defects as formally required and on time, the delivery item is deemed approved and any claims for defects expire. Incomplete or general reports on multiple defective parts are not accepted and, if Heidelberg does not receive full documentation by the end of the limitation period, lead to the expiry of the claim for defects. The timing of such notification is governed by when it is received by Heidelberg.

(2) The Client has the following rights if a delivery item is defective:

a) Heidelberg is required to provide supplementary performance and, at its own discretion, will do this by way of corrective action of by delivering an item free from defects. Replaced parts become the property of Heidelberg.

b) Unless agreed otherwise, the limitation period for claims for defects ends twelve months after delivery of the delivery item. The limitation period is not renewed or extended by supplementary performance. Claims for defects for service parts installed in supplementary performance expire not later than 12 months after the passing of risk.

c) Heidelberg reserves the right to two attempts at corrective action. If corrective action fails, the Client is entitled to withdraw from the contract or to reduce the purchase price. Withdrawal is prohibited if Heidelberg's breach of duty is only insignificant.

d) On reaching an agreement with Heidelberg, the Client must allow the required time and opportunity for all corrective action and delivery of replacement parts that Heidelberg deems necessary. Otherwise Heidelberg is exempt from liability for the resulting consequences. If, for operational reasons, the Client wishes for a technician to be dispatched urgently or for work to be performed outside normal working hours, entailing additional costs for Heidelberg, the Client must bear the additional costs incurred (e.g. overtime premium, longer travel).

(3) Claims for defects are excluded:

a) for used machinery or other used items, unless liability for defects is expressly agreed.

b) for the consumption of and wear on materials and parts that are subject to unavoidable and regular wear due to their nature, such as squeegees, rollers, brushes, springs, knives, illuminants, data carriers, suction tape, filters, PerfectJackets, etc. and for delivery items with a limited shelf life when this is exceeded.

c) if the delivery item is used in the Client's operations in conjunction with pre-existing machinery, systems and equipment, hardware and software components or consumables (e.g. printing plates, ink or paper), if the disruption is not caused by components supplied by Heidelberg or their incompatibility. If Heidelberg has guaranteed compatibility with third-party products, this relates only to the current product version at the time of this guarantee, and not to older or future versions (updates or upgrades) of this product.

d) if and to the extent that the disruption is due to the fact that the Client has not ensured compliance with the technical conditions specified in the documentation and supplementary documents, or if the disruption is due to other improper use of the delivery item or user error by the Client. This applies in particular if paper, toner or developer other than those recommended by the manufacturer are used, or if any changes or repairs of any kind were made to the goods delivered by persons not authorized by Heidelberg to do so, and the damage incurred is due to this.

e) if and to the extent that the disruption is due to the fact that the Client did not perform, or have performed, the prescribed maintenance and care according to the manuals.

f) if and to the extent that the delivery item cannot be imported to or operated in the destination country on account of statutory or official regulations. Newly manufactured delivery items satisfy the technical and statutory requirements regarding operational safety or accident prevention in Heidelberg's country of domicile. Moreover, the Client is required to check whether the delivery item can be imported to the country of its choice and operated there before ordering.

g) The Client must bear the costs of the service work necessary to eliminate the disruptions described under a) to f) in accordance with the applicable conditions of service.

(4) The Client remains solely responsible for damage as a result of natural wear, incorrect or negligent treatment, excessive use, unsuitable operating equipment, unsuitable positioning, in particular the ground the delivery item is installed on, instability or inadequate protection of the power supply, chemical, electrochemical or electrical influences, weather and other natural elements.

(5) Heidelberg will bear the expenses necessary for supplementary performance, including in particular the costs of transport, travel, labor and materials for the place of delivery only, unless the delivery item has been brought to a different operational site of the Client in accordance with section 8(4) c. The Client must pay additional costs incurred for the relocation of the delivery item to a different operational site not agreed with Heidelberg.

(6) The following applies to defects in consumables: On discovery of a defect the consumables must be separated in their condition at the time the defect is discovered and kept ready for inspection by Heidelberg. Otherwise they are deemed approved in the condition delivered without further liability to Heidelberg.

Section 10 Liability for damages

(1) In the event of injury to life, limb or health as a result of a willful or negligent breach of duty by Heidelberg or one of its statutory representatives or vicarious agents, Heidelberg's liability is governed by the statutory provisions.

(2) The following applies to other damage:

a) For damage caused by a willful or grossly negligent breach of duty by Heidelberg or one of its statutory representatives or vicarious agents, Heidelberg's liability is governed by the statutory provisions.

b) For damage caused by the violation of primary contractual obligations (obligations without fulfillment of which the performance of the contract would not be possible, and upon the fulfillment of which the partner usually relies or may rely) as a result of simple negligence on the part of Heidelberg, Heidelberg's statutory representatives or vicarious agents, Heidelberg's liability is limited to the foreseeable damage typical for the contract.

c) Claims for other damages for breaches of secondary obligations or non-essential obligations due to simple negligence are excluded.

d) Claims for damages due to delay on account of simple negligence are excluded; this does not affect the Client's statutory rights after a reasonable grace period.

e) Heidelberg is not liable for indirect damage due to defective delivery, such as loss of production, lost profits or excess consumption of materials.

f) The liability for data loss is limited to the typical recovery effort that would have occurred with regular backups appropriate to the risk and use of adequate antivirus protection.

(3) The exclusions or limitations of liability do not apply if Heidelberg has fraudulently concealed a defect, has assumed a guarantee for the quality of items or for claims in accordance with the *Produkthaftungsgesetz* (ProdHaftG – German Product Liability Act).

(4) Section 9(2) b applies accordingly to the limitation period for claims for damages. The general limitation regulations apply to the situations described in section 10(1), (2) a and (3).

Section 11 Documents and materials provided

(1) Heidelberg retains title and copyrights to cost estimates, drawings, system concepts and the documentation provided on delivery. Any duplication or forwarding to third parties is permitted only with Heidelberg's express written consent. Production equipment manufactured or procured by Heidelberg for which the Client has not paid the full price remain the property of Heidelberg.

(2) Before providing any production equipment or workpieces to Heidelberg, the Client must inform Heidelberg of any industrial property rights that exist. Production equipment or workpieces provided to Heidelberg will be kept by Heidelberg in safekeeping in accordance with the rules of safekeeping (sections 688 et seq. of the *Bürgerliches Gesetzbuch* (BGB – German Civil Code)). Heidelberg can modify production equipment or workpieces provided by the Client at its own expense and risk, if this appears necessary for technical reasons and the workpiece is not altered as a result. After being notified by Heidelberg, the Client

must collect its production equipment from its plant within a reasonable time period; section 3 applies accordingly. Heidelberg can destroy the production equipment after this period.

(3) Workpieces to be processed and other materials provided must satisfy the applicable specifications. The Client is liable for all damage caused by defective parts. In particular, it bears the cost and risk of the replacement of parts rendered unusable by rejects or production equipment that can only be used once that creates rejects when used.

(4) The Client is required to provide materials plus an additional quantity of such materials to compensate for production losses and to be able to complete the order properly. The costs of production losses are borne by the Client.

Section 12 Remote service

If the order includes the connection of the delivery item to the Heidelberg remote service system, it will regularly send data used by Heidelberg to analyze problems and diagnose errors in the event of disruption, for the continuous improvement of the quality of the delivery items, for the purposes of customer relationship management and for other purposes such as benchmarking and consulting services for third parties. Such data are primarily technical data specific to the piece of machinery and devices, such as software versions, totalizer status, licenses, machine configuration and technical job data such as paper format, print speed and number of waste sheets. Job data and personal data are not sent. Heidelberg is entitled to pass these data on to third parties in anonymized form. When ordering the delivery items, the Client expressly consents to the collection, transmission, storage and use of data by Heidelberg as described above.

Section 13 Annulment of the purchase agreement

(1) In the event of the annulment of the purchase contract (e.g. due to the withdrawal of one of the parties), the Client is required to deliver the delivery item to Heidelberg in advance, without prejudice to the rest of the process described below. Heidelberg is entitled to have the delivery item collected from the Client's premises; section 8(4) e applies accordingly.

(2) Furthermore, Heidelberg can demand reasonable compensation from the Client for the deterioration or loss of the delivery item, or if it is impossible to return the delivery item for a reason that occurred or occurs under the Client's risk or responsibility.

(3) Moreover, Heidelberg can demand compensation for the use or consumption of the delivery item if the value of the delivery item decreases between the end of its installation and its full, direct repossession by Heidelberg. This reduction in value is calculated as the difference between the total price as per the contract and its fair value as determined by the sales proceeds, or an appraisal by a sworn expert if its sale is not possible.

Section 14 Assignment

The assignment of the Client's rights and/or the transfer of its obligations under the contract are not permitted without Heidelberg's written consent.

Section 15 Export control provisions

The delivery items and software may be subject to the export control provisions of the Federal Republic of Germany, the European Union, the United States of America or other states. In the event of the subsequent export of the delivery item to another country, the Client is responsible for compliance with the statutory provisions.

Section 16 Compliance

The Client undertakes to take all necessary and appropriate measures to prevent corruption. The Client therefore undertakes not to offer, promise or grant payments or other benefits (e.g. money, non-cash gifts or invitations not of a predominantly business nature, such as sports events, concerts, and cultural events) or to arrange for these to be offered, promised or granted to employees or members of executive bodies of Heidelberg through its employees, members of its executive bodies or third parties.

Section 17 Place of performance, Place of Jurisdiction, applicable law

(1) The place of performance for goods and services is where delivery is made or where the service is to be performed. The place of performance for all other obligations arising from the contract is the shipping location.

(2) The exclusive legal place of jurisdiction for contracts with merchants, legal entities under public law or special funds under public law is Heidelberg.

(3) If the above terms and conditions do not contain a conclusive regulation, German law applies, excluding the United Nations Convention on Contracts for the International Sale of Goods (CISG) and the conflict of law provisions.

Section 18 Additions, partial invalidity

(1) Amendments/additions to contracts concluded under these terms and conditions of delivery, and their cancellation, must be made in written form. This written form requirement can only be waived in writing. There are no verbal side agreements or assurances.

(2) If one of its provisions is or becomes void in full or in part, the rest of the contract remains valid.