

BUDGETARY QUOTE

COVER MATERIAL FOR PASSPORTS

Republic of Ecuador



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1. Product specification

1.1. Burgundy red cover material

According to attached annex:

Cover material:	<ul style="list-style-type: none"> - Synthetic base - Resistant to humidity, perspiration, deterioration, wear and tear - High quality heat, sweat, damp and chemical resistant material - Textured surface - Suitable for foil blocking (e.g. golden foil embossing)
Cover dimensions:	<ul style="list-style-type: none"> - 2-up format, 190 x 270 mm (a 2up Cover consists of two passports)
Cover specification	<ul style="list-style-type: none"> - Securalin 13pt - Color: Burgundy red - UV print according to existing design (the texts "ANDEAN COMMUNITY" and "REPUBLIC OF ECUADOR" PASAPORTE REPUBLICA DEL ECUADOR PASSPORT REPUBLIC OF ECUADOR PASSEPORT RÉPUBLIQUE DE L' EQUATEUR) in yellowish green color - Linen emboss
Cover embossing	<ul style="list-style-type: none"> - Gold foil - Design according to customers input - image of the National Shield of the Republic of Ecuador, texts "PASSPORT", "PASSPORT" and "PASSPORT"(In Spanish language, English, French) and ePassport logo

1.2. Green cover material

According to attached annex:

Cover material:	<ul style="list-style-type: none"> - Synthetic fiber - Resistant to moisture, perspiration, wear and tear - High quality heat, sweat, damp and chemical resistant material - Textured surface - Suitable for foil blocking (e.g. golden foil embossing)
Cover dimensions:	<ul style="list-style-type: none"> - 2-up format, 185 mm x 265 mm + 0.5 mm (a 2up Cover consists of two passports)
Cover specification	<ul style="list-style-type: none"> - Securalin 13pt - Color: Green pantone 5535C - Linen emboss



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2. Price information

Description	Amount	Per unit	Total
Burgundy red cover material for passports in 2up format (for the production of 826.000 passports) <ul style="list-style-type: none"> According to attached Annex - Technical specification Delivery in 190 x 270 mm 2up format mm (one 2up equals two passports) Burgundy red color Foil blocking (hot foil stamping with golden foil) UV print 	413.000 2-UP FORMAT	1,08	446.040,00 USD
Green cover material for passports in 2up format (for the production of 19.000 passports) <ul style="list-style-type: none"> According to attached Annex - Technical specification Delivery in 185 mm x 265 mm + 0.5 mm 2up format mm (one 2up equals two passports) Green pantone 5535C 	9.500 2-UP FORMAT	0,7521	7.145,00 USD
	Total		<u>453.185,00 USD</u>

2.1. Requirements

- Cover embossing design to be provided by the customer
- Technical drawing of position and dimensions of cover embossing to be provided by the customer
- We reserve the right to have deviations in quantity Incl. travel expenses, flight costs, board and lodging \pm 5%.
- All prices are CIP Airport Quito (Incoterms 2020).
- FAT at Mühlbauer facility in Roding for 2 persons of IGM
- 5 man-day(s) (8 h per man-day)
- Incl. travel expenses, flight costs, board and lodging.

2.2. Delivery plan (Delivery in batches)

- 1st Batch: 30.000 2ups "red material" (60.000 Passports) = delivery 45 days after reception of Purchase order
- 2nd Batch: 30.000 2ups "red material" (60.000 Passports) = delivery 55 days after reception of Purchase order
- 3rd Batch: 60.000 2ups "red material" (120.000 Passports) = delivery 85 days after reception of Purchase order
- 4th Batch: 60.000 2ups "red material" (120.000 Passports) = delivery 115 days after reception of Purchase order



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- 5th Batch: 233,000 2ups "red material" (466.000 Passports) and 9.500 2ups "green material" (19.000 Passports)
= delivery 200 days after reception of Purchase order

3. Annex - Technical specifications

3.1. BORDEAUX RED COVERS

MATERIAL: Made with synthetic base, resistant to humidity, perspiration, and deterioration due to normal use of the electronic Passport

COLOR OF THE BORDEAUX RED COVERS:

The color of the COVER must be the same as the current Ecuadorian ordinary Passports. Reference colorimetry: Bordeaux red.

COVER:

PRINTING WITH UV SECURITY INK: Random printing of texts with invisible ink that responds yellowish green under ultraviolet (UV) light. Reaction under a handheld UV lamp at a distance of 5 cm at a long wave should allow the texts to be clearly seen indoors in normal artificial lighting, without UV lamp lighting, the ink should not be visible at all.

Only on one cover side, it will be stamped done using pressure and heat (hot-stamping system), according to the following detail:

GOLD STAMPED: Ordinary Passport: In the upper central sector the texts "ANDEAN COMMUNITY" and "REPUBLIC OF ECUADOR".

In the central sector with a measure of approximately 5 cm x 6 cm, the image of the National Shield of the Republic of Ecuador will be stamped.

Under the Shield, the texts "PASSPORT", "PASSPORT" and "PASSPORT". (In Spanish language, English, French), plus the ePassport logo at bottom center.

Cover material and gold stamping

RESISTANCE TO HEAT: it will withstand the lamination operation of the internal data page of the passport at a temperature of 180°C, from such that the COVER material and the visible and/or invisible impressions they contain are not affected.

ADHESION: It will provide perfect adhesion with the inlay back cover, making it impossible to delaminate without the destruction of cover or back cover.

FORMAT: The measurements of the COVER will be: 190 mm x 270 mm, corresponding to a "2UP" assembly, that is, each COVER is used to assemble two passports, so it will contain two gold prints (one for each passport).

The assembly diagrams and cuts that will be made during the passport production process that are necessary for the correct location of the gold stamping will be delivered to the supplier.

TEXTURE: The texture of the cover will be the same as that of the current Ecuadorian electronic passports, in addition it should be taken into account that this texture is not grainy but rather maintains an aspect analogous to the texture of the thread cardboard (such as that of the electronic passport current). This texture should not lose its characteristics when exposed to lamination (180° C).

Image 1. Referential Texture

OTHER CHARACTERISTICS: It must withstand the assembly processes of passports, that is: Gluing, pressing, folding or folding when forming the booklet, setting of the spine (application of pressure and temperature to the spine to give it a square shape, and thus improve folding), die-cutting (give it the final shape in size and rounding of the corners with a radius of 3.18 mm ± 0.30 radius by means of a die cut). During these processes, the cover should not suffer detachments, cracks or openings in its composition.

COVER will be resistant to heat, friction, sweat, moisture, tearing, light and common chemicals (under normal conditions of use).



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It will maintain hardness and high resistance to heat because it is made of a polymer similar to that of the current Ecuadorian electronic passport.

The cover will be suitable for passport lamination equipment such as the: Mühlbauer Identifier 60 Printer.

3.2. COVER COLOR PANTONE GREEN 5535C

FEATURE SPECIFICATION

MATERIAL: Made of synthetic fiber, resistant to moisture, perspiration, and wear and tear.
normal notebooks.

COLOR OF THE COVER: The color of the COVER must be the same as the land crew and Seafarers' notebooks.

Colour: Pantone Green 5535C

HEAT RESISTANCE: The cover material and the gold stamping will withstand the operation of lamination of the internal data sheet of the notebooks at a temperature of 180°C, in such a way that the material of the COVER and the visible impressions and / or invisible that contain not affect.

ADHESION: It will provide perfect adhesion with the smooth ivory cardboard back cover by means of cold glue, making it impossible to delaminate without destroying the cover or back cover.

FORMAT: The measurements of the COVER will be: 185 mm x 265 mm + 0.5 mm, corresponding to a "2UP" assembly, that is, each cover is used to assemble two booklets.

TEXTURE: The texture of the cover will be the same as the current land crew and Seafarers notebooks, it should also be taken into account that this texture is not grainy but rather maintains an aspect analogous to the texture of the cardboard of thread (such as the passport ord current inary). This texture should not lose its characteristics when exposed to lamination.
(180°C).

OTHER CHARACTERISTICS: It must support the assembling processes of the land crew and seafarers' books, that is: gluing, pressing, folding or folding when forming the booklet, seating the spine (application of pressure and temperature to the loin to give it a square shape, and thus improve folding), die-cutting (give it the final shape in size and rounding of the corners with a radius of 3.18 mm ± 0.3 by means of a die cut).

During these processes, the cover should not suffer detachments, cracks or openings in its composition.

Cover will be resistant to heat, friction, sweat, moisture, tearing, light and common chemicals (under normal conditions of use).

It should be considered that the cover will enter production processes for the manufacture of land crew notebooks and seafarers' notebooks, where the foil will be applied (gold leaf - heat application).

The cover must be suitable for passport laminating equipment such as: Model 6040-P Thermal Laminator Laminating Corporation Evansto, among others.

PARAMETERS	UNITY	TESTING METHOD	VALUE	TOLERANCE
Weight	g/m ²	BS/EN ISO536:2012	305	+/-15
Thickness	µm	BS/EN ISO534:2011	345	+/-45
Traction Force	N/15mm	BS/EN ISO 1924-2:2008	MD 175 CD 120	MD+/-15CD+/-20
Resistance to delamination	mN	-----	MD 3.750 CD 3.125	MD+/-250CD+/-375
Extension at break	%	BS EN ISO 1924-2:2008	MD 5,5 CD 8,5	MD+/-0,5CD+/-0,5
Rending Force	mN	BS EN 21974:2012	MD 2.925 CD 2.925	MD+/-325CD+/-325



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Gloss Level	-----	CL	25	+/-5
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4. Project Related Terms

Additional Terms of Delivery

COVID-19 (Coronavirus SARS-CoV-2)

In case a service intervention commissioned by the Buyer is demonstrably impaired by the enactment of local legal provisions and regulations as a result of the Covid 19 pandemic, the Seller reserves the right to charge any related costs due to the impairment (the respective hourly/daily rates of the Seller shall apply). Impairment shall mean but is not limited to when an assigned service engineer has to go into quarantine in the Buyer's country on the outward journey or if he has to go into quarantine in his home country on the return journey.

The Buyer shall settle such invoices within 15 calendar days.

5. Special Offer Conditions

Price

The prices are understood CIP International Airport Quito/Ecuador (INCOTERMS 2020) excluding the legal value-added taxes (VAT), withholding taxes (WHT), customs and/or local import excise dues or any other applicable taxes, duties and fees effective on the date of delivery, incl. documentation in German or English language. We reserve the right to modify the prices until clarification of all details. Amendments to the order will be charged separately.

Taxes

The Buyer shall be responsible for payment of taxes and duties of any kind payable with respect to the purchase items arising out of or in connection with this offer. Without limitation, the Buyer will be responsible for all applicable sales taxes unless it first claims a sales tax exemption by providing the Seller with an exemption certificate acceptable to the applicable authorities. If applicable law requires the Buyer to withhold any taxes levied by the authorities in the Buyer's country of residence on the payments to be made to the Seller pursuant to this offer ("Withholding Tax"), the Buyer shall gross up the payments, as applicable, such that the payments to be received by the Seller shall be equal to the amounts owed in accordance with this offer prior to the levying of any Withholding Tax. The Buyer is responsible for obtaining and providing to the Seller any certificate of exemption or similar document required to exempt any sale from sales, use or similar tax liability.

Terms of Payment - for Hardware/Software and associated Services

- 70% of the total contract price will be invoiced with contract signature, payable within 8 calendar days from date of invoice without cash discount and before the first shipment.
- 30% of the total contract price shall be invoiced upon delivery (transfer of risks) payable in one amount without cash discount within 8 days after the last delivery of the 233.000 "2 ups".

All bank charges and commission fees of the bank of the Buyer will be borne by the Buyer.

Delivery Time

The delivery time for the specified "2 ups" can be found in the delivery schedule mentioned in Chapter 2.2 of this proposal.

Factory Acceptance Test (FAT)

FAT for Hardware/Software and associated Services

After completion of the hardware/software the Seller shall declare readiness for FAT to the Buyer. The FAT will be performed at the Seller's site under production-relevant conditions and will include tests for functionality, completeness and performance data of the purchased item(s). FAT is passed successfully with the Buyer signing of the FAT certificate.

Site Acceptance Test (SAT)

SAT for Hardware/Software and associated Services

After installation of the hardware/software at the Buyer's site, the Seller shall declare readiness for SAT to the Buyer. The general infrastructure for the SAT of the hardware/software must be prepared by the Buyer prior to installation of the hardware/software. SAT is passed successfully with signature of SAT certificate by the Buyer. SAT may not be unreasonably refused by the Buyer in case of any detected minor defects, which are to be remedied by the Seller within the scope of the warranty terms. The putting into operation of the hardware/software before successful SAT is at the Buyer's sole risk and responsibility and the Seller is not liable for any consequential or indirect damages accrued by the Buyer through the premature putting into operation of the hardware/software. SAT shall be deemed to have passed successfully, if the Buyer takes the hardware/software into use without signature of SAT. The production start-up of the hardware/software as well as thorough training of the Buyer's maintenance and operating staff is not part of SAT unless otherwise stated in this offer, but can be performed by the Seller's trained technicians according to the Seller's service and installation conditions.

Test Material

The necessary test material/data, if applicable, must be provided by the Buyer in sufficient time and quantity, as requested by the Seller. Unless otherwise agreed by the Buyer and the Seller, the test material must be sufficient for a minimum test run of five (5) hours FAT and five (5) hours SAT and must be delivered to the Seller site (freight, taxes and duties pre-paid) at least four (4) weeks prior to the scheduled test date set by the Seller. The test material provided by the Buyer for the FAT must be the same as for the SAT. The Buyer is liable for suitability and quality of the test material. Highly customized hardware/software may require additional test/sample material/data and will have to be agreed and defined separately between the Buyer and the Seller.

In case the Buyer is not able to provide the necessary test material for FAT in time, the Seller will provide its own test material. As the SAT is a repetition of the FAT, consequently the SAT shall be executed also with the test material of the Seller. The provided test material of the Seller shall be at the Buyer's expense. Any additional effort of adjusting the hardware/software to the Buyer's material after SAT is at the expense of the Buyer.



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Warranty

The Seller warrants that the purchase items are free from defects in materials, workmanship and design under normal use and comply with the specifications described herein. The warranty period for the purchase items starts on the date of each delivery. The warranty period for hardware/software expires after 12 months. The warranty period for blank ID documents expires after 12 months. Consumables and wearing parts are explicitly excluded from warranty unless otherwise provided in writing.

In case of payment delays any warranty rights are excluded until due payment obligations have been settled by the Buyer. The Seller reserves the right to terminate the warranty period ahead of schedule for hardware/software, where services/changes/modifications/alterations have been performed by personnel not authorized or certified by the Seller or where parts have been installed, which do not originate from the Seller. All further legal claims expire after a period of twelve (12) months from transfer of risk.

For low-value purchase items the place of performance for warranty claims is the principal place of business of the Seller. In such case of warranty claims the Buyer shall send the affected purchase items to the Seller's site and back again on its own cost and risk. If the warranty claims are legitimate, the Seller on its own cost will arrange the shipment of the repaired/replaced purchase item back to the Buyer on the basis CPT Buyer's principal place of business (INCOTERMS 2020).

Limitation of Liability

For direct damages and/or claims arising from the Seller's legal liability the Seller is responsible up to an amount not to exceed the price of the particular defective hardware/software or services. For damages to property the Seller holds suitable liability insurance. This limitation shall not apply in case of liabilities of the Seller, which are indispensable by applicable law, such as but not limited to damages to persons, intentional acts or gross negligence. The Seller is not liable for consequential, indirect, special or incidental damages, such as but not limited to loss of profit, loss of production or recall cost. As far as the UN Convention on Contracts for the International Sale of Goods (CISG) is applicable, the Seller shall be liable for damages only if being guilty in this respect.

Software License Conditions

By using the software the Buyer accepts the corresponding License Conditions. The Seller grants the Buyer a non-exclusive, non-transferable, revocable - until purchase price is fully paid - right for the use of delivered software. Revocation is always admissible if and in so far the Buyer is in default of payment and the Seller sets the Buyer an adequate deadline for paying the purchase price with reference to the consequences of revocation. Right of use is irrevocably granted after the agreed purchase price is fully paid.

Validity

This offer is not binding, valid for two (2) months from the date of issuance and replaces all former offers concerning this project. This offer becomes binding with the Seller's confirmation of order.

Applicable Law and Jurisdiction

In case the Buyer being a foreign customer, German law is applicable. In all cases, the exclusive court of jurisdiction for all claims arising out of or in connection with this Contract is the location of the Seller.



GENERAL TERMS AND CONDITIONS FOR DELIVERIES, WORK AND SERVICES

I. General

- The following conditions apply to all consultations, offers, sales, deliveries and services and to all current and future contractual relationships between Mühlbauer ID Services GmbH, its affiliates (hereinafter "Seller") and the Buyer, who is entrepreneur according to § 14 BGB (German Civil Code), exclusively. Conditions for purchasing of the Buyer, which are completely or partly contrary to the conditions of the Seller or the legal regulations, are hereby expressly disagreed. The following conditions also apply if the Seller carries out the deliveries or services in awareness of conflicting purchase conditions of the Buyer without reservations. The following conditions apply to all future business relations, even if they are not explicitly referenced and as far as the Buyer has known them or ought to have known due to a previous business relationship. For the scope of the deliveries or services the bilateral consistent written declarations shall apply.
- Verbal subsidiary agreements do not exist. Agreements, particularly between the representatives of the Seller, deviating from the conditions of the Seller in individual cases, are only binding with the confirmation by the Seller in text form.

II. Offer and conclusion of the contract

- Offers of the Seller are always without engagement, i.e. they merely constitute a request to the Buyer to give a legally binding offer. Contracts, even those at trade fairs or through agents of the Seller, only are entered in accordance with the written confirmation of order of the Seller and its receipt by the Buyer. Advertising documents and brochures of the Seller are not binding, and, in particular, are subject to modifications and errors. § 434 par. 1 sent. 3 shall remain unaffected.
- The Seller reserves the title and copyright for figures, drawings and calculations as well as for other documents. This also applies to those written documents, which are referred to as confidential. Prior to its transfer to a third person, the Buyer has to obtain the written confirmation of the Seller and the documents have to be returned upon request to the Seller.
- The configuration of the subject of the contract is exclusively described in the offers, confirmation of orders and the corresponding documents of the Seller, without being a guarantee according to § 443 BGB (German Civil Code), subject to par. 4.
- As far as guarantees are given by the Seller, this needs to be done expressly and in written form, and they shall not constitute guarantees according to § 443 BGB, but independent guarantee promises.

III. Deliveries and terms of delivery

- The Seller cannot be held responsible for delays if the Buyer does not or not in time fulfill its obligations to cooperate, particularly taking care of magisterial authorizations, implementation plans, documents for specification of the subject of the contract, clarification of all technical details, payment securities and down payments. If these obligations are not fulfilled in time, the delivery times will be extended accordingly plus an adequate starting time, unless the Seller is responsible for the delay.
- If, after conclusion of the contract, there are any indications that the ability of the Buyer is endangered, e.g. default of payment, suspension of payment, request for insolvency proceedings, chattel mortgage of current assets, unfavorable information of banking establishments, credit institutions or credit insurers, the Seller is entitled to suspend his services and to cancel the contract and/or to claim damages after an unsuccessful appointment of a date for providing security in the form of directly enforceable bank guarantee or advance payment. The appointment of a date is not applicable if the endangerment of the ability is obvious.
- Binding delivery dates have to be agreed upon always in written form. In case of separable deliveries the Seller is entitled to partial delivery and to early deliveries subject to prior written information.

- In the case of call orders, an adequate delivery date is deemed to be agreed, which is at least six weeks from the date of the call order. In case manufacturing or acceptance dates are not agreed, the Seller may ask for a binding fixing of it at the latest three (3) months after confirmation of order. If the Buyer does not comply with such request within two (2) weeks after posting a written notice concerning this matter, the Seller is entitled to set an additional respite of one week and after unsuccessful expiration of that period the Seller is entitled to claim damages and/or to cancel the part of the contract which has not been fulfilled. The same applies when, after expiry of the delivery date, the subject of the contract or parts thereof have not been accepted or have not been delivered due to a default of the Buyer.
- Delays, arising out of acceptance delays of the performed work at the agreed date on Buyer's side have to be notified in writing to the Seller at least one week before the agreed date. In case the Buyer defaults acceptance or culpably breaches other duties of cooperation, the Seller shall be entitled to claim for damages caused thereby, including potential additional costs. Further claims or rights shall remain reserved.
- As far as circumstances, not caused by the Seller, complicate, delay or make the fulfillment of accepted orders impossible (Force Majeure), the Seller is entitled to postpone the delivery, the partial delivery or the outstanding delivery for a period equal to the period of the obstruction or to cancel fully or partly the contract without a claim for damages by the Buyer. Force Majeure includes particularly e.g. magisterial intervention, refusal of necessary export approvals, war, revolt, terrorism, governmental acts, business disruption, strikes, lock out, epidemics, interruption of work due to political or economic affairs, shortage of essential raw or working materials, shortage in materials, difficulties with the energy supply, transport delay due to traffic congestion, power failure, acts of god or an inevitable event which affect the Seller, his subcontractors or foreign companies, of which the operations of the plant of the Seller is depending on. The antecedent is also valid if such events occur at a moment at which the Seller is in default. The Seller shall have the same rights if goods required for the order are not available, as the Seller has not been delivered by their subcontractors, although the Seller has concluded a matching cover transaction and the Seller is not otherwise guilty on this. The Seller shall be obligated to inform the Buyer when one of the above-mentioned circumstances occurs, and, in case of withdrawal, to reimburse without delay any considerations already made by the Buyer.
- The Buyer can only set an additional respite for delivery, if the agreed delivery date has been exceeded by more than two (2) weeks. This additional respite has to be adequate and last at least three (3) weeks. After unsuccessful expiry of the additional respite the Buyer is entitled to cancel the contract. § 323 par. 2 BGB shall remain unaffected. Any claim for damages against the Seller due to breach of duty shall be excluded within the scope of fig. IX.

IV. Prices and payment terms

- Unless otherwise agreed the prices for delivery are ex works (INCOTERMS 2020), exclusive packaging, shipping costs and all taxes, duties or levies payable under the applicable law. The Buyer is obligated to pay or reimburse the taxes, duties or levies that are imposed on the Seller or his subcontractors.
- If, after conclusion of the contract, any changes of the calculation base arise from higher labor and material costs, increase of statutory VAT or other circumstances, particularly technical based change in calculation, the Seller is entitled to increase the contract price in an adequate percentage to the occurred change of the calculation base.
- Unless otherwise agreed, invoices shall be paid due net in the agreed currency within 14 days from date of invoice. The legal regulations regarding the consequences of default in payment shall be applicable. In case of default in payment by the Buyer, the Seller shall be entitled to stop contractual services until the Buyer has settled the liabilities payable.
- Partial deliveries are charged at once and each of them are payable separately, irrespective of the completion of the total delivery.
- The Buyer only is entitled to charge up against the Seller, if the counterclaims are legally stated, undisputed or acknowledged by the Seller. Furthermore the Buyer is entitled to exercise a lien insofar as the counterclaim is based upon the same contractual relationship.



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V. Retention of title

1. The goods remain property of the Seller until all claims against the Buyer out of the business relationship have been fulfilled. With the conclusion of the contract the Buyer authorizes the Seller, on Buyer's expense, to enter or announce the retention of title in the required form and in accordance with applicable national rules in public registers, books or similar documents. The Buyer is obliged to give the Seller any assistance to enable him to take all necessary measures to protect its property. If the Buyer acts contrary to contract, particularly in case of payment delay, the Seller is entitled to take back the goods. The Buyer is obliged to surrender. By taking back the goods the Seller does not cancel the contract, unless the Seller would have made expressly a written declaration thereof. The distress of the goods by the Seller always means a cancellation of the contract. After taking back the goods the Seller is entitled for resale. The revenue is to be deducted from the liabilities - less adequate handling charges - of the Buyer.
2. The Buyer is obligated to take care of the goods; particularly, he is obligated to insure them sufficiently amounting to the replacement value at his own expense against water damages, fire losses and damages due to theft. Provided that maintenance and inspection operations are necessary, the Buyer has to carry them out in time and at its own expense. A fundamental relocation of the goods requires the prior written consent of the Seller.
3. The Buyer is entitled to resell the goods in a regular course of business; the Buyer transfers to the Seller all claims amounting to the grand total of the invoice (including VAT), which arise from the resale against third parties, irrespective of whether the goods have been resold without or with modifications. The authorization for collection of receivables also exists after assignment. The Seller's authority to collect the claim by himself will remain unaffected thereof. But the Seller commits not to collect the claims if the Buyer fulfils its payment obligations with the collected sales revenues, the Buyer does not fall behind with payment and particularly, there is no request for insolvency, composition or bankruptcy proceedings or suspension of payment. In these cases, the Seller is entitled to request that the Buyer discloses the conveyed claims and whose debtors, gives all necessary information for collection, hands out all corresponding documents and notifies the assignment to the debtors (third parties).
4. The processing or transformation of the goods always is carried out on behalf of the Seller. If the goods are processed with items, which are not owned by the Seller, he will acquire a co ownership share concerning the new item proportional to the value of the goods (invoiced final amount, including VAT) to the other processed item at the date of processing. This also applies for items resulting due to processing of the goods.

VI. Passing of the risk

1. The shipment of the goods is carried out by the Seller ex works (INCOTERMS 2020) at the risk of the Buyer. The same applies if the freight and other costs are at the expense of the Seller. The goods are insured by the Seller against transport damages only at the expressly written instruction and on account of the Buyer.
2. If pickup is agreed at the responsibility of the Buyer and not carried out within eight (8) days after the agreed date, the shipment will be carried out by the Seller for account of the Buyer using a type of shipment which seems to be economical to the Seller.
3. The risk passes with the handover of the customarily packaged goods to the Buyer, the first freight carrier or the forwarding agent. This also applies for separate partial deliveries and if the Seller has borne the forwarding charges.
4. If the shipment is delayed by request of the Buyer or in case of default of acceptance, the risk will pass with notice of readiness for shipment. In this case the storage of the goods is on behalf and at the expense of the Buyer.
5. Transport packaging, selling packaging, re-packaging and any other packaging according to the regulations about packaging will not be taken back, excepting pallets. The Buyer shall be obligated to arrange the disposal of the packaging at its own expense.

VII. Cooperation Obligations

1. The Buyer is obligated to make available to the Seller all information, documents, data, specifications and materials pertaining to the order which are necessary for the successful realization of the hardware/software and blank ID documents specifications. Furthermore, the Buyer is obligated to provide a suitable environment for the correct functionality of the hardware/software to be installed; this includes a suitable climate controlled indoor environment, a suitable electric power/compressed air supply and ventilation system, a proper environment for the software and a proper storage environment for the blank ID documents.
2. The Buyer is obligated to provide a Personal Computer with access to the internet and a telephone landline for the Seller's personnel performing installation, training and any subsequent service/maintenance/upgrades intervention within the scope of the warranty. If the Buyer does not purchase the hardware necessary to run the software supplied/sold by the Seller, the Buyer must provide the necessary hardware, free of charge, for the installation of the software. The Buyer is responsible for ensuring, that the hardware meets the requirements set forth and provided by the Seller for the installation of the hardware/software. The Buyer must appoint a contact person, who will be responsible for the project management at the Buyer's site. Software updates provided by the Seller must be installed by the Buyer without delay. The Buyer is also responsible for adequate backup of data.
3. The usage of the hardware/software and the blank ID documents/consumables shall be performed by the operators of the Buyer. The Buyer is responsible for the qualification and the quantity of his operators for the use of the purchased goods.
4. The Buyer is responsible for suitable quality assurance during production usage of the purchased good including but not limited to input control of utilized blank ID documents/consumables prior to usage of the purchased good and output control of produced material after usage of the purchased good.

VIII. Liability for defects

1. The Buyer has to inspect immediately the goods according to § 377 of the German Commercial Code (HGB) and to give immediately notice in text form to the Seller of any visible defects, particularly obvious ones. This obligation to give notice also applies if defects become visible at a later time. Giving notice shall be regarded as immediately if it is performed within two weeks, with the timely sending of the notice being sufficient for fulfilling the time limit. If the Buyer fails to notify the Seller in due time in writing, the goods shall be considered accepted in relation to these defects. Any liability due to fraudulent conduct shall remain unaffected.
2. If the goods have defects, the Buyer will be entitled to choose supplementary performance in the form of a removal of defects or delivery of an object free of defects. Replaced, defective parts shall be returned to the Seller and become the property of the Seller. The Seller is entitled to refuse the manner of the chosen supplementary performance, if it only is possible with disproportional costs. Place of performance is the place of the delivering factory in each case. For removal of defects it is to give reasonable time and opportunity to the Seller. The Buyer has to grant to the Seller access to the defective goods, including the disassembly and assembly, without cost to the Seller.
3. If the supplementary performance fails despite a repeated attempt, the Buyer will be entitled at its choice to require cancellation or reduction of the purchase price. The cancellation is excluded if the breach of duty by the Seller is insignificant.
4. The limitation period for claims due to defects is twelve (12) months, beginning from the delivery of the goods.
5. Operational life times for wear parts, such as cutting punches, stencils, milling cutters, bearings, consumables, metering devices and needles, contact equipment, etc. are binding only when they have been assured in writing. The Seller shall not be liable for defects caused by parts not supplied and delivered by him, modifications made without the written consent of the Seller, excessive strain, improper tools and material, faulty or negligent treatment, repairs carried out by the Buyer or third party in an inappropriate manner or for normal wear (especially wear & tear).



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IX. Liability for damages

1. For damages to life, body and health, and in case of willful intent or gross negligence, the Seller shall be liable in accordance with statutory provisions.
2. For damages based on breach of fundamental contractual obligations due to slight negligence, the Seller shall be liable according to statutory provisions, but limited to the amount of the contractually typical damage foreseeable when the contract was concluded. Fundamental contractual duties are the fundamental obligations resulting from the contract, whose fulfillment allows the contract to be properly executed, whose infringement endangers the fulfillment of the purpose of the contract, and on the compliance of which the Buyer regularly relies and may rely. Claims for damages resulting from a breach of non-essential contractual duties in case of slight negligence shall be excluded.
3. The Seller shall not be liable for indirect damages (consequential damages) such as loss of production, loss of profit, recall costs, etc.
4. An extended liability for compensation as provided in this fig. IX is excluded, regardless of the character of the asserted claim. This is also valid to personal liability for damages of appointees, employees, assistants, agents and servants of the Seller.
5. As far as the UN Convention on Contracts for the International Sale of Goods (CISG) is applicable, the Seller shall be liable for damages only when being guilty in this respect.

X. Intellectual property rights

1. The intellectual property rights concerning drafts, drawings, software, products, articles, equipments and any other new designed or developed items created by the Seller or by third parties instructed by the Seller, belong to the Seller, even if the Buyer has borne the expenses for this purpose.
2. The Buyer may use the provided drawings and plans from the Seller only for the intended purpose. The Buyer is not entitled to use the drawings and plans for any other purpose, particularly not for the reproduction of the supplies or parts of the supplies.
3. The Seller shall hold harmless, protect and indemnify the Buyer against any and all claims, costs, expenses or liability directly arising out of the alleged infringement or infringement of patent, copyright, trade secret rights in the Buyers' country and as a consequence of the use by the Buyer of the purchased goods in accordance with their technical specifications provided that the Buyer shall promptly notify the Seller in text form of any claim, that no claim may be made after a period of three (3) years from the date of delivery of the purchased goods giving rise to the claim, that the Buyer shall provide all information and give the Seller the opportunity to defend and settle under the responsibility of the Seller any lawsuit in this respect and that the Buyer itself shall refrain from making any admission, declaration or arrangement with the third party raising such claims. The Seller however is not liable for the infringement of intellectual property rights and other rights or patents, resulting from the Buyer's use of the goods against the instructions of the Seller. The same applies for infringements, which arise from process steps, used blank ID documents, unauthorized hardware/software modifications by the Buyer, the manufacture of endproducts outside the scope of intended purpose of goods as deemed appropriate/reasonable by the Seller and, but not exclusive, any type of criminal and/or illegal enterprise.

XI. Export Control

1. The legally binding conclusion of the Contract and Seller's obligation to fulfill the Contract is subject to the proviso that neither the conclusion nor the fulfillment is prevented by any impediment arising out of applicable national or international foreign trade and customs requirements or embargoes (or other sanctions).

2. The Buyer and the Seller must provide all information and documents necessary for the delivery (e.g. export, intra-community transfer, transfer (in-country), transit, import) and/or required by any competent authority or other state institution.
3. Delays due to export control inspections or official approval procedures shall invalidate deadlines and delivery times.
4. If the termination of the Contract is necessary to comply with national and international laws, the Seller is entitled to terminate the Contract without notice.
5. The Buyer shall not be entitled to claim damages or other rights for the non-conclusion of this Agreement or for any non-fulfillment or delayed fulfillment resulting from one of the above-mentioned impediments. In the event of termination, the claim for damages or other rights by the Buyer due to termination shall be excluded.

XII. Additional clauses

1. The use and the collecting of personal data will be handled in compliance with the applicable data protection laws. The Seller reserves the right to use the Buyer's personal data, which the Seller has received due to the contractual negotiations or execution of the contract, for advertising purposes of the Mühlbauer Group, for example sending an email newsletter. The Buyer may object to this use for advertising purposes at any time by notice to the Seller. German law shall be applicable.
2. The assignment of claims against the Seller to which the Buyer is entitled due to the business relation shall be excluded.
3. Unless otherwise stipulated in the order confirmation of the Seller, place of performance is the business location of the Seller.
4. Jurisdiction is for any of the contractual disputes, which arise directly or indirectly, the location of the Seller. The Seller reserves the right to submit any disputes to the general place of jurisdiction of the Buyer.
5. If one of the preceding conditions is ineffective, the effectiveness of the regulations about acceptance and these terms and conditions for the rest will remain unaffected thereof. Any clauses, becoming ineffective, will be replaced by new clauses, which achieve the equal economic success. As far as clauses have not become an integral part of this terms and conditions, the subject matter of contract insofar acts in accordance with the legal regulations.



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We hope that this offer will meet with your approval and assure you that any order will have our highest attention. If you have any question, please do not hesitate to contact us.

We are looking forward to your reply and remain

with our best regards

Mühlbauer ID Services GmbH



Thorsten Senne
Senior Sales Security

ppa.

Anton Brunner
Head of Document Solution

