

## **General terms and conditions of sale**

**The company Knappe Composites SAS** hereinafter referred to as "**Knappe**".

### **Article 1: General Provisions**

The concluded contract is binding between *Knappe* and the *Buyer* for the handling of the entire business.

The legal relations between *Knappe* and the *Buyer* in connection with the deliveries and/or services of the Seller are exclusively subject to these General Terms and Conditions of Sale.

All provisions of the general terms and conditions of purchase of the *Buyer* are null and void.

Deviating or additional specific conditions must be agreed upon in writing in a separate contract and signed by the respective legal representatives.

The *Buyer* may not assign or transfer any contract based on these general terms and conditions of sale without the prior written consent of *Knappe*.

*Knappe* is entitled to lawfully assign a contract based on these general terms and conditions of sale to a subsidiary or affiliated company or corporation wholly or partially owned by *Knappe*.

### **Article 2: Offers**

All offers created by or on behalf of *Knappe* are valid for a maximum of 3 months from the date of creation.

Typing errors or omissions in an offer can be corrected by *Knappe* at a later date.

No compensation will be granted to the *Buyer* for this.

*Knappe* reserves the property rights and copyrights as well as the rights of use and exploitation of its cost estimates, drawings and other documents without limitation. The documents may only be made available to third parties with the prior written consent of *Knappe*.

The indicated delivery times are approximate and without guarantee.

The prices in our price lists, offers and quotations are in Euro, EXW (Ex Works), without packaging, plus VAT. Until the final acceptance of the order by *Knappe*, the prices can be changed at any time and without prior notice.

A minimum quantity surcharge is applied for each order under € 200 excluding taxes and transport. The surcharge for small quantities is € 35 and can be adjusted by *Knappe* at any time.

### **Article 3: Product description**

Brochures, advertisements or other material published by or on behalf of *Knappe* in relation to its products or services do not have any contractual validity and cannot be used against *Knappe*, including in relation to contracts concluded with *Knappe* for its products. They are also not admissible as evidence.

Unless otherwise stated in the description of the offer, the specifications and illustrations contained therein shall provide a general description of the product.

Only the description of the product in the order confirmation is legally binding, as well as the description of the product in the documents of *Knappe* mentioned in the order confirmation.

*Knappe* reserves the right to make changes in design, processing or packaging without prior notice.

### **Article 4. Conditions & Payment Methods**

All payments must be made in EURO to the account of *Knappe* to the sales office in France, unless otherwise stated by *Knappe* in the order confirmation.

- A full advance payment, deposit or payment before delivery may be requested by *Knappe* at its sole discretion. If *Knappe* grants credit to the *Buyer* for the full order value, the standard payment period is 30 days net from the date of invoice.

The terms of payment stated in the order confirmation shall apply.

No discounts are granted in case of early payment.

In accordance with article L 441-6 of the French Commercial Code, penalties for late payment are due if payment is not made on the day following the payment date indicated on the invoice. The interest rate on these penalties for delay is equal to the last half-yearly refinancing rate of the European Central Bank plus ten percentage points. The half-yearly rate may be converted into a daily rate. It shall be applied to the invoice amount including VAT.

In addition to the interest described above, a flat-rate compensation for collection costs of € 40 shall be due immediately from the first day of delay in payment, pursuant to Articles L. 441-6 and D. 4415 of the French Commercial Code.

Penalties are payable without the need for a payment reminder. The sending of a registered letter is not necessary to trigger the right to claim penalties for late payment.

If the *Buyer* delays the delivery, the payment remains associated with the originally planned delivery date and remains due.

In case of payment by installments provided for in the confirmation of the order by *Knappe*, any delay in payment of any of the installments shall ipso facto, without prior notice, result in the maturity of all amounts due. The non-payment of an invoice on the due date suspends any further delivery by *Knappe* and entitles *Knappe* to terminate the contract by right and without prior formal notice by simple notification.

Additional costs incurred by delays caused by the *Buyer* - such as changes in drawings, drawing approvals, storage, any freight cancellation costs incurred, additional costs incurred to service providers, etc. will be charged additionally.

*Knappe* reserves the right to adjust all prices to the *Buyer's* change requests or after changes in specifications and / or after a postponement of production and / or delivery.

In case of default of payment by the *Buyer*, *Knappe* reserves the right to collect all outstanding payments in a manner that *Knappe* chooses and considers effective.

The liability of the *Buyer* shall include, but shall not be limited to, the payment of outstanding invoice balances plus all fees incurred by *Knappe* for the collection of the overdue invoice in the form of attorney fees, collection fees, commissions paid, etc.

As soon as a collection process has started, it is only completed when, in addition to the principal debt, all additional costs incurred have been paid in full.

#### **Article 5: Delivery**

*Knappe* ships and invoices products according to the order confirmation issued by *Knappe* upon acceptance of the order, unless otherwise agreed in writing.

The product prices are ex works (EXW) without the additional costs for packaging, transport and insurance plus the statutory VAT.

Partial deliveries are permitted, unless they are explicitly excluded in the order confirmation. The contract does not release the *Buyer* from the obligation to accept and pay for remaining deliveries. Under no circumstances shall *Knappe* be liable for increased production costs, lost profits, losses or consequential damages.

#### **Article 6: Non-acceptance of delivery**

If the *Buyer* or the authorized receiving office does not accept the delivery of the product, or the *Buyer* does not collect the product, all payments must be made in accordance with the terms of the contract as if the delivery, collection had taken place.

*Knappe* shall be entitled to charge the *Buyer* for storage, insurance and any other reasonable costs incurred by *Knappe* because of not accepting delivery.

*Knappe* is not obliged to take any special steps to store or care for the products and is not liable for any loss or damage incurred by the *Buyer* as a result.

#### **Article 7: Return shipments**

*Knappe* must approve all returns of the *Buyer* in advance in writing.

A restocking fee of no less than 15% of the purchase price is charged for all returns to *Knappe*. Depending on the condition of the returned goods, *Knappe* is free to decide on the final refund amount.

Until this examination has been carried out and the protocol has been drawn up, the *Buyer* bears full responsibility and liability for the product.

All returns to *Knappe*, which have been received due to a defect that is not recognizable or not justified and for which *Knappe* is not responsible, cause costs that *Knappe* can charge, f.e. repair, return freight costs, repacking and repacking, if necessary. The examination of the returned product is carried out by *Knappe*.

It is the responsibility of the returning party to ensure that the returned product is handled with reasonable care, and the sender bears all responsibility and liability for the product until *Knappe* has inspected it and has released the *Buyer* from any further liability.

#### **Article 8: Export/import costs and formalities**

The *Buyer* assumes full responsibility for the export as well as import to the destination. This includes in particular reporting to customs and authorities, including but not limited to the payment of sales or use taxes, import duties or other costs related to the export and import of the product of any other fees that may be charged.

#### **Article 9: Warranty & Claims**

##### **Obligation of the Buyer:**

Claim under warranty is conditional upon the *Buyer* having paid all monies due in full.

Upon receipt of the goods, the *Buyer* must immediately inspect the packaging and goods for visual damage and notify the carrier and *Knappe* in writing of any damage. The *Buyer* is responsible for checking that the delivery of the Product is in accordance with the contract, packing list, etc.

The *Buyer* must notify *Knappe* in writing within 8 days of receipt of the delivery:

if parts are missing, do not correspond to the packing list or are damaged.

*Knappe* cannot be held responsible if the *Buyer* is not able to check the products within the deadline.

The *Buyer* must inform *Knappe* immediately and in writing of any defect in the delivered goods as soon as it becomes known. Such notification cannot have any effect on other orders that have not yet been paid or are in progress.

*Knappe's* products are standard products for the filtration of water, which are tested in normal situations. The *Buyer* is obliged to check the conformity of the products with the order confirmation before putting them into operation and to verify by careful testing under actual conditions of use that the delivered products are exactly suitable for the intended use and that the conditions are in accordance with the intended use.

The *Buyer* shall comply with the conditions referred to in Article 14.

The *Buyer* undertakes to comply with the applicable and official regulations, in particular the regulations for the protection of employees, the environment and health, especially with regard to classified installations and transport regulations.

**Under this condition and subject to the provisions of the following clauses, *Knappe* guarantees the delivered goods as follows:**

New products sold by *Knappe* have a warranty of 12 months from the date of shipment. The warranty extends to the replacement of defective parts recognised by *Knappe*. Parts in standard exchange must be returned within a maximum period of 2 weeks after delivery of the spare part. Spare parts sold by *Knappe* have a warranty of 6 months from the date of delivery. The warranty extends to the replacement of defective parts recognised by *Knappe*. In the case of partial deliveries, the warranty period begins from the date of shipment, if the partial delivery enables the *Buyer* to put the delivered parts into operation. If the *Buyer* delays the delivery, the warranty period begins on the originally planned delivery date.

All defective parts which show a material defect are to be repaired or replaced free of charge at the discretion of *Knappe*, provided that the cause of the defect already existed at the time of the transfer of risk.

*Knappe* shall be given the opportunity to remedy the defect within a reasonable period of time.

*Knappe* may grant the *Buyer* a credit note in the amount of the invoice price of the defective product. The return of the product which the *Buyer* believes to be defective must be sent back to the *Knappe* factory for inspection. The shipping charges shall be borne by the *Buyer*.

At the request of the *Buyer*, *Knappe* may decide at its own discretion to inspect the product in question on site.

***Knappe* does not guarantee for the following parts or under the following conditions:**

O-rings and lip seals are excluded from the warranty. The warranty is excluded for an inaccurate order of parts, which can lead to later delays, costs etc. The warranty is excluded for damage caused by normal wear and tear of parts, damage or accidents due to the use of incompatible chemicals or products, misuse, neglect, negligence or errors such as operating errors, incorrect or missing monitoring, improper installation, incorrect storage or lack of maintenance. The warranty is also excluded if the *Buyer* has used the product for an improper purpose or has made any modification or repair without the consent of *Knappe*. *Knappe* excludes any warranty or liability for damages that did not occur on the delivered devices and the existing installations of the *Buyer*. Excluded are materials or products provided by the *Buyer*. In particular, *Knappe* excludes any warranty or liability for economic losses, whether consequential or not, such as loss of profit or interruption of business, which the *Buyer* expressly accepts. The warranty claim is not a reason for delay or refusal of payment.

*Knappe* can deliver/provide material produced by other companies at the request of the *Buyer*.

*Knappe* does not take any responsibility for these products and the *Buyer* releases *Knappe* from any subsequent contractual and legal responsibility.

**Limitation of the warranty:**

The total liability of *Knappe* for any claims, liabilities or costs whatsoever is limited to the sales price of the part of the product for which such a claim was made.

*Knappe* guarantees the conformity of the products for use with their specifications according to the order confirmation and the order-specific technical data sheet for the filtration of typical brackish or seawater through RO, UF or nano filtration membranes.

**Reservation:**

*Knappe* reserves the right to inspect all products which are found to be defective.

In case of a notice of defect the *Buyer* has the obligation to prove that the defect was caused by *Knappe*.

The *Buyer* has the duty to provide *Knappe* with all information which contribute to the error analysis.

*Knappe* will check the *Buyer's* fault analysis to make sure that all measures that have led to the detection are indicative of a defect in the product and that such defects have not been caused by normal wear and tear of the

parts, damage or accidents due to the use of incompatible chemicals or products, misuse, neglect, negligence or errors, such as operating errors, incorrect or missing monitoring, improper installation, incorrect storage or lack of maintenance.

In the first step this is done in advance by telephone or in electronic written form.

In the second step, *Knappe* may, if it considers it necessary, have an on-site inspection carried out by *Knappe* or by a third party commissioned by *Knappe*, or an examination of the defective product in the production plant of *Knappe*. The decision lies with the company *Knappe*. In case of an inspection in the production plant of *Knappe*, the *Buyer* is obliged to send the defective products to *Knappe* at his own expense.

*Knappe* can reject the notice of defects if one of these points has been detected by *Knappe* or if no defect could be detected by fault of *Knappe*.

**If it is determined that the product complies with *Knappe's* specifications, the *Buyer* is responsible for bearing all costs of the intervention and a field service fee of € 80 / h plus all travel costs and expenses will be charged.**

Warranty claims will be forfeited if the *Buyer* disregards the deadlines set out in the General Terms and Conditions of Sale.

#### **Article 10: Liability**

In view of the commercial and knowledgeable *Buyer*, the total liability of *Knappe* to the *Buyer* under these terms and conditions of sale, whether based on contract, criminal offence or near criminal offence and regardless of the number of incidents, is limited to 100% of the purchase price of the products sold.

Under no circumstances shall *Knappe* be liable for indirect or direct consequential damages and economic losses, including, but not limited to, business interruption, loss of profit, loss of use and loss of contracts, which the *Buyer* expressly accepts.

The responsibility of *Knappe* in case of:

- a. Damage caused by *Knappe* or its employees intentionally or through gross negligence;
- b. Death or personal injury;
- c. Fraud;

is neither excluded nor limited by these Terms and Conditions.

The *Buyer* agrees that *Knappe* shall not be liable in any way and for any reason whatsoever, except as defined in these General Terms and Conditions of Sale.

Claims for damages by the *Buyer* due to a material defect are excluded.

This shall not apply in case of fraudulent concealment of the defect, in case of non-compliance with a warranty of quality and in case of a grossly negligent breach of duty by *Knappe*.

*Knappe* is neither liable for any loss of profit that has arisen or is expected to arise nor for any indirect or direct consequential damage.

Entitled claims against *Knappe* are limited to the purchase price of the product that caused the damage, regardless of whether the claim is justified.

#### **Article 11: Reservation of performance**

Fulfillment of the contract is subject to the proviso that there are no obstacles due to national, US-American or other applicable national, EU or international regulations of foreign trade law, as well as no embargoes or other sanctions.

#### **Article 12: Time limits for deliveries; delay**

The delivery periods indicated on the offers or in a document issued by *Knappe* are mentioned for guidance only and are not binding.

Exceeding the delivery periods does not entail any compensation, penalty or damages or compensation of any kind, including possible operating losses, unless *Knappe* has expressly accepted the conditions in writing and the customer proves a direct loss resulting from the delay in delivery.

In this case, *Knappe's* liability to the customer in the event of an obviously unjustified delay in delivery shall not exceed 1% per week and shall not exceed a total of 5% of the price excluding taxes of the undelivered goods, including possible penalties.

Failure by the *Buyer* to comply with the contractual obligations releases *Knappe* from any obligation.

*Knappe* shall not be liable for failure to perform its obligations for reasons beyond its control, such as if the delay in delivery is due to a cause of force majeure as defined in article 1218 of the Civil Code and includes, for example, the following events, such as labour disputes, strike, lockout, strike of a subcontractor or other circumstances such as fire, storm, flood, earthquake, explosion, accidents, act of an enemy of the state, acts of the legislator or the government or their organs, war, rebellion, insurrection, sabotage, epidemic, quarantine, transport embargoes, transport failure or delays, machinery breakdown, delays in delivery by suppliers of products and materials, lack of funds.

*Knappe* will inform the *Buyer* about the event.

If the cause of the force majeure lasts longer than 90 days, *Knappe* reserves the right to cancel or suspend deliveries.

In any case, *Knappe* is in no way responsible for any loss or damage resulting directly or indirectly from such events.

*Knappe* is entitled to postpone the production of outstanding orders if the Buyer has overdue liabilities.

In this case the following shall come into force:

- all agreed penalties for late delivery are null and void
  - *Knappe* is entitled to make the invoice for the goods already produced immediately due.
- To demand advance payment for all outstanding goods.
- these amounts are payable on presentation of the invoice.
- After receipt of payments in full, *Knappe* will announce new delivery times for the goods still due.

### **Article 13. Risk transfer**

The risk in respect of the products shall pass to the *Buyer* upon delivery to the transporter. In all cases the products travel at the risk of the *Buyer*.

### **Article 14. Installation, assembly and commissioning**

They are carried out by the customer in accordance with the installation and operating instructions, data sheets and other manuals, which are provided by *Knappe* on request of the customer.

They are carried out by the customer in accordance with national regulations (e.g. pressure vessel regulations), standards and market recommendations by qualified, competent and trained personnel of the *Buyer*. Any kind of intervention by unauthorized persons releases *Knappe* from its liability. *Knappe* shall not be liable for faulty installation, assembly or commissioning and the resulting consequences.

### **Article 15. Non-waiver of Default**

All deliveries made under these general terms and conditions of sale are treated as separate transactions.

In case of default of the *Buyer* under these general terms and conditions of sale or any other contract with *Knappe*, *Knappe* reserves the right to refuse further deliveries.

If *Knappe* decides to continue to make deliveries despite a default of the *Buyer*, the decision does not constitute a waiver of rights or in any way impairs the actions of *Knappe* to collect the debt.

Any addition or amendment to this document shall be binding only if made in writing and signed by a duly authorized representative of *Knappe*.

### **Article 16. Patents**

For all products manufactured with specifications or drawings provided by *Buyer* or using designs created at *Buyer's* expense, *Buyer* agrees to assume the defense of any patent infringement or claim for disclosure in any proceedings against *Knappe* in a lawsuit.

The *Buyer* shall indemnify *Knappe* against such liability.

If the *Buyer* requests *Knappe* to manufacture products for which the *Buyer* holds the license, *Knappe* shall be authorized to manufacture products under the *Buyer's* license and shall be subject to the terms of such license.

The *Buyer* is responsible for the payment of all royalties and all notifications to its eventual licensor in all relevant contexts.

### **Article 17. Rights**

All patent rights, copyrights or other similar rights in relation to the products relating to this document or a development thereof are vested in *Knappe*, unless otherwise stated in writing.

### **Article 18. Ownership**

The transfer of ownership of the sold products, machines is subject to full payment of the price on the due date by the *Buyer*.

Therefore, *Knappe* reserves the right of ownership of the goods until full payment of the price in principal and secondary matter; any contrary clause, in particular in the general terms and conditions of purchase of the *Buyer*, shall be deemed unwritten.

Until such payment, *Knappe* may require the *Buyer* to store the products in such a way that it is clear that the product is the ownership of *Knappe*.

If the *Buyer* incorporates the product in such a way that it becomes part of other products processed, manufactured or otherwise formed by the *Buyer*, the products delivered by *Knappe* remain the ownership of *Knappe* without restriction, notwithstanding their incorporation. The *Buyer* may be requested to mark the goods of *Knappe* - contained in the new products - as ownership of *Knappe*.

The *Buyer* undertakes to insure the goods sold under retention of title at his own expense. As soon as a deadline or a contractual obligation has not been met, *Knappe* reserves the right to cancel the sale after an 8-day notice of default which has not been complied with. If *Knappe* so wishes, *Knappe* may take back the products immediately and without any special formalities, without prejudice to

any damages and thus indebted costs. After return or resumption of the said products sold under retention of title, *Knappe* shall be entitled to resell them; from the receipt of this assignment the amounts owed by the buyer as well as all costs incurred by the resumption and assignment of the goods shall be deducted. In the event of damage to the goods, *Knappe* is entitled to demand payment of compensation to cover the costs of repairing the damaged goods. In the event that *Knappe* has authorised the *Buyer* to resell the goods subject to retention of title, the *Buyer* undertakes to inform the Sub-Buyers of the retention of title clause and to notify *Knappe* of the assignment so that *Knappe* can exercise its rights or claim the resale price from the Sub-Buyer in accordance with article L. 621-124 of the French Commercial Code.

The *Buyer* may be required to assign to *Knappe*, after prior notice, any claims the *Buyer* may have against the Sub-Buyer.

The *Buyer* must take all necessary measures to ensure the assignment.

In such cases, the *Buyer* undertakes to provide *Knappe*, upon simple request, with the names, addresses and the balance due from the Sub-Buyers.

The functions, characteristics of the new products are at all times the sole responsibility of the *Buyer*, whether before or after the integration of the products of *Knappe*.

It is hereby agreed that the *Buyer* shall bear all risks of loss and/or damage to the Product at all times. The liability begins when the product is handed over to a carrier regardless of the conditions of ownership.

All costs and expenses in connection with taking back the product or collecting *Knappe's* claims or the intervention of third parties shall be borne by the Buyer.

In the event of damage to the products taken back, *Knappe* is entitled to demand that the customer pay compensation to cover the costs of repairing the damaged products.

#### **Article 19. Limitation Period**

All rights and actions of the Buyer against *Knappe* shall become statute-barred one year after delivery, regardless of their legal basis, unless otherwise agreed upon in writing by contract. However, the French statutory periods of limitation continue to apply, and cannot be deviated from by contract.

#### **Article 20. Cancellation**

Buyer shall not be entitled to cancel contracted supplies without Seller's permission. In case of cancellation of

the order by the buyer, the amount of the deposit remains acquired to *Knappe Composites SAS*, without prejudice to additional damages. A cancellation fee of minimum 40% of the order value is due to *Knappe Composites SAS*.

#### **Article 21. Amendments to the General Terms and Conditions of Sale**

Any addition or modification of these general terms and conditions of sale will be provided in electronic written form. Modifications are applicable automatically and immediately with the exception of ongoing contracts for which they apply 10 days after submission if the customer has not disagreed in writing.

#### **Article 22. Jurisdiction and applicable law**

Only the courts of the principal place of business of *Knappe* shall have jurisdiction over all disputes, which may arise between the parties in relation to the interpretation and execution of this agreement. All disputes shall be governed by French law. The application of the referral rules of private international law and the United Nations Convention on Contracts for the International Sale of Goods shall be excluded hereby.

These general terms and conditions of sales shall be governed by and construed in accordance with French law.

The parties hereby submit to the jurisdiction of the French court, unless otherwise agreed in writing by contract or chosen by *Knappe*.

#### **Article 23. Severability clause and valid version.**

Should any individual provisions of these general terms and conditions of sales be invalid or unenforceable, or become invalid or unenforceable after the conclusion of the Contract, the validity of the remaining provisions of these general terms and conditions of sales shall not be affected. Any invalid or unenforceable provision shall be replaced by a valid and enforceable provision which comes closest to effecting the economic objective pursued by the contracting parties with the invalid or unenforceable provision. The above provisions shall also apply in the event that there are any omissions in the Contract.

In the event of a contradiction between the German, English and French versions of these General Terms and Conditions of Sale, the French version shall prevail.

**These General Terms and Conditions of Sale shall take precedence over any general conditions of purchase or general terms and conditions of business specified by the Buyer.**