

**GENERAL TERMS OF SALE OF SIMONSWERK GMBH**  
Version: 21.06.2011

**I. General Terms – Scope**

All of our deliveries and services are supplied exclusively at the General Terms of Sale below. These General Terms of Sale shall also apply to all future business between the parties to this agreement without the need to refer again to our General Terms of Sale. They shall also apply if we do not refer to them specifically in the context of future contracts, including cases in which we supply deliveries or services to the customer knowing about the customer's Terms and Conditions where these Terms and Conditions are contrary to or different from our General Terms of Sale.

**II. Quotes and Conclusion of Contracts, Scope**

1. Our quotes to customers are non-binding. In particular, our quotes are made subject to availability of supplies and subject to typing, calculation, or other errors. Illustrations, drawings, dimensions, weights, and hues contained in our catalogues, price lists, and other printed material or on our website are approximations customary for our industry. We also reserve the right to make any changes necessary for technical reasons. This applies particularly to custom-made items.

2. The customer's order shall be deemed as a binding offer. Acceptance of such offer on our part shall be at our discretion and shall be made within four weeks by sending an order confirmation or by unconditional supply of the products or services ordered. Verbal subsidiary agreements shall only be binding if we have confirmed them in writing, by telefax, or e-mail.

3. The technical data and descriptions in the corresponding product information or promotional material do not constitute warranties of either quality or durability of the goods to be supplied by us.

4. For sales according to samples, such samples only guarantee professional sample production; they do not imply any warranty according to section 276 subsection 1 BGB (German Civil Code) or any warranty of quality or durability of the product to be supplied by us according to section 443 BGB.

**III. Prices, Conditions of Payment, Delay in Payment**

1. The prices agreed upon conclusion of the contract shall apply; in particular, these shall be the prices indicated on the order form or in the order confirmation. Where no price has been specifically agreed, the prices according to our price list applicable at the time of conclusion of the agreement shall apply. These prices shall be exclusive of the statutory value added tax applicable on the day of delivery and the cost of packaging required for appropriate shipping, the cost of shipping ex our factory or our warehouse, the haulage cost and – where agreed – the cost of transport insurance, which shall all be added to the list price. For shipments abroad, additional country-specific fees may apply.

2. We reserve the right to adjust our prices in an appropriate way where external cost reductions or increases occur that have an impact on the overall cost of the product, in particular cost adjustments due to wage agreements or market price changes. Upon customer request we will prove the need for such price adjustments by indicating the individual cost elements and their impact on the overall costs.

3. Bills of exchange will only be accepted on account of performance and after special agreement and if they are discountable. Discount charges shall be charged from the day the invoice falls due. Any guarantee of correct presentation of the bill and of protest shall be excluded.

4. The customer shall only enjoy netting options or rights of retention if his counterclaims have been finally established, are mature for decision, and are not disputed or have been recognised by us. The customer shall be entitled to exercise a right of retention only if the counterclaim results from the same contractual relationship as our claim.

5. Deduction of any cash discount shall only be possible upon written agreement.

6. Unless the order confirmation states otherwise the net purchase price shall be payable (without any discount made) within 30 days of the date of invoice. For delay in payment the statutory provisions shall apply.

7. If a customer fails to pay due invoices or has exceeded a period of pay-

ment granted, or if the customer's financial circumstances deteriorate after conclusion of the contract or if we receive negative information about the customer calling into question his ability to pay or creditworthiness we shall be entitled to change the agreement made by calling in the customer's entire residual debt and requiring advance payment or security, or immediate payment where delivery has already occurred of all our claims based on the same legal relationship. This shall apply in particular where the customer discontinues payments, a customer cheque is not cashed, a bill of exchange issued by the customer is not honoured by the customer, insolvency proceedings regarding the customer's assets are initiated or a request for adjudication of bankruptcy was filed but not initiated for lack of customer assets.

**IV. Time of Delivery and Performance, Delay of Performance**

1. Delivery times agreed shall only be approximations unless delivery by a fixed date has been expressly agreed in writing. Where we fail to meet agreed delivery times and are responsible for this, the customer may rescind the contract after establishing an appropriate period of grace, if delivery does not occur within this grace period, and the declaration of the grace period expressly stated that if delivery does not occur during the grace period the customer would rescind the contract. Such rescission shall be declared in writing.

2. We shall only be deemed to be in default after the end of an appropriate grace period established by the customer. In the event of force majeure or other unforeseeable extraordinary circumstances outside our control, such as stoppages due to fire, flooding, or similar circumstances; failure of production facilities or machines; late delivery or non-delivery by our suppliers; or stoppages due to shortage of raw materials, energy, or labour; strike; lockout; difficulties with transport capacities; or interference by public authorities we shall be entitled – if we are prevented from meeting our contractual obligations on time by these circumstances through no fault of our own – to delay delivery or performance by the duration of the impediment plus an appropriate period for renewed start-up of operations. Both parties to an agreement under these Terms of Sale shall be obliged to notify the other party immediately if such impediments occur. Where delivery or performance are delayed by more than one month, both we and the customer shall have the right to rescind the contract for the volumes affected by the impediment to delivery or performance without recourse.

3. In any case of delayed delivery or performance our liability shall be limited according to the stipulations of item VII clauses 1 to 6 of these Terms of Sale.

4. Where reasonable and within the agreed times of delivery and performance we shall have the right to deliver or perform by instalments.

5. If the customer is in default of acceptance of delivery or performance or if he culpably violates other obligations we shall have the right to claim compensation for the resulting damages including any additional costs involved. We reserve the right to make any other reasonable claims.

6. For custom-made items deviations up to 10 % above or below the quantity ordered are permitted, because this is unavoidable due to technical reasons.

**V. Passing of Risk, Cost of Transport and Packaging**

1. Unless otherwise agreed in writing delivery shall be ex factory or warehouse; any items to be supplied shall be picked up by the customer at his own risk and expense. The risk of accidental perishing or deterioration of a chattel shall pass to the customer upon notification of its availability or handover to the carrier. This shall also apply if carriage prepaid has been agreed or if we have transport insurance unless we deliver with our own vehicles.

2. We shall select the mode of shipment and of packaging unless an express agreement in this regard has been made in writing, by telefax, or by e-mail.

3. For catalogue items we shall only supply complete packaging units. For incomplete packaging units we shall require an extra charge of EUR 7.00. For complete consignments of goods of a net product value of EUR 500.00 or more (excl. VAT) we shall deliver free of charge including packaging to the place indicated by the customer. Transport at the customer's site shall be at the customer's expense. Deliveries outside Germany are subject to an individual agreement.

**VI. Customer Rights in the Event of Defects**

1. The customer shall notify us in writing of obvious material defects or shipment of incorrect products or volumes immediately but no later than 14 days after receipt

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Volksbank Gütersloh eG

(Blz 478 601 25) Konto 1 510 600

Iban: DE34 4786 0125 0001 5106 00

Swift-Bic: GENODEM1GTL

Dresdner Bank AG

(Blz 478 800 31) Konto 5 330 245 00

Iban: DE86 4788 0031 0533 0245 00

Swift-Bic: DRESDEFF478

*Geschäftsführer:*

Ass. jur. Achim Breidenstein

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*Rechtsform:*

GmbH

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of the shipment; such notification shall include the delivery note date and the order number. The customer shall notify us in writing of hidden defects within eight days of their discovery. The customer shall be obliged to verify – if necessary by means of a trial run – whether the goods supplied are free of defects and suitable for the purposes intended. Three months after the passing of the risk to the customer under item V clause 1 of these Terms, any notification of a defect, obvious or hidden, shall be out of the question and deemed out of time. In the event of a defect not duly notified according to item VI clauses 1 to 4 the customer shall lose the right to make any claims on the basis of such a defect unless we have fraudulently concealed the defect.

2. If there are any defects in the goods we supply we shall only be obliged, at our discretion, to rectify such defects or deliver goods free of defects (subsequent fulfilment). If we are not willing or able to fulfil subsequently, in particular where a reasonable period of time for subsequent fulfilment was established by the customer together with a declaration that he will rescind the contract at the end of that period if we have not rectified the defect by then for reasons we have responsibility for or if subsequent fulfilment fails in some other way, the customer shall be entitled, at his discretion, to rescind the contract or demand a reduction of the purchase price. Subsequent fulfilment shall be deemed as failed after three attempts to rectify a defect unless the type of matter in question or other circumstances demand otherwise. Where the customer suffers damage or has futile expense due to defects in the goods supplied by us our liability shall be governed by item VI clause 1, item VII clauses 1 to 6 and item VIII.

3. The rights listed in item VI clause 2 shall not apply if the goods' properties differ only slightly from the agreed properties or if their usefulness is only slightly impaired; or in the event of natural wear and tear or of damage that occurred after the passing of the risk on account of incorrect or negligent handling or excessive use; or that occurs because of external impacts that are not encompassed by the contract.

4. The rights listed in item VI clause 2 shall not apply for defects that result from the documentation (drawings, samples, etc.) submitted by the customer. In particular, this shall apply to the function of items that were made according to the customer's design or according to design documentation submitted by the customer.

5. Customer claims pertaining to additional expense involved in subsequent fulfilment, in particular transportation, haulage, material and labour costs shall be excluded where such costs are increased because the goods were moved to a different place after delivery unless such removal is part of the normal use of the goods.

## VII. Liability

1. Our company shall only be liable for damage or futile expenses – independently of their legal basis – if such damage or futile expenses

a) were caused by us or by one of our vicarious agents by culpable violation of an obligation whose fulfilment is essential to the proper execution of the contract in question and on whose fulfilment the customer may ordinarily rely (essential contractual obligation), or

b) result from grossly negligent or intentional violation of contractual obligations by us or by one of our vicarious agents.

Notwithstanding item VII clause 1a) we shall only be liable for damage or futile expenses caused by consultancy services and/or information provided by us but not charged separately in case of intentional or grossly negligent violations of our obligations unless such violation of obligations constitutes a material defect according to section 434 BGB of the goods supplied by us.

2. Where we are liable under item VII clause 1a) because of violation of an essential contractual obligation without gross negligence or intent our liability shall be limited to the foreseeable damage to be typically expected. In particular, we shall not be liable in this case for loss of prospective profits by the customer or unforeseeable indirect consequential damage. The above restrictions of liability according to clauses 1 and 2 shall also apply to damage caused by our employees or agents through gross negligence or intent; they shall not, however, apply to our managing directors and officers.

We shall not be liable for indirect damage to the customer resulting from penalties claimed against them by third parties.

3. Where we are liable under item VII clause 1a) because of violation of an essential contractual obligation without gross negligence or intent our liability shall be limited to €5m per claim and a maximum of €10m per year.

4. The restrictions of liability laid down in item VII clauses 1 to 3 shall not apply where under the stipulations of the Product Liability Act we cannot legally exclude our liability or where claims are made against us based on violations of life, limb, or health of individuals. If goods supplied by us lack properties we

have guaranteed, then we shall only be liable for damage resulting from the lack of properties covered by the guarantee.

5. Any liability beyond the compensation for damages envisaged in item VII clauses 1 to 4 shall be excluded regardless of the legal nature of the claim made. This shall apply in particular to claims for damages based on culpa in contrahendo according to section 311 subsection 3 BGB or positive violation of a contractual obligation according to section 280 BGB, or to claims in tort according to section 823 BGB.

6. Where liability is ruled out for us or restricted according to item VII clauses 1 to 5, such exclusion or restriction shall also apply to the personal liability of our employees, staff members, representatives and vicarious agents.

## VIII. Term of Limitation of Claims

1. Customer rights based on defects in goods supplied by us or on performance contrary to our duty – including claims for damages and claims for compensation for futile expenses – shall fall under the statute of limitations within one year after the statutory onset of the time of limitation unless clauses 2 to 5 below stipulate otherwise.

2. If the customer is a company and such company or another purchaser in the supply chain has satisfied consumer claims based on defects in new goods supplied by us that were sold as new products to the consumer, the term of limitation for claims by the customer against us under sections 437 and 478, subsection 2 BGB, shall only begin, at the earliest, two months after the time that the customer or other purchaser in the supply chain as companies have satisfied the consumer claim unless the customer could have successfully objected to the claim by his customer / the other contract party because of time limitation. The customer claims against us based on defective goods supplied by us shall always fall under the statute of limitation as soon as the claims of the customer's customer (or other party to the customer's contract) against our customer based on defects in the goods supplied by us fall under the statute of limitation but no later than five years after delivery of the goods to our customer.

3. In the case of new items supplied by us and applied according to their customary use for a construction, and which have caused a defect in the construction, the customer's claims shall fall under the statute of limitation within five years after the statutory onset of the time of limitation.

4. Where we have provided consultancy services and/or information in a way contrary to our duty and have not charged separately for and have not supplied goods in the context of such service or information and the consultancy service or information does not constitute a material defect of the goods supplied by us according to section 434 BGB, any claims based on such service or information shall fall under the statute of limitation within one year of the statutory onset of the time of limitation. Any customer claims against us from the violation of obligations resulting from the contract, the preliminary contract, or statutory regulations, and which do not constitute a material defect according to section 434 BGB of the goods to be supplied or supplied by us, shall also fall under the statute of limitation within one year of the onset of the time of limitation. Where failure to comply with our duty as indicated above results in a material defect according to section 434 BGB of the goods supplied by us in the context of the consultancy service or information provided, the claims based thereon shall be subject to the limitation stipulations made in item VIII clauses 1 to 3 and 5.

5. The stipulations made in item VIII clauses 1 to 4 shall not apply to the time of limitation for claims based on violations of life, limb, or health of individuals, or for the time of limitation for claims under the Product Liability Act or resulting from a defect in title of the goods supplied by us that are based on a real right of a third party on the basis of which handing over of the goods supplied by us can be demanded. Likewise, they shall not apply to the limitation of customer claims based on our fraudulently concealing defects in goods supplied by us or on our violating an obligation intentionally or with gross negligence. For the cases indicated in this item VIII clause 5, the statutory limitations of time shall apply to the limitation of such claims.

## IX. Returns

Goods supplied by us free of defects may only be returned with our express prior approval. Where such approval has been given, the goods shall be returned free of charge to us and in proper condition; invoice number and date shall be indicated. The net product value shall be at least EUR 100.00. Depending on type and volume of the goods returned, the handling charge shall be 20–30 per cent of the product value; it shall, however, be no less than EUR 50.00. Damage to product or packaging shall result in correspondingly higher charges.

## X. Reservation of Title

1. The goods shall remain our property until the purchase price and all current and future claims resulting from this business relationship with the customer have

been paid in full. Inclusion of the purchase price claim against the customer in a current account and recognition of a balance shall not affect our reservation of title.

2. The customer shall be obliged to treat the goods purchased with care; in particular, he shall be obliged to insure them at his own expense against loss, damage, or destruction, e.g. by fire, flooding, or theft. The insurance coverage shall be new for old. The customer hereby cedes his claims from these insurance contracts to us with immediate effect. We hereby accept such cession of claims.

3. The customer shall not be entitled to pledge or transfer by way of security any of the goods that are still our property. He shall, however, be allowed to resell, in the normal course of business, the goods supplied, subject to the following stipulations: the above-mentioned right shall not apply if the customer has – in a legally effective manner – yielded or pledged the claim resulting from the resale transaction against his customer to a third party or has agreed on a prohibition to assign.

4. In order to secure the fulfilment of all our claims listed in item X clause 1 the customer hereby cedes to us all claims, including all future and conditional claims, resulting from resale of the goods supplied by us and all subsidiary rights to the extent of the value of the goods supplied and with priority over all other claims against him. We hereby accept such cession of claims.

5. As long and insofar as the customer meets his financial obligations towards us he shall be entitled to collect his receivables ceded to us from his customers within usual execution of business. He shall not, however, be entitled to agree on an open account relationship or a prohibition to assign with his customers regarding these receivables or to assign or pledge them to third parties. Where – contrary to clause 2 – there is an open account relationship between our customer and the purchaser of the goods sold on condition, the claim ceded in advance shall also encompass the balance recognised and in the event of insolvency of the purchaser shall also encompass the existing balance.

6. Upon our request the customer shall give detailed proof of the claims ceded to us and notify his debtors of such cession and ask them to make payments directly to us until our claims against the customer have been satisfied. We shall have the right to notify the customer's debtors of the cession ourselves at any time and to collect receivables. However, we shall not make use of this right as long as the customer meets his financial obligations towards us properly and without delay, no request for adjudication of bankruptcy is filed by the customer and the customer does not suspend payments. If, however, one of the cases mentioned above occurs we shall be entitled to require the customer to inform us about the claims assigned and the corresponding debtors, to provide all information required to collect the debts and to hand over the corresponding documents.

7. In the event of seizure of property or of other interventions by third parties the customer shall immediately notify us in writing so we can take legal action according to section 771 of the German Code of Civil Procedure (ZPO).

8. Customer treatment, processing or reshaping of goods supplied by us with reservation of title shall always be done on our behalf without giving rise to any commitments or liabilities on our part. Where the goods supplied by us with reservation of title are processed in conjunction with other items that are not our property, we shall acquire pro rata property in the new chattel created (according to the ratio between the final sum of our invoice including value added tax and the value of the other items used at the time of processing). The stipulations that apply to the items supplied by us with reservation of title shall equally apply to the newly created chattel. Where the goods supplied by us with reservation of title are inseparably joined with other items that are not our property, we shall acquire pro rata property in the new chattel created (according to the ratio between the final sum of our invoice including value added tax and the value of the other mixed or joined items used at the time of mixing or joining). Where such mixing or joining is done such that the customer's item must be deemed the main item the customer shall transfer a pro rata property share in the item to us. The customer shall take care of the resulting exclusive or joint property on our behalf. In the normal course of business and as long as the customer meets his obligations resulting from our business relationship in a timely manner he shall have the right to dispose of the products created by such treatment, processing, reshaping, joining or mixing. Under no circumstances, however, shall the customer be entitled to resell or otherwise use such new products while agreeing on a prohibition to assign with his customer or to pledge or transfer them by way of security. The customer hereby cedes to us his claims from the sale of such new products in which we have shared ownership to the extent of our share in ownership. Where the customer joins or mixes the goods supplied by us with a main item he hereby cedes to us his claims against third parties from the sale of

such main items to the extent of the value of the goods supplied by us. We hereby accept such cession of claims.

9. In order to secure our claims, the customer hereby also cedes to us, to the extent of the value of the goods supplied by us, his claims against third parties resulting from the installation of our goods in third party premises.

10. We hereby commit ourselves to releasing the securities upon request by the customer where the realisable value of our securities is more than 10 per cent in excess of the claims against the customer to be secured. We shall be free to decide which securities to release.

11. If the customer is in breach of contract, in particular if he has been in arrears with payments by more than 10 per cent of the invoice total for a significant time we shall have the right to rescind the contract and demand restitution of the goods supplied by us without prejudice to any additional claims (for damages) that we may have. We shall have the right to use the returned goods as we deem fit. The proceeds generated by such use – minus appropriate costs – shall be deducted from the customers' debt with us.

#### **XI. Tooling Costs**

Where new tools need to be made for goods commissioned and a corresponding, separate agreement has been made we shall invoice the agreed share in our manufacturing costs. Payment of a share of the cost does not give rise to any customer rights in the tools themselves. Instead, these shall remain our property. Unless agreed otherwise, the tools shall be payable without any deduction upon submission of the type samples. We hereby commit ourselves to keeping the tools for a period of one year after the last shipment to the customer, with the customer enjoying an exclusive right of use. If the customer notifies us within this period that another order will be placed within another year, the period for keeping the tools shall be extended by another year. At the end of this period and if no further orders are placed we shall enjoy the exclusive right to use the tools.

#### **XII. Prohibition to Assign**

Without our express written consent, the customer shall not have the right to cede his rights or claims against us – in particular those due to defects in the goods supplied by us or due to violations of obligations on our part – in total or in part to third parties or pledge such rights or claims to third parties; section 354a of the German Commercial Code (HGB) shall not be affected by this stipulation.

#### **XIII. Place of Performance, Venue, Applicable Law, Foreign Trade Legislation**

1. The place of performance and sole venue for any litigation between us and business partners; or legal persons or special funds under public law shall be Rheda-Wiedenbrück unless statutory regulations demand otherwise. We shall, however, have the right to bring an action against a customer at his legal venue.

2. Only the laws of the Federal Republic of Germany as applicable between German companies shall apply to the legal relationship between us and the customer or between us and third parties. Application of the stipulations governing international sale of goods (CISG – Convention on the International Sale of Goods) and of German private international law is expressly ruled out.

3. The customer commits himself to strictly observe statutes and provisions of the foreign trade legislation valid in Germany and EU. An insight into pertinent provisions may currently be gained under [www.bafa.de](http://www.bafa.de).

#### **XIV. Final Provisions**

We will store customer data acquired in the context of our mutual business relationship according to the provisions of the Federal German Data Protection Act.