

# General Terms and Conditions of HSM GmbH + Co. KG, 88699 Frickingen ("HSM") for Supply Contracts with Corporate Customers (as of 1st September 2023)

## 1. Application of the Terms and Conditions

- 1.1 All deliveries and services from HSM, including offers, consulting or other ancillary services, shall be carried out on the basis of the following Terms and Conditions. These also apply for future commercial relationships. HSM does not recognise any purchasing or other Terms and Conditions of the purchaser.
- 1.2 Rules deviating from these Terms and Conditions are only effective if HSM has consented to them expressly in writing or in text form (via email).
2. **Offer and conclusion of contract**
- 2.1 Offers from HSM are subject to change. The contract shall come into force through an order from the purchaser made on the basis of the offer and its written confirmation by HSM to the purchaser (if an explicit order confirmation is not to be expected due to the type of transaction or the purchaser has waived the need for an order confirmation, then via a delivery note or an invoice). In case of doubt, the contents of the order confirmation are applicable.
- 2.2 The documents attached to the offer pursuant to Section 2.1, such as images, drawings, weight and dimensional information are non-binding, unless determined otherwise.
- 2.3 Any additions, amendments and verbal ancillary agreements require written form to be effective.
- 2.4 HSM reserves the right to make changes during the delivery period to the function and form as well as changes to the scope of delivery which in each case result in a technical improvement.
- 2.5 Cost estimates are non-binding. HSM reserves the right to request a fee to draw up cost estimates.
- 2.6 HSM reserves proprietary rights and copyrights to cost estimates, drawings and other documents. They may not be made accessible to third parties. HSM obligates to only make documents which are marked as confidential by the purchaser accessible to third parties with the purchaser's consent.
- 2.7 The purchaser may not return any goods to HSM, unless HSM expressly consents to the return. This does not apply insofar as the purchaser withdraws from the contract effectively in law or justifiably demands rectification.

## 3. Prices and payment terms and conditions

- 3.1 HSM shall charge the prices applicable at the time of the delivery, plus statutory value-added tax.
- 3.2 HSM is entitled to amend the prices appropriately if between the time the contract is concluded and the time of delivery there are increases or decreases in costs, in particular on the basis of changes in labour costs or material prices. HSM shall inform the purchaser about the price change in good time before the delivery. If HSM fails to provide the information in good time, the price which formed the basis of the order confirmation shall apply.
- 3.3 Prices are "ex works" (Incoterms 2020) HSM.
- 3.4 Subject to agreements deviating from this, the following payment terms apply: the payment is made within 8 days, less 2% discount or within 30 days strictly net. In the case of orders over 25,000 Euros, one third of the purchase price is due when the order is confirmed, one third upon notification of readiness for dispatch, and the remainder is due net (without cash discount) within 30 days from the date of the invoice, unless otherwise agreed in the order confirmation. In the case of export transactions, the delivery shall be made against advance payment, unless payment is agreed through an irrevocable and confirmed letter of credit. Payments are to be made in such a way that HSM can freely dispose of the amount on the due date.
- 3.5 If the purchaser does not properly fulfil its payment obligations, it suspends its payments or if insolvency proceedings are opened over its assets or the opening of such proceedings is rejected for lack of assets, the full purchase price still open shall be due, also insofar as bills of exchange with a later maturity date are pending. The payment is to be made immediately.
- 3.6 The presentation of bills of exchange must be agreed with HSM and this shall be carried out on account of payment. Credit notes regarding bills of exchange and cheques shall be made less the expenses with the value date of the day on which HSM can freely dispose of the countervalue.
- 3.7 The purchaser may only claim rights of retention or offset with regard to undisputed or legally established counter-claims.

## 4. Deliveries, delivery and performance period

- 4.1 HSM always strives to deliver as quickly as possible. Binding delivery dates or times are to be expressly agreed. An estimated delivery date given by HSM is not binding.
- 4.2 Compliance with a delivery deadline is subject to correct and timely delivery to us.
- 4.3 Deliveries are "ex works" (Incoterms 2020) HSM.
- 4.4 The following applies for the compliance with bindingly agreed delivery times or deadlines:
  - Insofar as the goods are shipped at the business premises of HSM ("ex works" HSM), the time given in Section 5 is applicable.
  - If the goods are not shipped at the business premises of HSM on the basis of a special agreement, the time at which the goods leave the works or the warehouse of HSM is authoritative.
- 4.5 Force majeure events entitle HSM to defer the delivery or performance for the duration of the hindrance, plus an appropriate start-up period. A force majeure event shall be equivalent to all circumstances which make the delivery or performance substantially more difficult or completely impossible for HSM on the basis of circumstances for which HSM is not responsible, in particular unforeseeable interruptions in operations or traffic disruptions, strikes, lawful lock-out, acts of states etc., and indeed irrespective of whether these circumstances arise for HSM, its suppliers or its sub-contractors. If the hindrance lasts longer than 3 months, or if the enforcement of the contract becomes unreasonable for other reasons, each party is entitled to withdraw from the contract with regard to the part not yet fulfilled.
- 4.6 Insofar as HSM defaults, the purchaser can claim compensation for delay amounting to 0.2% for each completed week of default, in total however up to a maximum of 3% of the invoice value of the deliveries or supplies affected by the default, unless the purchaser has suffered no or only a slight disadvantage. Any claims for compensation going beyond this are excluded, unless,
  - the default due to wilful intent or gross negligence on the part of HSM or its vicarious agents or
  - there is a culpable breach of a significant contractual obligation (see Section 8.1) or
  - a commercial transaction for delivery by a fixed date was agreed.
- 4.7 Irrespective of Section 4.6, the purchaser is, in the case of default, entitled to withdraw from the contract after the end of a suitable period of grace set by the purchaser, if the delivery was not offered by HSM up to the end of the period. Generally, a period of grace of at least 4 weeks is appropriate, unless only a shorter period of grace is reasonable for the purchaser in the specific case.
- 4.8 Goods notified as ready for collection are to be collected immediately. If the goods are not collected within 5 working days, HSM is entitled at its own discretion to ship the goods to the purchaser at the latter's costs, or at its discretion to store the goods at the purchaser's costs and to charge them as delivered. Section 5 and the statutory provisions regarding default of acceptance remain unaffected.
- 4.9 HSM is entitled at all times to refuse partial deliveries and perform partial services, unless the acceptance of the partial delivery or partial service is unreasonable for the purchaser in a specific case.
- 4.10 If and insofar as HSM is not provided with information about the material specification of the goods to be processed with the HSM product (type, volumes, bulk weight, size, etc.), HSM cannot undertake any feasibility checks pursuant to DIN ISO 9001 or otherwise check the suitability of the product for the intended purpose. Neither the collection of its own material data by the customer nor the customer's selection of a product on the basis of the prospectuses from HSM can replace an individual consultation by HSM regarding the specific application. Therefore, in these cases, any warranty or other responsibility or liability of HSM for the suitability of the selected product no longer applies for the intended use. Any possible responsibility of HSM for the correctness of the information contained in the prospectuses shall remain unaffected by this.
- 4.11 HSM is not responsible for damages which arise as a result of improper handling, failure to comply with the assembly, operating or service and maintenance instructions delivered by HSM with the product, or an installation site unsuitable for the operation of the product or as a result of natural wear and tear. In the case of damages caused by failure to comply with the assembly instructions or by operation of the product at an installation site unsuitable for the operation of the product, the preceding sentence does not apply if HSM installed the product and put it into operation, unless the purchaser instructed HSM to install the product at this site in spite of HSM having pointed out its unsuitability.
- 4.12 Maintenance and service work may only be carried out by HSM technicians or authorised service companies in order to make a warranty claim, unless the purchaser proves when making warranty claims that the defect concerned was not caused by the maintenance and service work carried out by others. HSM is not liable for damages which arise as a result of interference by third parties.

## 5. Transfer of risk

- The risk of damage to and loss of the goods transfers to the purchaser as follows:
  - insofar as the goods are shipped at the business premises of HSM ("ex works", Incoterms 2020), at the time at which HSM informs the purchaser that the goods are ready for collection,
  - insofar as the goods are not shipped at the business premises of HSM, at the time of handing over (also to a transport person) or, if the purchaser is in default of acceptance, at the time at which HSM offers the transfer of the goods.

## 6. Warranty

- 6.1 HSM warrants that the goods are free from material defects. Insofar as nothing else is agreed expressly and in writing, the qualities described in the product descriptions, technical specifications and labels authorised by HSM are considered as agreed qualities. Public statements, praise or advertising are neither part of a quality agreement, nor do they define the contractually required use; Section 434 (1) sentence 3 BGB (German Civil Code) does not apply in this regard.
- 6.2 Claims for defects are excluded if, in the case of obvious defects, they are not raised immediately in writing, at the latest however within 10 days following receipt of the goods, stating the delivery note and invoice number as well as a description of the defect reported. Concealed defects are to be reported immediately after they are discovered; the burden of proof regarding the concealment of the defects is carried by the purchaser.
- 6.3 Should a product from HSM, contrary to expectations, display defects, the customer can claim for defects according to the applicable law and these General Terms and Conditions. Defect claims by the purchaser are initially limited to the right to rectification. Until the rectification fails, the purchaser is not entitled to reduce the purchase price or withdraw from the contract, at its discretion. Possible claims for compensation by the purchaser within the framework of Section 8 remain unaffected.
- 6.4 HSM shall not bear the expenses necessary for the purposes of rectification, in particular transport, routes, labour and material costs insofar as they increase, because the goods were subsequently shipped to a site other than the purchaser's branch, unless the shipment corresponds with their intended use. Section 439 (4) BGB remains unaffected.
- 6.5 Claims for defects lapse as follows
  - HSM SECURIO C-series, B-Series and P-series document shredders: 5 years. Exceptions: document shredders in cutting sizes 0,78 x 11 mm, 1 x 5 mm, 1 x 2 mm.
  - HSM SECURIO B-Series and P-series document shredders in cutting sizes 0,78 x 11 mm, 1 x 5 mm, 1 x 2 mm: 3 years
  - HSM SECURIO AF-Series document shredders: 3 years
  - HSM Pure document shredders: 5 years
  - HSM shreddstar document shredder: 2 years. The warranty obligation for shreddstar models is limited to the free delivery of replacement equipment against the return of the defective equipment.
  - HSM Classic document shredders: 3 years.
  - HSM Powerline and ProfiPack: 2 years when used in single-shift operation; when used in multi-shift operation, the warranty period is 6 months.
  - Other products: 1 year when used in single-shift operation or a maximum of 2000 operating hours; when used in multi-shift operation, the warranty period is 6 months or a maximum of 2000 operating hours.
- Used machines which are no older than twelve months: 6 months. No warranty is provided for older used machines.
- The authoritative time for the start of the statute of limitation on claims is the time at which risk is transferred (Section 5 above). Mandatory statutory requirements on statute of limitations remain unaffected, in particular for intentional or grossly negligent fault, for personal injury, for breach of significant contractual obligations, for claims under the "Produkthaftungsgesetz" [German product liability law] or from an assumed warranty.
- 6.6 No compensation will be paid during the warranty period for damages which were caused by wear and tear, improper handling, natural deterioration or as a result of the interference of a third party. Service, adjustment and readjustment work are not owed as work under warranty. HSM products may only be operated in an weather-protected area for the entire period of their operation. This weather-protection must already be on-site before delivery, installation and commissioning of the products.
7. **Warranty for selected equipment**
- 7.1 HSM provides a separate warranty for HSM solid steel cutting shafts in alternating current document shredders in the product lines HSM SECURIO and HSM Pure for the entire lifetime of the equipment (HSM Lifetime Warranty). This does not include document shredders with cutting size 0.78 x 11 mm, 1 x 5 mm, 2.2 x 4 mm, 2 x 2 mm. All warranty statements going beyond this require the written form to be effective.
- 7.2 For damages which were caused by wear and tear, improper handling, natural deterioration or by interference of a third party, no compensation will be paid within the framework of the warranty period granted in Section 7.1. Service, adjustment and readjustment work caused by defects which did not arise as a result of repairs are not included in this warranty.

## 8. Compensation for damages

- 8.1 Unless stated otherwise in these Terms and Conditions, HSM is only liable to pay compensation for damages in the case of intent and gross negligence and only in all other cases if a significant contractual obligation (cardinal obligation) is breached. Significant contractual obligations are those obligations which enable the proper fulfilment of the contract in the first place and on whose fulfilment the purchaser had relied and should have been able to rely, and the culpable failure to fulfil such obligations jeopardizes the achievement of the contractual purpose. In the case of simple negligence, HSM is in any case only liable for foreseeable damages typical for the contract.
- 8.2 Compensation of indirect damages, consequential losses and lost profits is excluded.
- 8.3 Liability for personal injury, liability for fraudulent intent, from a guarantee of quality given by HSM as well as liability under the "Produkthaftungsgesetz" (product liability law) remain unaffected by the limitations of Section 8.1 and 8.2.
- 8.4 The purchaser indemnifies HSM from possible claims by third parties which arise for these third parties either (i) on the basis of changes to the object of the delivery which the purchaser or a third party made after the transfer of risk (Section 5) without the prior written consent of HSM, or (ii) on the basis of the installation or the operation of the object of the delivery at an installation site not recommended by HSM in the assembly instructions or not approved by HSM in the individual case because of its lack of suitability for safe operation.
9. **Retention of title**
- 9.1 Delivered goods remain the property of HSM (reserved goods) until the fulfilment of all liabilities of the purchaser from the business relationship with HSM. The retention of title persists in particular if individual claims of HSM are recorded, totalled and acknowledged in a current invoice.
- 9.2 HSM is entitled to demand the reserved goods from the purchaser without setting a deadline and without withdrawing from the contract if the purchaser defaults on the fulfilment of its obligations towards HSM. A withdrawal from the contract when the reserved goods are taken back only occurs if HSM has declared this expressly in writing.
- 9.3 The purchaser is obligated to treat the reserved goods with care for HSM, to maintain and repair them at its own costs, as well as to insure them against loss and damage at its own costs within the framework of what is demanded of a prudent businessman. It hereby assigns its claims from the insurance contracts to HSM in advance.
- 9.4 In the case of processing or other restructuring of the reserved goods, the purchaser shall be active for HSM, but without obligating HSM. If the reserved goods are processed, mixed with or attached to items belonging to third parties, HSM shall acquire co-ownership in the resulting products in the ratio of the respective invoice values. If the reserved goods are processed, attached or mixed with a principal item of the purchaser, the purchaser transfers as of now the co-ownership in the new item to HSM in the ratio of the purchase price to the value of the principal item. The respective co-ownership share is considered as reserved goods within the meaning of Section 9.1.
- 9.5 The purchaser may sell the reserved goods in the ordinary course of business under normal terms and conditions, provided that he is not in default of payment. The same applies to any use of reserved goods in the fulfilment of a work contract. It is not permissible to resell if the purchaser agrees a non-assignment clause with its buyer. In the case of a resale, the purchaser is to make the transfer of ownership dependent on the full payment of the purchase price or payment for work. The purchaser is not entitled to pledge, use as security or otherwise encumber the reserved goods.
- 9.6 In order to secure HSM's claim to the purchase price, the purchaser assigns all claims arising from a resale within the meaning of Section 9.5 to HSM. All claims which arise in favour of the purchaser from damage or loss to the reserved goods against the respective party who caused the damage are also assigned; with regard to possible incoming payments on these claims, Section 9.3 Sentences 3 and 4 apply accordingly. As long as the purchaser fulfils its contractual obligations entered into towards HSM and the fulfilment of these obligations is not put at risk, the purchaser can collect the claims assigned itself.
- 9.7 The purchaser is to inform HSM immediately about compulsory enforcement measures by third parties against the reserved goods or the claims assigned in advance, and hand over the documents necessary for an intervention. The purchaser bears all costs necessary to prevent the access of third parties to the reserved or secured property of HSM and to replace the object, provided that they cannot be collected from third parties, unless the access by third parties is carried out to satisfy claims of the third parties against HSM.
- 9.8 Upon justified request from HSM, the purchaser is obligated to disclose the assignment to its buyers and to give HSM the information and documents necessary to collect the debt. HSM is to be informed immediately about access by third parties to the reserved goods or the claims assigned.

## 10. Property rights and copyrights

- 10.1 If the proper use of the goods delivered leads to a domestic infringement of industrial property rights or copyrights, HSM shall, at its own discretion, obtain the right for the purchaser to further use the goods or shall modify the object of the delivery in a way which is reasonable for the purchaser so that there is no longer any breach of the property right (rectification). The purchaser is obligated to
  - inform HSM immediately about claims for possible breaches of property rights or copyrights against the purchaser and/or its buyers,
  - support HSM in its defence against the claims made and to allow for rectifications to be carried out, and
  - take judicial defence measures following instruction from HSM and only to acknowledge such third party claims or to conclude judicial or extra judicial settlements regarding them following the written consent of HSM.
- 10.2 HSM's right to refuse rectifications pursuant to Section 439 (2) BGB remains unaffected.
- 10.3 HSM indemnifies the purchaser from undisputed or legally established claims of the holder of the property right concerned.
- 10.4 The above-mentioned claims of the purchaser lapse one year after the transfer of risk. The authoritative time for the start of the statute of limitations is the time at which the risk is transferred (Section 5 above). Mandatory statutory requirements on statute of limitations remain unaffected, in particular for intentional or grossly negligent fault, for personal injury, for breach of significant contractual obligations for claims under the "Produkthaftungsgesetz" [German product liability law] or from an assumed warranty.
- 10.5 HSM is not liable for the breach of property rights if at least one of the property rights from the family of property rights from which the claims are derived, has not been published either by the European Patent Office or in one of the following states: the Federal Republic of Germany, France, Great Britain, Austria or the USA. Furthermore, HSM is not liable
  - if the breach of the property right was caused by the purchaser arbitrarily changing the object of the delivery or using it in a way which did not conform to the provisions of the contract;
  - the breach of the property right is based on an instruction from the purchaser carried out on the delivered goods by HSM.

## 11. Confidentiality

- 11.1 All commercial or technical information (including features which can be derived from supplied objects or software) which originates from HSM, so long as and insofar as they were not verifiably publicly known to the purchaser or were known to the purchaser without any breach of the confidentiality obligations of a third party, or are known following their disclosure by HSM or were determined by HSM for resale by the purchaser, are to be kept secret from third parties and may only be provided to such persons in the purchaser's own business or a sub-contractor of the purchaser who are also obligated to maintain confidentiality and who need to know this information to fulfil their respective operational tasks on the basis of knowledge of this information; the information remains the exclusive property of HSM. Without the agreement of HSM, such information may not be reproduced or used commercially. On request, all information originating from HSM including copies and recordings produced and objects supplied on loan are to be returned to HSM immediately in full, or are to be destroyed in agreement with HSM.
- 11.2 There is no confidentiality obligation pursuant to Section 11.1 if the information mentioned in Section 11.1 is already publicly known (or has become publicly known) without fault on the part of the purchaser or the purchaser must disclose the information on the basis of mandatory legal regulations or judicial or regulatory orders, and the purchaser has informed HSM about this obligation immediately in writing.
- 11.3 HSM reserves all rights regarding the information mentioned in Section 11.1 (including copyrights and the right to register industrial property rights, such as patents, utility models, semi-conductor protection etc.).

## 12. Use of software

- 12.1 Insofar as software is included within the scope of delivery, the purchaser shall be granted the non-exclusive right, which is only transferable together with the goods, but which cannot be sub-licensed, to use the delivered software including its documentation. The right of use shall only be granted for use for the goods it is determined for. It is forbidden to use the software on more than one system.
- 12.2 The purchaser may only use, reproduce, edit, decode or convert the object code to the source code of the software to the extent which is legally permitted (Sections 69a ff. UrhG [German copyright law]). The purchaser is obligated not to remove manufacturer specifications in any software provided – in particular copyright notices – or to change them without the prior express consent of HSM.
- 12.3 All other rights regarding the software and the documentation including their copies remain with HSM or the supplier of the software.

## 13. EU VAT identification number

- Insofar as the purchaser is domiciled outside Germany, it is obligated to observe the respective relevant VAT rules of the Member States of the European Union (EU). This includes in particular the notification of its VAT ID number to HSM without having to be specially requested to do so. The purchaser is obligated to issue HSM on request with the necessary information regarding its capacity as a businessman, regarding the use and transport of the delivered goods as well as the fulfilment of the statistical reporting obligation. The purchaser is obligated to reimburse any expenses, in particular processing fees, which HSM incurs as a result of incorrect information from the purchaser regarding VAT.

## 14. Consumer dispute resolution

- We only sell those of our products suitable for private households through specialist retailers, meaning that our direct customers are not consumers within the meaning of the law. We therefore point out that we are not prepared and are not obligated to take part in a dispute resolution procedure in front of a consumer arbitration body.

## 15. Court of jurisdiction and place of performance

- 15.1 Should individual clauses of these General Terms and Conditions be invalid in whole or in part, this shall not affect the validity of the remaining clauses or the remaining elements of the invalid clause. The parties shall replace an invalid provision with a provision which comes closest to the economic purpose of the invalid provision. The same applies for any regulatory gap.
- 15.2 The place of performance and payment is Frickingen.
- 15.3 The court of jurisdiction for any disputes is the court responsible at the location of the HSM headquarters. HSM is moreover entitled to make its claims within the purchaser's general jurisdiction.
- 15.4 The law of the Federal Republic of Germany applies exclusively, with the exclusion of the UNCISG of 11th April 1980.