

Proposal Terms and Conditions

PAYMENT TERMS

In accordance with our general conditions for the supply as follows:

30 % with order

70 % by irrevocable letter of credit which has been confirmed by a German bank to be opened in our favor and advised through:

Commerzbank AG, Stuttgart

Account No. 0909 750 800 (BLZ 600 800 00)

IBAN: DE74 6008 0000 0909 7508 00

BIC/SWIFT: DRES DE FF 600

Method of L/C advice: by SWIFT

Availability of L/C at the counters of advising bank in Germany against presentation of shipping documents.

L/C should allow for partial delivery.

All L/C commissions and charges are for Buyer's account. All payments strictly net.

The goods remain our property until full payment has been effected.

PRICING TERMS

Ex works, packing and transport insurance are not included. Packing is invoiced at cost and cannot be returned.

PROVISION OF EQUIPMENT (TOOLING, MEASURING EQUIPMENT AND LOAD RETAINING EQUIPMENT)

Workpieces, tools, clamping fixtures, measuring equipment and/or load handling equipment required for unloading the machine (e.g. lifting equipment, traverses, etc.) provided by Gleason shall remain the property of Gleason.

This equipment provided to the customer together with the machine must be returned to Gleason-Pfauter at customer's expense (DDP Ludwigsburg) within three (3) months of commissioning of the machine at the latest.

If the equipment is not returned on time, we reserve the right to invoice the customer for the replacement value of the equipment concerned.

COMMISSIONING

If on-site demonstration and instruction at machines and plants is requested, we would be pleased to send one of our service technicians against extra charge.

Prices please see from our Service Price List.

ACCEPTANCE

Subject to deviating provisions, the following applies:

The acceptance test for machines and equipment in our works is based on the technical standards of ISO 6545 (1992) or our acceptance terms.

Performance tests of machines and plants are carried out at no-load, and their costs are included in the prices for the machines and plants.

After successful acceptance test in our plant, machines and equipment are deemed to be in compliance with the contract and to be accepted.

Additional expenses incurred due to compliance with special customer acceptance requirements, such as extended test runs etc. will be invoiced separately.

LIMITED WARRANTY

Seller warrants that all new and unused goods furnished pursuant to the contract to be concluded with you ("Contract") will be free from defective material and workmanship for a period of 12 months measured from the date all new and unused goods are shipped from the Seller's factory.

All new and unused goods will be delivered ex works named place (EXW INCOTERMS 2020). Additional warranty periods can be agreed upon as an option to the Contract. All warranties are contingent upon (a) normal and proper usage in applications for which the goods were intended, (b) installation, use and maintenance of the goods according to Seller's instructions, and (c) the goods not being modified with regard to design or function without prior written approval by Seller.

Seller makes no warranties with regard to subjective and objective requirements within the meaning of section 434 German Civil Code (BGB) as well as any implied conditions, including warranties of merchantability or fitness for a particular purpose, other than those expressly set forth in this offer. Any additional individual contractual agreements remain unaffected.

Specifically, but not in limitation of the above, Seller makes no warranty with respect to machinery, plants, equipment or other goods or components if persons other than Seller have performed any repair or rebuild work or have made any alterations thereto.

If and to the extent not expressly stated otherwise in this offer, performance and production specifications regarding all machines, plants or equipment are estimates only and are not subject to the Seller's warranty. Any additional individual contractual agreements remain unaffected.

DELIVERY at the time of the offer

The approx. (ex works) delivery time specified in the offer is valid after receipt of order and clarification of all technical and commercial details.

This means that dates, deadlines and performance periods shall only commence upon (i) the provision of any required official certificates or approvals, (ii) the fulfilment of all contractual and cooperation obligations by Customer (e.g. release of designs, layouts and drawings) and (iii) the payment of any deposit owed by Customer.

Dates, deadlines and performance periods for the provision of the services are in general non-binding and are only binding for Seller if they are expressly marked by Seller as binding in text form.

Seller is entitled to postpone binding dates, deadlines and performance periods due to (i) delays in production (own or third-party production) or the supply chain through no fault of the Seller, and (ii) deficient self-supply to Seller or non-supply to Seller through no fault of the Seller which are based on circumstances beyond Seller's control, in particular the COVID-19 pandemic including further waves of infection emanating therefrom and official restrictions or the shortage of materials on the procurement market (e.g. in the area of electronic components and steel) in line with the effects arising out of such circumstances. Seller will inform Customer without undue delay of the delayed availability of the delivery item and the expected duration of the delay.

CONDITIONS OF DELIVERY

We are constantly working to improve our products, so we reserve the right to make technical changes to them. We will only make such technical improvements without your prior consent (i) due to a compelling change in (a) the state of the art or (b) the legal framework or (ii) if this is necessary for the conduct of a uniform model policy and the changes are at least equivalent and the usability of the performance is not impaired thereby.

The quotation is non-binding.

Our quotation is also based on the General Conditions for the Supply and Erection of Plant and Machinery of the United Nations Economic Commission for Europe (Form **ECE No. 188 A**) and according to the **INCOTERMS 2020**. The General Conditions for the Supply and Erection of Plant and Machinery of the United Nations Economic Commission for Europe (form ECE No. 188 A) can be requested from us via **Pfauter@gleason.com**.

For partial delivery of accessories the corresponding prices are valid for delivery ex our works in Germany, excluding packing and transport insurance.

Test parts or parts for machine acceptance must be sent to Gleason manufacturing site in Germany free of charge on Incoterms® 2020 DDP basis.

PRICES AND VALIDITY

This quotation is non-binding and valid for max. three months starting from the date of the offer.

The prices quoted above are based on our present production costs and ex works.

They can be accepted only as firm on the condition that a definite order with complete technical specification is placed in due time so that the complete order may be shipped within the delivery period stated in the offer.

With regard to deliveries, we are entitled to increase the price of the goods and/or services to reflect a cost increase (one-to-one) based on the following circumstances:

- any circumstances which are beyond our control (including exchange rate fluctuations, currency regulations, increases or imposition of taxes and duties and increases in labor, material, freight, shipping or other manufacturing-related costs);
- any request by Customer to change the delivery date(s), the quantities and/or the nature of the goods or services ordered and/or the applicable specifications; and/or
- any delay caused by Customer's instructions and/or Customer's failure to provide us with adequate or accurate information or instructions.

DELAYED INSTALLATION AT CUSTOMER SITE

In case the installation of the goods at Customer's site is delayed by circumstances, which are not the responsibility of Gleason, the next payment step has to occur within 30 days after the arrival of the goods at the Customer's plant.

WORKPIECE-DEPENDING ACCESSORIES

For any change of the workpiece design carried out by Customer, which takes place up to four weeks after order placement, that causes an additional review of the workpiece drawings, the Customer has to pay an additional amount of EUR 750,-- (excluding VAT) for each changed workpiece position.

For subsequent changes of the workpiece design carried out by the Customer, which causes changes at the workpiece depending accessories, the Customer has to pay the full amount of the additional costs incurred depending on the actual design costs and production status.

IMPORT AND/OR EXPORT LICENSES

Prices do not include the cost of import and/or export licenses which may be required.

CANCELLATION/TERMINATION

The unilateral cancellation and termination of this Contract (the latter one in case of a contract for work) by the Customer is excluded.

This does not apply to rights of the Customer concerning termination of the Contract set out elsewhere in this Contract as well as the right of the Customer to terminate for cause (the latter one in case of a contract for work).

Apart from that, a termination of this Contract is only possible with written consent of Gleason.

If this Contract is cancelled in mutual agreement, Gleason is nonetheless entitled to the Contract volume, less saved expenditure, at a minimum of 25 % of the Contract value unless the Customer proves that the saved expenditure exceeds 75 % of the Contract value.

LIMITATION OF LIABILITY

The Seller shall be liable in principle only for claims for damages of the customer based on damage to life, limb or health or based on the breach of material contractual obligations ("cardinal obligations", i.e. obligations that need to be fulfilled in order to facilitate the proper performance of the Contract and which the customer has a legitimate expectation will be fulfilled), as well as for other damages attributable to an intentional or grossly negligent breach of obligation by the Seller, its legal representatives or agents and for damage for which it is liable under mandatory statutory provisions (e.g. under the German Product Liability Act, in case the Seller has concealed a defect fraudulently or has assumed an independent guarantee for the condition of the goods).

In the case of the breach of cardinal obligations, the Seller is liable only for the amount of foreseeable damage typical of this kind of contract if such damage was caused by simple negligence, unless the claim for damages of the customer is based on damage to life, limb, health or on mandatory statutory provisions. Unless the conditions of the two paragraphs above are met, the liability of the Seller in cases of simple negligence is excluded for (i) direct damages and (ii) indirect damages caused not to the performance object itself (e.g. loss of profits, indirect consequential losses, etc.).

The customer's compensation claims become time-barred one year from commencement of the statutory limitation period. This limitation period does not apply to intentional or grossly negligent caused damages, nor to damage to life, limb and health and insofar as mandatory statutory limitation periods apply.

CURRENCY CLAUSE

Quotations and order confirmations issued in other currencies than EURO are based on the exchange rates valid at the time of issuing the quotation respectively purchase order. If not agreed otherwise in the purchase contract currency fluctuations of more than 3 % are leading to a proportional adjustment of the offered prices.

FORCE MAJEURE

We will not be responsible or liable for any delay in or failure of the performance of our obligations (other than payment obligations) under the Contract that is due to Force Majeure. **"Force Majeure"** means any unforeseeable, unavoidable event beyond the reasonable control of Gleason and occurring without the fault or negligence of Gleason, including, without limitation, national or regional emergency, war, civil war or other civil unrest, insurrection, rebellion, revolution, invasion or riot, acts of terrorism, embargoes, economic sanctions or export/reexport controls, an act or order of a governmental authority, agency or other instrumentality, hostilities or acts of foreign enemies, epidemics, pandemics, outbreaks or occurrences of any disease or contagion (such as the COVID-19 outbreak, including further waves of infection and restrictions emanating from it), quarantine restrictions, strikes, lockouts or other labor disputes, acts of God, fire, flood, earthquake or other natural disaster. In case of Force Majeure, we will promptly notify the Customer in writing of the nature, the anticipated (if known) duration of Force Majeure, and (if appropriate under the circumstances) the actions we are taking and proposing to take to overcome or mitigate the effects of Force Majeure. Besides, in cases of Force Majeure, we will, if within our control to do so, exercise due diligence and good faith efforts in trying to overcome and mitigate any resulting delay in, or prevention of, our performance without additional compensation.

EXPORT CONTROL

Shipments and services (the fulfilment of Contract) shall be under the proviso that fulfilment is not being restricted by any national or international regulations, particularly export control regulations and embargoes or any other restrictions. The Customer shall obligate itself to provide all information and documentation needed for the export/ domestic shipment/ import. Delays caused by export checks or licensing procedures shall override any lead times or deadlines stipulated for the respective period. If any required licenses for certain items cannot be obtained, the Contract shall be considered as not concluded regarding the items in question and shall be rescinded; because of this and of above mentioned transgression of deadlines, any claims for damages of the Customer shall be excluded. We expressly reserve all rights resulting from a rescission of Contract, in particular claims for damages against the Customer. In the event of a rescission of the Contract, the Customer shall reimburse Seller at least for liquidated damages amounting to 25% of the order value. The Customer shall have the right to prove to Seller that no damage or significantly less damage has been incurred as a result of the rescission. Insofar as Seller proves that it has incurred higher damages, it may demand compensation for such higher damages in addition to the aforementioned liquidated damages claim. Further statutory claims of Seller are reserved.

EXPORT OR RE-EXPORT CLAUSE (RUSSIA/BELARUS)

(1) The Importer/Buyer shall not sell, export or re-export, directly or indirectly, to the Russian Federation and Belarus or for use in the Russian Federation and Belarus any goods supplied under or in connection with this contract that fall under the scope of Article 12g of Council Regulation (EU) No 833/2014 (Russia) and Article 8g of Council Regulation (EU) No 765/2006 (Belarus).

(2) The Importer/Buyer shall undertake its best efforts to ensure that the purpose of paragraph (1) is not frustrated by any third parties further down the commercial chain, including by possible resellers.

(3) The Importer/Buyer shall set up and maintain an adequate monitoring mechanism to detect conduct by any third parties further down the commercial chain, including by possible resellers, that would frustrate the purpose of paragraph (1).

(4) Any violation of paragraphs (1), (2) or (3) shall constitute a material breach of an essential element of this Agreement, and the Seller shall be entitled to seek appropriate remedies, including, but not limited to termination of this Agreement and other penalties.

(5) The Importer/Buyer shall immediately inform the Seller about any problems in applying paragraphs (1), (2) or (3), including any relevant activities by third parties that could frustrate the purpose of paragraph (1). The Importer/Buyer shall make available to the Seller information concerning compliance with the obligations under paragraph (1), (2) and (3) within two weeks of the simple request of such information.

CONFIDENTIALITY

The Customer undertakes to maintain confidentiality with regard to all non-evident commercial and technical details of the Seller, in particular business or trading secrets, to which it becomes aware in the course of the mutual business dealings ("**Confidential Information**").

The use, storage and dissemination of Confidential Information by the Customer is permissible only insofar as this is necessary for due and proper performance of the Contract. Confidential Information is permitted to be provided, disclosed or otherwise made available to third parties only if and insofar as Seller provided its prior consent in text form thereto. The Customer will also impose the confidentiality obligations on all employees and legal representatives as well as third parties (insofar as Seller provided its prior consent in text form thereto).

The aforementioned obligation to confidentiality and non-use ("**Confidentiality Obligation**") does not apply if the Confidential Information (i) was demonstrably known to the Customer prior to notification or provision thereof, or (ii) was demonstrably notified to or made available to the Customer by an authorised third party, or (iii) was publicly available or generally known prior to the notification or provision, or (iv) becomes publicly available or generally known following notification or provision through no involvement or fault on the part of the Customer in each case, or (v) is required in order to obtain an official authorisation.

The Customer is obliged to return the Confidential Information following performance of the Contract to Seller or, on request by Seller, to destroy the information, including furnishing evidence of the destruction.

Unless otherwise agreed by the parties in text form, the Confidentiality Obligation shall also apply after the performance of the contractual relationship. It lapses if and insofar as the Confidential Information becomes generally known, without this involving any breach of the Confidentiality Duty.

GENERAL PROVISIONS

Obvious calculation or spelling mistakes as well as translation errors shall entitle us to correction, even in the case of documents that have already been prepared.

In case of contradictions between (i) these terms and conditions and (ii) the current version of the conditions of sale and delivery for machine tools based on the VDW (Verein Deutscher Werkzeugmaschinenfabriken) as well as (iii) the General Conditions for the Supply and Erection of Plant and Machinery of the United Nations Economic Commission for Europe (Form ECE No. 188 A), the order of priority between these provisions shall be (i) to (iii).

The legal relationship between Seller and the Customer is exclusively governed by the laws of the Federal Republic of Germany, to the exclusion of (i) German international private law and (ii) the UN Convention on Contracts for the International Sale of Goods (CISG). Unless otherwise agreed in text form, the courts with the local jurisdiction for Stuttgart have exclusive jurisdiction for all contractual and related non-contractual disputes between the parties. Seller is also entitled to file suit at any other permissible legal venue.

Should any provision of the Contract between the Customer and Seller not have become a component part of the Contract, in whole or in part; or if such provision is or becomes invalid, unenforceable or void; or if this Contract proves to have an unintended omission, this shall not affect the validity of the remainder of the provisions of the Contract. The provision that did not become a component part of the Contract, that is invalid, unenforceable or void is deemed replaced with the valid and enforceable provision that the Customer and Seller would have agreed upon, had they considered the matter from the outset, giving due consideration to the mutual commercial interests. The foregoing sentence applies mutatis mutandis in the event of any unintended omissions.

All our offers, order confirmations and contracts are subject to the above terms and conditions. The validity of general terms and conditions of the Customer that conflict with or deviate from our terms and conditions is hereby expressly rejected unless we have expressly agreed to their validity in text form. Our terms and conditions shall also apply exclusively if we carry out services unconditionally in knowledge of conflicting or deviating general terms and conditions of the Customer.