

**General Terms and Conditions of Sale**

**for all businesses of the Dr. Schneider group**

**(*Allgemeine Verkaufsbedingungen*)**

The businesses of the Dr. Schneider group of companies consider the principals of the global compact of the United Nations to keep the human rights, to comply with the job norms and with the demand regarding the environment protection as well as to fight against corruption in the globalised world.

After saying that for all businesses of the Dr. Schneider group of companies the following general terms and conditions of sale apply:

**I.) General**

1. Our General Terms and Conditions of Sale apply exclusively. We shall only recognise deviating terms and conditions of sale or the purchaser's terms and conditions varying from our Terms and Conditions of Sale if we have specifically agreed their validity in writing. Our General Terms and Conditions of Sale shall also exclusively apply if we have carried out the delivery to the purchaser unconditionally, being aware of varying terms and conditions of the purchaser.
2. Our General Terms and Conditions of Sale shall also apply to all future transactions with the purchaser, in so far as they are legally binding transactions of a related nature. The particular version in force at the time of conclusion of a contract shall be decisive.
3. All agreements made between ourselves and the purchaser for the purpose of the carrying out are set out in writing in the contract; in this context the term "in writing" shall include a communication by means of fax, e-mail and remote data transmission (“EDI").

**II.) Offer, conclusion of contract**

1. Our offers shall not be binding, unless stated otherwise in the offer.
2. In as much as a purchaser's order is to be regarded as being subject to section

145 of the Civil Code (*BGB*) we can accept it within two (2) weeks.

1. Illustrations, drawings, and declarations of weights and measures in our offers shall be binding, insofar as they are not described or agreed specifically as being non-binding. Nevertheless these descriptions are not mark a guarantee of quality in terms of §443 BGB.
2. We shall retain rights of ownership and copyright in all documents, for example calculations, drawings, etc., passed to the purchaser in connection with the placing of an order. These documents may not be made available to third parties, unless we specifically grant the purchaser written approval for this. Inasmuch as no contract is concluded these documents shall be returned to us without delay.

**III.) Prices and payment**

1) Subject to a deviating agreement in written form, the prices shall apply „FCA named place of delivery“ according to the ICC-Incoterms as amended from time to time, currently „Incoterms 2010, excluding incidental delivery costs (packaging, transport, customs duties, transport insurance, etc.) and plus value added tax each at the statutory rate.

2) We shall charge packaging and transport at cost price.

1. Payment of the purchase price shall be made without any deduction, free of charges, and to the account detailed in the invoice. Deduction of discount shall only be permitted by prior written agreement.
2. Unless otherwise agreed, the purchase price shall be due within 30 days of the presentation of the invoice. Default interest shall be charged at a rate of 8 % per annum above the base interest rate applicable at that time. The right is reserved to claim higher default damages.
3. We shall reserve the right to adjust our prices correspondingly if individual cost factors, in particular raw material, materials and energy or agreed upon delivery volumes or other circumstances required for the production of the items of delivery have changed. Those circumstances and changes will be proven to the purchaser upon request.

**IV.) Setting off and right of retention**

The purchaser shall only have the right to set off if the counterclaims have been recognised by declaratory judgment, are undisputed or are recognised. The purchaser shall only have the authority to exercise a right of retention insofar as his counterclaim is based on the same contractual relationship.

**V.) Scope of delivery / period of delivery**

1. The settlement of all technical questions, together with the punctual and correct fulfilment of obligations by the purchaser, shall be the precondition for the commencement of the period of delivery given by ourselves. We specifically reserve the right of pleading non-fulfilment of the contract. Delays caused by the purchaser shall extend the period of delivery accordingly, but at least for the duration of the hindrance. This shall not apply if we are responsible for the delay.
2. Meeting the period of delivery shall be subject to correct and timely delivery to ourselves.
3. The period of delivery shall be deemed to have been met if, by the expiry of the period of delivery, the readiness to deliver the object of the delivery is notified or if the object of the delivery has left the works.
4. Should the purchaser cause a delay in accepting the object of the delivery or culpably infringes other duties of co-operation, we shall be entitled to request a refund of any damages caused to us because of this, including possible additional expenses. We reserve the right to pursue further claims. Inasmuch as the preceding preconditions apply the responsibility vis-à-vis the danger of accidental loss or coincidental deterioration of the object of the purchase shall be transferred to the purchaser at the point in time at which he causes a delay in acceptance or is in default of payment.
5. Industrial actions, civil commotions, regulatory actions and other unforeseeable, unpreventable and serious events shall exempt the purchaser and the seller, for the duration of the disturbance and to the extent of its effects, from their performance obligations. Should the disturbance last for more than one (1) month, the parties to the contract will amend their mutual obligations to take account of the changed circumstances according to the principle of good faith.
6. In as much as the purchaser justifiably withdraws from the contract he shall continue to be responsible for payment of the purchase price incurred on a part-delivery already made.
7. We shall accept liability in accordance with statutory provisions, inasmuch as the delay in delivery is caused by willful or grossly negligent infringement of the contract on our part; negligence by our representatives or vicarious agents (*Erfüllungsgehilfen*) shall be our responsibility. Inasmuch as the delay in delivery is not caused by a willful infringement of the delivery contract on our part, our liability for damages shall be limited to the predictable damages typically arising.
8. Furthermore, we shall accept liability in accordance with statutory provisions, insofar as the delay in delivery which is our responsibility is based on the culpable infringement of an essential contractual obligation. In such case, however, our liability for damages shall be limited to the predictable damages typically arising.
9. Further statutory claims and rights of the purchaser shall remain unaffected.

**VI.) Transfer of risk**

Subject to a deviating agreement in written form, the risk (risk of loss or damage of the delivery item) is transferred to the purchaser “FCA named place of delivery“ according to the ICC-Incoterms as amended from time to time, currently „Incoterms 2010.

**VII.) Retention of title**

1. We shall retain the title to the object of the delivery until full payment of all demands arising from the delivery contract has been made. This also applies to all future deliveries, even if we do not always specifically point this out. In the case of a running invoice the property on which title has been retained shall act as security for each particular balance demand.
2. In the case of behaviour by the purchaser contrary to the contract, in particular delay in payment, we shall be entitled to take back the goods. A specific written declaration shall be required if we were to withdraw from the contract. Having taken back objects of the delivery we shall be entitled to dispose of them. The proceeds of such disposal - minus the appropriate disposal costs - shall be set off against the liabilities of the purchaser.
3. The purchaser shall be obliged to handle the item purchased with care, as long as title has not yet been transferred to him. In particular, he shall be obliged to insure it against theft, fire and water damage, at his own expense, sufficient to receive value when new. Inasmuch as maintenance or inspection work is required the purchaser shall carry these out in good time at his own expense. As long as title has not yet been transferred the purchaser shall be obliged to notify us without delay if any objects in our title are subject to attachment, or otherwise are subject to any other intervention by a third party. If the intervening third party is not in a position to refund court and out-of-court expenses to us the purchaser shall be liable for the loss incurred.
4. The purchaser shall be entitled to resell the goods on which title has been retained in the course of normal business. Any claims against the recipient arising from this are hereby transferred to us by the purchaser.

The transfer shall apply whether or not the object of the purchase has been sold on without or after processing. The purchaser shall also remain empowered to collect payment after the transfer. Our authority to collect payment of the demands ourselves shall remain unaffected by this. We shall, however, not collect the payment demanded as long as the purchaser honours his payment obligations arising from the proceeds received, is not in arrears of payments, and in particular if no application for the commencement of insolvency proceedings has been made or a cessation of payments has occurred.

1. The working and processing or remodeling of the object of the purchase by the purchaser shall always be carried out in our name and on our behalf. In this case the purchaser’s expectant rights (*Anwartschaftsrecht*) to the object of the purchase shall continue in respect of the remodeled item. Inasmuch as the object of the purchase has been remodeled with other items not belonging to us we shall acquire the joint ownership in the new item in the ratio of the objective value of the object of the purchase as against the other remodeled items at the time of the remodeling. The same shall apply in the case of a mixing. Inasmuch as the mixing takes place in such a way that the purchaser’s item is regarded as being the main item, it is deemed to have been agreed that the purchaser shall transfer the proportionate joint ownership to us. The sole ownership or joint ownership which thus comes about shall be preserved for us.
2. We commit ourselves to releasing the securities to which we are entitled, at the request of the purchaser, insofar as their value exceeds the demands to be secured by more than 10 %. In so doing the selection of the securities to be released shall be incumbent upon us.

**VIII.) Notice of defects, warranty**

1. A precondition for the purchaser’s warranty rights shall be the proper fulfillment of his obligation to inspect and to give notice of defects as required under section 377 of the Commercial Code (*HGB*) and DIN ISO/TS 16949. Should defects arise despite greatest care being taken, obvious defects shall be notified immediately after receipt of the goods, concealed defects immediately after discovery; otherwise the goods shall be deemed to be approved, in accordance with section 377 of the Commercial Code.
2. Should defects arise in the goods delivered, despite greatest care being taken, and such defects were already in existence at the time of the transfer of risk, we shall have the choice of rectifying the goods or supplying a replacement, provided the notification of defect was received in good time. We are to be given an opportunity to rectify any defect within an appropriate period of time; failing this we shall be relieved of liability for the consequences resulting from the defect. Only in urgent cases of danger to operational safety and/or for the purpose of avoiding disproportionately high damage, in which case we are to be informed without delay, has the purchaser the right to remedy the defect himself or have it remedied by a third party, and to claim a refund for the expenditure incurred.
3. Unless otherwise agreed, the supplementary performance (repair, replacement) takes place is the purchasers headquarter.
4. In the case of a remedy of defects we shall bear all expenditure incurred for the purpose of such remedy, in particular the costs of transport, travel, work and material, provided these have not increased because the purchased item has been transported to a place other than the place of supplementary performance. In particular this shall include the cost of the replacement item inclusive of transport, as well as reasonable dismantling and installation costs, and furthermore the cost of making available our fitters and other auxiliary workers as may be required, if this may be reasonably expected in this particular case.
5. Our prior written authorisation shall always be obtained before the goods are returned.
6. If the attempt to remedy a defect should fail the purchaser may withdraw from the contract or reduce payment - possible claims for damages shall be unaffected.
7. There shall be no entitlement to a claim for defects in cases of only a minor deviation from the agreed quality, of a minor loss of serviceability, of damage due to natural wear and tear, or damage that occurred after the transition of risk due to faulty or negligent treatment, excessive use, unsuitable operating media or because of special external influences for which there is no provision in the contract. If the purchaser or a third person carries out inappropriate repair work or alterations, these or their consequences shall also not be covered by any claims based on defects.
8. The requirements and specifications for the delivery items written in the agreement shall not constitute a quality warranty in the meaning of § 433 BGB but serve only to describe and determine the nature of the delivered items.
9. The purchaser shall only have a right to recourse within the statutory provisions and insofar as the purchaser has not made any agreements with his customer that exceed the statutory rights in respect of defects. For the scope of the right to recourse by the purchaser the provisions of paragraph 7 shall also apply accordingly.
10. The time limitation for claims for defects is 2 years from the time of the transfer of risk.
11. The time limitation in case of a delivery recourse, in accordance with sections 478 and 479 of the Civil Code (BGB), shall remain unaffected.
12. In case of fraudulent concealment of a defect or in the case of the assumption of a guarantee for the quality of the goods, in terms of §443 of the Civil Code (BGB), at the point of transfer of risk, the purchaser’s rights shall be determined exclusively by the statutory provisions.
13. We shall be liable in accordance with statutory provisions if the purchaser claims damages based on intent or gross negligence, including intent or gross negligence by our representatives or vicarious agents (*Erfüllungsgehilfen*). Inasmuch as we are not accused of a deliberate violation of the contract, liability for damages shall be limited to the predictable damages typically arising.
14. Furthermore, we shall be liable in accordance with statutory provisions if we culpably violate an essential provision of the contract; in this case, however, liability for damages shall be limited to the predictable damages typically arising.
15. If the purchaser has a right to compensation for damages instead of fulfillment of the contract our liability shall also be limited within the framework of article VIII. paragraph 4 to compensation for the predictable damages typically arising.
16. Liability for culpable injury to life, body or health shall remain unaffected; this also applies to mandatory liability under the product liability act (*Produkthaftungsgesetz*).
17. The purchaser’s rights to damages arising from a defect, extending beyond or other than those set out here or under article X., vis-à-vis ourselves or our vicarious agents (*Erfüllungsgehilfen*), are excluded.

**IX.) Defects in title**

In case the use of the item of delivery should infringe any industrial property rights of which at least one of the industrial property rights family has been published either in the seller’s home country, by the European Patent Office or in one of the states of the Federal Republic of Germany, France, Great Britain, Austria, or the USA, we will try to basically obtain the right for further use for the purchaser at our own expense or modify the delivery item in such a way and reasonable for the purchaser that there is no longer an infringement of the industrial property rights.

If this should not be possible under economically appropriate terms or in an appropriate period of time the purchaser shall be entitled to withdraw from the contract. In such the circumstances we too shall be entitled to withdraw from the contract. Above and beyond this we shall indemnify the purchaser against claims of the owner of such industrial property rights that are uncontested or proved in a court of law, if

* the purchaser informs us without delay of the infringement of the industrial property rights which has been asserted,
* the purchaser supports us in an appropriate manner in the defence against the claims which have been asserted and/or makes possible the carrying out of modification measures,
* the purchaser makes possible for us all defense measures including an out of court settlement,
* the defects in titles are not based on a instruction by the purchaser or the purchaser had no knowledge of the lack of title or there is not a grossly negligent lack of knowledge of the purchaser about the lack of title, and
* the infringement of the law was not caused by the arbitrary alteration or other use of the object of the delivery in a manner not according to the contract.

**X.) Liability**

1. A more extensive liability for damages than provided for in articles V. and VIII. is excluded - without consideration of the legal nature of the claim asserted. This applies particularly to claims for damages arising from faults at the time of conclusion of the contract, from other infringements of obligations or from tortious claims for compensation for material damage in accordance with section 823 of the Civil Code (*BGB*).
2. Insofar as our liability for damages is excluded or limited this also applies vis- à-vis the personal liability for damages of our employees, workers, colleagues, representatives and vicarious agents (*Erfüllungsgehilfen*).

**XI.) Plea of uncertainty**

If it becomes evident after conclusion of the contract that the payment to which we are entitled is endangered by the purchaser’s poor ability to pay we may set an appropriate deadline in which the purchaser shall be required to provide security or prove his ability to pay. After the fruitless expiry of the deadline we shall be entitled to withdraw from the contract. This also applies if we are not required to perform in advance but preparatory actions have to be undertaken to achieve the carrying out of the order according to deadline. Agreed delivery times shall be extended in such case in an appropriate way, at least by the length of time which has passed between the setting of the deadline and the provision of the security.

**XII.) Place of performance, applicable law, jurisdiction**

1. Place of performance shall be in 96317 Kronach / Neuses, Federal Republic of Germany, the head office of the Dr. Schneider group of companies, for all liabilities arising from and based on the delivery of goods, such as drafts or checks.
2. The law of the Federal Republic of Germany shall apply exclusively, to the exclusion of the UN-Convention on Contracts for the International Sale of Goods dated 11th April 1980 (UN purchasing law, CISG).
3. Any dispute arising out of or in connection with a contract shall finally be decided according to the Arbitration Rules of the German Institution of Arbitration (Deutsche Institution für Schiedsgerichtsbarkeit e.V. (DIS)) to the exclusion of ordinary legal proceedings. Place of arbitration shall be Frankfurt/Main, Germany. The number of arbitrators is three (3). The exclusively applicable substantive law is the law of the Federal Republic of Germany. The language of arbitration shall be German.