

General Sales and Delivery Terms and Conditions

These General Sales and Delivery Terms and Conditions (hereinafter referred to as the GSDTC) contain the rules applicable to the legal relationship between RATH Hungária Kft. as Seller (also referred to as the Service Provider) and the partner contracting with the Seller as Buyer (also referred to as the Customer). Any provision contained in any order or other document deviating from this GSDTC shall be valid and effective only if expressly accepted by both parties.

Offer and prices

1. The Seller's offer shall be valid for 30 calendar days from the date of such offer unless agreed otherwise in writing or indicated otherwise by the Seller in its offer.
2. The specified prices shall be applicable if goods are duly received and taken over on the Seller's premises at H-1106 Budapest, Porcelán u. 1. Prepaid deliveries shall be subject to separate agreements.
3. The total or partial cost of any sample piece that is needed to be prepared may be invoiced separately at the Seller's discretion

Contract conclusion

4. Unless agreed otherwise, the Seller shall be bound by the received assignment/order only if such has been confirmed in writing.
5. Should the Buyer provide the Seller with any design or sample, the Buyer shall bear responsibility to the Seller for the use, not infringing the rights of any third party, of such design or sample. Should the Buyer violate this provision, it shall hold the Seller harmless for any claim that may arise on the part of a third party. Furthermore, the Buyer shall be responsible for the technical correctness, entireness, completeness and usability of the provided design or sample. Unless agreed otherwise in writing, the Seller will not review any design even if it may send some professional recommendations to the Buyer. Except for faults and defects attributable to its own conduct, the Seller shall not be held liable for any fault or defect of such products or services that were delivered on the basis of this design or sample.

Moreover, the Seller shall not be responsible for the Buyer selecting and buying a product – out of those being on the Seller's offer – that is not the most suitable for the intended purpose or whose durability and useful lifetime for the given purpose is reduced because of its composition or any other feature.

6. Any additional cost arising from the subsequent alteration of the design, sample or the order shall be charged separately.

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7. For production technology reasons – the risk of breakage, in particular – the Buyer is obliged to duly receive and take over, as well as pay for such number of goods that is different from the quantity ordered.

In the case of standard goods, if the ordered quantity differs from any of our standard multipack quantities (whole pallet, boxed goods, etc.) and we can deliver quantities different from our standard multipacks (for example, a smaller number of bricks or bags on the pallet), the Seller shall charge a packaging cost for opening the packaging or repackaging. Goods packed in bags or buckets cannot be sold in fractional units.

In the case of custom-made products manufactured upon a unique order, the Buyer is obliged to receive and take over 5% more if over 100 pieces are ordered; up to a deficiency of 2%, the order shall be regarded as duly fulfilled.

The following maximum deviations (tolerance) apply to orders involving 100 pieces or less:

Quantity ordered (pcs)	Tolerance (pcs)
1 - 3	+ 1
4 - 6	+ 2
7 - 9	+ 3
10 - 70	+ 4
71 - 100	+ 5

Deadline of delivery

8. Unless a specific date is specified, the period up to delivery shall commence at the time when all details of the relevant contract have been defined by mutual agreement. In the case of definite-period but indefinite-quantity assignments or contracts (framework assignments or contracts), the quantity and the deadline of delivery may be determined separately for each delivery. The period up to the deadline of delivery shall not include the time during which the Seller is unable to manufacture the products due to the Buyer's fault (e.g. due to faults or defects in the design, other amendment of the order, etc.).

9. Unless agreed otherwise, the Seller is entitled to deliver partially.

10. The Seller may modify the deadline of delivery or may renounce the delivery in part or in full if production or delivery is hindered due to force majeure or external circumstances not attributable to the Seller (including in particular but not exclusively: strike, shortage of labor, a supplier's incapacitation, shortage of raw material or energy, breakage or misfire, elemental damages, etc.). The Buyer is not entitled to claim from the Seller direct or indirect,

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consequential damages arising from the Seller's delay in or failure of delivery, except for the cases of intentional breach of contract or when such breach of contract has impaired human life or health or bodily integrity.

Production and delivery

11. The Seller's products shall be subject to the tolerance limits that are specified by the Seller, for example, on the product information or data sheets, especially with regard to deviations in terms of size or shape. Any other values/characteristics indicated on the product information or data sheets are values for guidance only. The characteristic features do not constitute guaranteed values unless expressly confirmed by the Seller in writing; in any other case the Seller's samples – and the technical features of the samples – should be regarded as guidelines only except for such technical features that are guaranteed by the Seller in writing. This agreement shall not be deemed as a sample-based sale and purchase; the specific technical specifications of the products are contained in the design that is jointly prepared by the parties, and in other technical documentation.

12. To the testing of the products, such methods of inspection shall be applicable that are regularly used by the Seller and are based on European industrial norms (EN) and standards. The quality assurance of refractory materials is realized in the form of a statistical quality assurance exercise that is regularly executed on the Seller's production site. The quality certificates issued about these tests are freely available to our customers (Declaration of Conformity, Non-Specific Inspection Certificate). Any itemized and specific inspection over and beyond these shall be subject to a separate written agreement, with the related costs to be borne by the Buyer. The Quality Certificate or Quality Confirmation about the materials testing conducted by the Seller shall be issued for the Buyer subject to a separate agreement and the payment of the related costs. The quality test conducted by the Seller shall not mean a replacement for the Buyer's obligation to inspect and complain, if applicable.

13. Unless agreed otherwise, the molds necessary for the production of the forms shall remain owned by the Seller even if the cost of their fabrication is borne, either in part or in full, by the Buyer. Wooden molds are retained for two years, metal molds for five years, from the date of the first delivery (receipt). The Seller shall treat the models, molds and casts given by the Buyer in a professional and workmanlike manner but the Seller shall not be held liable for their loss and damage. Should the molds and casts need any repair, the related costs shall be borne by the Buyer.

14. Any delivery shall be deemed as completed and the risk of accidental damage shall be transferred to the Buyer (even if pre-paid delivery is stipulated) when the goods leave the Seller's production site. The Seller shall take out a consignment insurance only if the Buyer expressly requires it and undertakes to bear the costs thereof, and the parties explicitly agree on this in writing. If the goods are delivered with the involvement of a freighter or transporter, any and all damages or a delay, etc. caused by such freighter or transporter shall be devolved to the Buyer regardless of whether the Seller has assisted in the arrangement of

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such freight or transportation. The Buyer shall pay the cost of freight/transportation to the freighter/transporter unless the parties agree otherwise.

15. Should the products, being ready for delivery, remain with the Seller for reasons beyond the Seller's control, or should the products remain unreceived either by the freighter/transporter or the Buyer directly for reasons beyond the Seller's control, the continued storage by the Seller of the ordered products shall be deemed, without any other legal act, as a service of "on-site storage". The products shall then be stored at the Buyer's cost and the related responsibility shall be laid upon the Buyer, with the cost of storage being equal to 1.25% per day of the total net price of the ordered products, or an amount being equal to 10% of the total net price of the ordered products, at the maximum.

This cost shall be payable for the storage of the products from the 9th day after the date on which the ordered products should have been duly received (after the date of receipt of the Advice of Readiness as specified in Section 17 herein). The Seller is entitled to raise an invoice for the cost of storage at the time when the products are actually taken over, so thereby the Seller's right to claim due receipt of the products shall not be affected.

16. Should the Buyer fail to take over the products – for reasons beyond the Seller's control – within 30 days from the ultimate deadline specified for due receipt, the Seller shall not be obliged to store the products any more. In the case of products unpaid by the Buyer – with special regard to the fact that the Seller retains title (ownership) until the total price is paid – the Seller may decide to destroy or utilize the products in any other way. In this case, the Buyer shall be held liable for any and all consequential damages towards the Seller that may have arisen from the Buyer's failure to take over the products.

Cost calculation and payment

17. Invoices – even in the case of partial deliveries/performances – shall be issued on the date of delivery. Should the Buyer fail to receive and take over the products ordered by and manufactured for the Buyer within 2 weeks from the deadline specified for order confirmation, an Advice of Readiness, i.e. a notice, shall be sent by the Seller about being ready for delivery. Should the Buyer still fail to take over the products within three more business days, Sections 15 and 16 of this GSDTC shall be applied.

18. In order to determine the quantity, i.e. the weight of products delivered and to be paid for, an industrial scale shall be used, and the number of pieces ordered and delivered shall be cross-checked. In the case of standard products, the weight shall not be determined for each and every pallet, but the data of pallets of the same type as stored in the Seller's electronic database shall be used. The Buyer – or the freighter/transporter, if used – is obliged to submit their quantity-related complaints in writing, at the time of due receipt. No weight-related or quantity-related complaints shall be acknowledged at a later time.

19. Standardized packaging shall mean the usage of EUR-pallets and shrink foils. Any packaging over and beyond this shall be subject to extra charges.

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20. In the case of late payment, default interest shall be charged pursuant to Paragraph (1) of Article 6:155 of the Hungarian Civil Code. The rate of such default interest shall equal to the official interest rate set by the National Bank of Hungary and valid on the first day of the calendar half-year relevant to the late payment – if the amount of payment is denominated in a foreign currency, then the official interest rate of such currency as set by the relevant issuing bank, or lacking this, the money market rate of interest – plus eight percentage points.

In case the Buyer's financial status deteriorates or the Buyer falls into any kind of payment default – even if due to another contract – the Seller is entitled to make the deliveries subject to the provision of security, or withhold the products, either in part or in full, until the fulfilment of such payment obligations, or withdraw from the contract without setting any additional deadline if the period of payment default is longer than 30 days. Such withdrawal shall terminate the contract between the parties. In this case, the parties are obliged to restore the original conditions. Should the Seller suffer any loss or damage due to the above-mentioned withdrawal from the contract, the Buyer shall compensate the Seller for such loss or damage.

21. Any and all payments shall be made to the bank account specified by the Seller.

22. The title to the goods shall remain vested in the Seller until payment of the total price. Until the transfer of such title, the Buyer is not entitled to put the goods in pledge or give them as security to a third party, or encumber or transfer them in any other manner, except for the cases set forth in Section 23 herein. The Buyer is obliged to notify the Seller immediately if a third party takes possession of the goods held with a retention of title. In case the Buyer has defaulted in payment, the Seller is entitled to freely dispose of the goods held with a retention of title. When the Seller's retention of title is exercised, the Buyer shall return the goods without any condition whatsoever upon the Seller's demand.

23. The Buyer is entitled to resell the goods for adequate compensation in its normal course of business – also with a retention of title – as long as the Buyer is not in a payment default. In the case of such resale, the Buyer shall notify the new buyer of not holding title to the goods, so the new buyer may acquire title to the goods only if such title has already been acquired by the Buyer first. Pursuant to Article 6:193 of the Hungarian Civil Code, the Buyer shall assign to the Seller the total price payable to the Buyer because of this resale, as well as any and all other claims that may arise at this time. The claim so assigned to the Seller shall serve as security up to the value of goods sold with a retention of title. The Buyer is obliged to notify the Seller if the Buyer has sold the goods held with a retention of title according to this Section. The Buyer shall inform the Seller of the third-party debtor's (i.e. the new buyer's) name (company name), (residential or officially registered) address and the amount of claims, as well as any data that may help the clear identification of the assigned claim – in particular but not exclusively, the date, title and registration number of the contract, if any, the number, date and payment deadline of the invoice issued, etc. – and shall provide the Seller with the informative letter about the assignment that the Seller can use for the notification of the new buyer of such assignment. In the case of the Buyer's default in payment, the Seller is entitled to inform the third-party debtor (i.e. the new buyer) about the assignment, and enforce such assigned claim.

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The Buyer expressly agrees that the Seller is entitled to provide the new buyer with the Buyer's statement of assignment, and that the new buyer is entitled to regard such – considering that it comes from the Buyer as assignor – as notification under Article 6:197 of the Hungarian Civil Code. The parties agree that the Buyer's payment obligation remains in force despite the assignment unless the Seller's total claim, including the principal amount, interest and other charges, is fulfilled by the new buyer through the assignment. Should the Seller receive from the new buyer a payment that exceeds the amount of the Seller's total original claim, the Seller shall settle accounts with the Buyer.

Guarantees and responsibilities

24. Deviations from the standard sizes and product characteristics shall be acceptable with the tolerance limits set forth in the offer or the product information and data sheets. No product shall be deemed to be deficient if the relevant values are in compliance with the specified tolerance limits.

25. The Seller shall be responsible only for such product quality characteristics (product features) that are specified with physical or chemical values on the product data sheets, or are statutorily stipulated. Over and beyond this, the Seller shall not be held liable for other characteristics of the products, including – in particular but not exclusively – their durability in view of the fact that some products may have different durability in the Buyer's various processes and applications. The Buyer is therefore obliged to review the usability of the products in its own specific processes and application environment using inspection and test equipment, at its own cost and upon its own responsibility, and to select and order the products accordingly. The option to choose from the various products, and the responsibility for such choice, shall be with the Buyer even if the Seller recommends a certain product or gives professional advice.

26. With respect to other product characteristics, the Seller may be held liable for the usability of the products in the Buyer's specific processes and applications only if the Seller has been separately engaged with the provision of engineering (design) services for a separate fee. In this case, the parties agree in the relevant contract which other product characteristics, and to what extent, the Seller shall warrant. In the case of a simple, either written or oral, professional advice given to the Buyer – considering that the Seller cannot conduct the entire engineering procedure – the Seller shall not take any responsibility whatsoever for the design and choice of the products, as well as their Buyer-specific usability, and shall be responsible for the products only pursuant to Section 25 herein. When requesting advice, the Buyer shall expressly accept and acknowledge this.

27. Unless agreed otherwise in writing, the Seller shall not undertake any guarantee for any other technical feature or the durability or the operating (machine) hours of the products, and since these features do not constitute contractual requirements, no warranty obligation is attached thereto unless stipulated otherwise by a cogent statutory regulation.

28. Any and all obvious faults, defects and deficiencies (especially if in terms of quantity, size or shape) shall be reported to the Seller immediately upon delivery, while other faults, **RATH Hungária Tűzálló Kft.**

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defects and deficiencies shall be announced without delay and in writing after their detection. Warranty-related claims – in the case of proper installation and purposeful usage – may be enforced within 12 months after delivery.

The Buyer may be entitled to explicit guarantee if such is expressly undertaken by the Seller in writing or stipulated by a statutory regulation.

29. Should a portion of the delivered products be defective, the Buyer shall not be entitled to regard the entire delivered set of products defective and refuse the takeover.

30. In the case of materials deliveries, the Seller shall fulfil its warranty obligations through free-of-charge additional deliveries (product replacements), or through free-of-charge repair/installation if the Seller has also undertaken the related implementation.

31. The Seller shall be held liable for damages arising from its own late delivery/performance (indemnification, remuneration supplement, consignment unloading, default penalties and similar) only to a limited extent. The Seller's indemnification obligation arising from a deficient delivery/performance may not exceed 5 percent of the price of the defective products, over and beyond the total price of the defective products if the Seller is unable to replace or repair them. The Buyer shall expressly accept this limitation on the Seller's indemnification obligation.

32. Upon the Buyer's request, the Seller is entitled but not obliged to have the criticized defects inspected by a specialized inspection and test company. Should this inspection fail to justify the criticized defect/warranty claim, the Buyer cannot enforce its right for warranty, and shall bear the costs of such inspection. This does not constitute transfer of the Buyer's warranty-related burden of proof to the Seller.

33. Should the Seller help the Buyer's construction management team with its own personnel during installation or putting into operation, the Seller shall only be responsible for the selection of professional expert personnel and the provision of professionally correct advice. In terms of construction management, the Seller provides only advisory and consulting services, and shall not be held liable for any damage that may arise during the installation of the products. Any claim over and beyond this – especially any claim for indemnification – shall be precluded except for the cases of intentional breach of contract or when such breach of contract has impaired human life or health or bodily integrity.

34. Should the staff of the Seller or any of its subcontractors work on the Buyer's worksite or premises, the Buyer shall be responsible for providing the entering staff with the occupational safety and fire protection education that is applicable to the given worksite, and for fulfilling the related administrative and other duties. The Buyer shall specifically draw the attention of such staff in writing to the special occupational safety and fire protection regulations that are applicable to the given worksite, and to the special workplace safety gear mandatory on the given worksite. For any and all damages arising from the Buyer's failure to comply with the obligation contained in this Section, the Buyer shall be held liable.

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The Buyer hereby accepts that if the Seller or its subcontractor observes that entry to the worksite is unsafe, then they will leave the worksite without any notification to this end and suspend the works for as long as the worksite remains unsafe. In this case, the Seller shall not be held liable for any damage or legal consequence whatsoever that may arise from a resulting delay or may be caused by other reasons.

General provisions

34. With respect to any and all legal disputes arising from the contract concluded by and between the parties, this GSDTC, as well as any and all related legal statement, the parties shall agree on the exclusivity of Hungarian jurisdiction and the applicability of Hungarian law. The United Nations Convention on Contracts for the International Sale of Goods (CISG) shall be precluded.

35. Any regulation other than these general sales and delivery terms and conditions – in particular, the Buyer's business regulations, general contracting terms and conditions, etc. – shall become valid and applicable subject to the Seller's express, prior and written consent.

Budapest, 25 May 2018

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