

GENERAL TERMS AND CONDITIONS (GTC) FOR COMMERCIAL CUSTOMERS

1. General

<http://www.sg-veneers.com/> and/or <http://www.sg-shop.de> are online trading platforms of Schorn & Groh GmbH Furniererzeugung Import - Export, Registration court: Amtsgericht [~local court] Mannheim ad HRB-No. [trade register no.] 103479; Printzstrasse 15 - 17 in 76139 Karlsruhe, Germany, Tel.: +49 (0) 721 – 9 62 45-0; Fax: +49 (0) 721 – 61 55 60; email: info@sg-veneers.com.

2. Scope

- 2.1 These General Terms and Conditions (*hereinafter referred to as "GTC"*) of Schorn & Groh GmbH (*hereinafter called "S&G"*) shall apply to all contracts an entrepreneur, legal entity, legal entity under public law or special fund under public law as defined in § 310 Art. 1 German Civil Code [BGB] (*Customer / Buyer*) enters into with S&G (*Seller*) with regard to any merchandise and/or services offered by S&G in its online or retail store(s).
- 2.2 The inclusion of Customer GTC is hereby denied unless written agreements to the contrary have been made. This shall also apply in cases where S&G, being aware of the terms of the other contracting party, accepts the latter's payment without raising objections.
- 2.3 These GTC shall also apply to all future transactions with the Orderer/Buyer to the extent that these involve legal transactions of a similar nature.

3. Integral Clauses

"Common Practices in German Domestic Trade with Logs, Sawn Timber, Wood-based Materials and other Semi-finished Wood Products" (Tegernseer Gebräuche)

The clauses set forth in this § 3 have been adopted from the "Tegernseer Gebräuche" in their latest version and shall be deemed agreed upon between S&G and the Customer:

3.1 Quotations, Billing and Payment Terms

- 3.1.1 A quotation shall be binding for the duration of a minimum of two weeks including three days for regular mail service, unless the quotation is explicitly designated as non-binding or subject to change. If quotations are sent via telegraph or telex, the binding term shall be reduced by the regular mail service time.
- 3.1.2 Invoices shall be issued separately for each shipment under the shipping date. This shall also apply to partial deliveries. Agreed-upon part payment terms shall be activated as of said date.
- 3.1.3 Unless otherwise agreed upon, down payments made at the time of execution of the contract shall be set off in pro-rated amounts against the individual partial shipments.

3.1.4 Unless a different payment term has become common practice or has been agreed upon in an ongoing business relationship, the purchase price shall be payable at the Buyer's discretion within 30 days subject to a 2% cash discount in case of non-cash payment or within 30 days in cash, net. If the merchandise value is indicated separately, the discount shall be deductible from the value of the merchandise only.

3.2 Place of Fulfillment and Venue

3.2.1 If the sold goods are shipped, e.g. delivery ex-factory with freight to be reimbursed to an agreed upon destination, the place of fulfillment for a delivery shall be the venue where the goods are located for the purpose of shipping or an agreed upon handover to the Buyer. If delivery free destination has been agreed upon, it shall be the place of fulfillment.

3.2.2 The place of fulfillment for the payment of the purchase price and for all other services provided by the Seller shall always be the commercial domicile of the Seller.

3.2.3 The place of fulfillment for the performance of the principal for contract labor orders shall be the commercial domicile of the contractor.

3.2.4 Unless otherwise agreed upon, the place of jurisdiction for shipped purchases between fully vested merchants shall be the commercial domicile of the Seller; in the case of contract labor, the place of jurisdiction shall be the commercial domicile of the contractor.

3.3 Quantity/Volume Leeway

3.3.1 Quantity-related designations such as "approximately," "about," "around" and the like shall authorize the Seller to ship up to 10 percent more or less than the agreed upon quantity.

3.3.2 If the contract specifies the quantity using the term "from ... to" the Seller shall be required to ship only the minimum quantity but shall also have the right to ship quantities up to the maximum quantity.

3.3.3 Terms such as "approximately," "about" and the like used in connection with the term "from ... to" shall be ignored.

3.4 Dimensional Leeway

3.4.1 If the lengths or widths are specified through the provision of the maximum and minimum dimensions to be complied with, e.g. length 3-6 meters, width 20 to 30 cm, the Seller shall have the right to ship, at Seller's discretion any random dimension within the defined dimension limits. However, an average length and/or average width shall be met that is equivalent to the minimum dimension plus approx. 1/3 of the agreed upon difference.

3.4.2 If the delivery of average dimensions has been agreed upon, only a variance by up to 5% shall be permitted even if terms such as "approximately" and "about" have been added.

- 3.4.3 If compliance with minimum average lengths and/or minimum average widths has been agreed upon, smaller dimensions shall not be permitted.
- 3.4.4 If the delivery of different lengths is permitted while a consistent distribution of the lengths has been agreed upon, approximately the same cubic meter volume shall be delivered of each length. The same shall accordingly apply if the delivery of equally distributed widths has been agreed upon.
- 3.4.5 The provisions set forth in sub-clauses 1.-4. shall apply to the total quantities, not to partial deliveries.
- 3.4.6 If average lengths have been agreed upon, the average shall be determined by the division of all lengths (*total running meters*) by the quantity; the widths shall not be taken into account.

The same shall apply to average widths.

- 3.4.7 Terms such as “approximately” and “about” and the like in connection with the term “from ... to” shall be ignored.

4. 3.5 Definition of the term “truck load” and similar terms; dead freight

- 3.5.1 If the scope of the shipment is not concisely defined by weight or volume information, the terms “truck load” and “railway car load” and similar terms in conjunction with deliveries of cut wood and wood materials shall, at the Seller’s discretion, mean a minimum of 20 and a maximum of 25 tons.
- 3.5.2 If a contract for two or more railway cars has been made without concise weight and volume declarations, each railway car shall be deemed to contain at least a weight of 20 t and a maximum weight of 25 t, subject to the condition that not the number of railway cars, but the total weight of the shipment shall be the determining factor. Hence, five railway cars shall mean at least 100 tons and a maximum of 125 tons, even if the product has been loaded onto fewer than 5 railway cars. If this pertains to residual quantities, the last railway car shall be loaded with at least 20 tons.
- 3.5.3 A truck load (*truck and trailer or semi-trailer truck*) weighs a total of 20 to 25 tons; a motor vehicle load weighs 7 to 12 tons.
- 3.5.4 If the ratio of the dimensions and the wood loaded is unfavorable, railway car or truck loads weighing less than 20 tons shall be permitted in individual cases.
- 3.5.5 The costs of dead freight shall be borne by the party responsible for it.

3.6 Taking Delivery

- 3.6.1 The purpose of the taking delivery process is to determine the good condition (*Quality*) and thickness dimensions of the goods. Hence, it rules out retroactive claims. If average dimensions have been agreed upon, deviations shall be deemed accepted upon taking delivery if the Seller made the Buyer aware of them and the Buyer did not raise objections. The measurements shall be deemed accepted by taking delivery only if a special agreement to that effect has been made.

If the Buyer should limit the inspection to a visual inspection of one item, the individual pieces shall be considered accepted only if the Buyer expressly waives the taking delivery process for these items. However, if an item is marked with a hammer, this shall be deemed an acceptance of the individual pieces.

- 3.6.2 If the Buyer should fail to perform the agreed upon taking delivery procedure despite having been put on notice with a deadline and provided consequences of default have been indicated, the procedure shall be deemed to have occurred unless the Seller prefers to set a remedial deadline.
- 3.6.3 If the Seller has re-stacked the goods upon request, the Buyer shall not have an option to have the goods stacked again unless this was a prior condition or if the Buyer pays the costs.
- 3.6.4 Goods that have been taken subject to the taking delivery procedure are stored at the risk and expense of the Seller as long as the Buyer is not in default of acceptance or provided the title to the goods has not been transferred to Buyer yet.

3.7 Responsibility for Defects

The Seller shall not be required to assume liability for defects that are not evident from the exterior, as well as any defects emerging during or after the processing of round and cut wood that appears to be healthy from the exterior or for any consequential damages, unless the Seller has maliciously concealed the defect or is guilty of gross negligence with regard to the defect or has expressly assumed liability for the defect.

3.8 Acceptance and Delivery

- 3.8.1 Purchased goods shall be accepted within a period not to exceed 10 calendar days upon provision and request to do so unless special arrangements have been made.
- 3.8.2 Upon Seller's written request, if call-to-ship purchase orders do not include any specific delivery dates, the goods shall be accepted no later than three months after the execution date of the purchase contract. The purchase order shall be deemed void if by the end of said three months after the execution of the purchase contract neither party has made any declaration.
- 3.8.3 Goods that are in stock will be delivered at the earliest possible shipping opportunity under normal business conditions.
- 3.8.4 The delivery deadline shall be deemed to have been met if in the case of delivery from the shipping location the goods are shipped prior to the expiration of the deadline or, if comparable pick-up by the Buyer has been agreed upon, if the Seller provides it by that time. This shall not apply to agreed upon delivery dates.
- 3.8.5 The Buyer shall unload all goods unless otherwise agreed upon.

3.9 Force Majeure

- 3.9.1 If the obligation to perform in time cannot be complied with due an incident of force majeure, the fulfillment period shall be extended for the duration of the hindrance caused by the act of force majeure, provided the extension appears to be reasonable for the Buyer.
- 3.9.2 The Seller shall notify the Buyer if the contract compliant fulfillment of the delivery appears to be in jeopardy due to an incident of force majeure. If the anticipated duration of the hindrance defined in sub-clause 1 should exceed three months, both parties shall have the option to rescind from the contract without being required to compensate the other party. In the event that one of the contracting parties provides a notice of repudiation of contract within three months after the occurrence of the act of force majeure, the contract shall be deemed dissolved through inferred agreement.
- 3.9.3 A prolongation as defined in sub-clause 1 shall not apply to fixed due date transactions. However, the Buyer shall be required to accept any goods already cut and ready for shipment for fulfillment of contract, unless the partial fulfillment of the contract is not acceptable for the Buyer under reasonable circumstances. Along with the notification in ref. to sub-clause 2, the Seller shall provide information as to what is already available of the custom cut dimensions.
- 3.9.4 In case of an act of force majeure, if the transaction is an order for logs, the Seller shall have the right to ship wood of the same type, quality and dimension from a different forest area in lieu of the contractually agreed upon wood. If this should result in increased haulage costs, same shall be for the account of the Seller.

3.10 Loading and Shipping

- 3.10.1 The shipper shall be liable for the correctness of the information entered into the bill of lading.
- 3.10.2 The contracting party who intends to safeguard the applicability of special tariffs shall be required to mark the goods to be transported according to the tariff provisions. If the Buyer is required to provide the information for the completion of the bill of lading, the Buyer shall be required to disclose same to the shipper in due time.
- The Seller shall take care of all formalities required for the dispatch of the shipment. Moreover, the Seller shall immediately notify the Buyer of the number and content of the trailer/car for each individual shipment – if at all possible also the weight - and shall submit a list of the dimensions of the loaded goods.
- 3.10.3 If the Seller has agreed to freight prepaid shipment, the Seller shall have the option to dispatch the shipment without prepaying freight and demand that the Buyer advance the freight charges incurred upon receipt of the goods without being entitled to interest or discounts.

- 3.10.4 For the subsequent setting off of the advance amount the Buyer shall submit to the Seller upon request the freight documents subject to return of the former and to assign any claims from the freight contract to the Seller in writing in the event that pertinent claims have to be filed. The same shall apply to shipments subject to customs duties.
- 3.10.5 The goods shall be loaded in such a manner that they can be unloaded with the standard technical tools (*fork lift, crane*).
- 3.10.6 Maximum weights for packages, bundles or pallets shall be agreed upon prior to shipping if the goods are loaded via fork lift, crane or on pallets. If no other agreements have been made, the maximum weight of the packages, bundles or pallets shall be 2.5 tons.
- 3.10.7 The goods shall be loaded in such a manner that the way in which they were loaded will not cause an impairment in value during transportation. In particular, precautions shall be taken that prevent the goods from being damaged; dried wood, such as timber, planed wood, wood materials, veneer and other semi-finished goods made out of wood shall be protected from exposure to wetness to the maximum extent possible.
- 3.10.8 When shipping via railway, car tarpaulins and covers shall be returned promptly and in dry condition upon arrival of the goods at Buyer's expense. If the return should be delayed, the Buyer shall be required to pay a leasing fee for the time of delay.
- 3.10.9 The transportation enclosures, open lathing and reinforcing laths required for the transportation and protection of the goods are included in the price of the goods. The Seller may charge for the guard boards, noggin pieces and pallets, which will remain with the Buyer.
- 3.10.10 Unless otherwise agreed upon, the costs for the transfer of the goods to the connecting track of the recipient shall be for the account of the Buyer. Standing fees and other minor expenses (*e.g. notification fees*) shall be considered components of the freight charges.
- 3.10.11 If the loading instructions are "free on board railway car," "free on board vessel" or "free on board truck," the Buyer shall pay all costs incurred post proper loading. If the terms are "free car recipient station," "free vessel recipient port" or "free truck recipient," the costs for tugging, unloading and all other costs, such as the pierage, crane and demurrage, customs clearance fees and the like shall be for the account of the Buyer. If the shipping term is "free quay – port of departure," the unloading costs (*truck, railway car*) shall be for the Buyer's account.
- 3.10.12 Freight parity agreements shall result in the set-off of higher and lower freight charges.
- 3.10.13 If the Seller, in the absence of Buyer's consent, should deviate from the agreed upon mode of transportation, the Seller shall be liable for any resulting additional risks and costs.
- 3.10.14 Changes in tariffs shall be for the account or benefit of the party liable for the freight costs.

3.11 Damages to and Loss of the Goods During Transportation

- 3.11.1 Even if the Seller is liable for the transportation risk, the recipient of a damaged shipment shall be required to do everything possible to obtain documentation as evidence for the damages and if necessary also official records of the facts of the case and expert evaluations. Upon the entitled party's request, the recipient shall be required to provide the evidence containing documents to this party.
- 3.11.2 Any qualitative decline of the goods shall be for the account of the Seller if the decline has to be attributed to a defect that was already inherent in the goods at the time the shipment was dispatched - in conflict with the contract. The same shall apply if the goods were not properly loaded and/or packaged.
- 3.11.3 Sub-clauses 1 and 2 shall apply accordingly if the goods are lost during transportation.

3.12 Deficiency Claims

- 3.12.1 The Buyer shall accept the shipment in any event.
- 3.12.2 Deficiency claims for the goods (*deficiency claims*) shall be filed in writing promptly after an opportunity to inspect and check the wood has been seized and no later than within 14 calendar days after the day of arrival of the goods at the Buyer's or the Buyer's agent's end and shall contain concise information on the alleged deficiencies and the storage location. In cases of discoloration, the deficiency claim filing period shall, however, be reduced to 7 calendar days unless the parties agreed on the delivery of dry product.
- 3.12.3 If the measurement list should be missing upon arrival of the goods, the Buyer shall request same from the Seller. In this case, the deadlines stipulated in sub-clause 2 for deficiencies that require the measurement list for their determination, shall not be activated until the measurement has been received.
- 3.12.4 The Buyer shall forfeit the right to file deficiency claims if the Buyer removes the goods from the storage location prior to the parties having reached an agreement or before the Seller has been given an opportunity to inspect the goods subject to the deficiency claim or to have evidence secured by sworn experts. The Seller shall take advantage of the opportunity to inspect the goods subject to a deficiency claim or to secure evidence through sworn experts within 10 calendar days after the receipt of the claim.
- 3.12.5 If the Seller should fail to seize the opportunity to inspect by the deadline set forth in sub-clause 4 after the claim is received, the Buyer shall have the right to make dispositions as to the goods subject to the deficiency claim provided the Buyer has secured evidence through sworn experts. If both, the Buyer and the Seller have secured evidence, the Buyer shall not have the right to make dispositions as to the goods if the evaluations by the experts deviate from each other.

- 3.12.6 If a deficiency claim has been filed, the entire category of goods delivered which is subject to the claim, e.g. wood boards of a certain thickness in different quality categories shall remain undivided. However, if boards and planks have been loaded together and only the boards are subject to a deficiency claim, the Buyer shall have the right to readily make dispositions as to the planks. If construction timber is delivered in compliance with a list, it is possible to make dispositions as to the items which are not subject to the deficiency claim.
- 3.12.7 If the minimum value of the goods subject to a deficiency claim is minor in comparison to the overall shipment value taking into account the type and quality of the assortment, the Buyer shall be entitled to a price reduction.
- 3.12.8 Sample shipments shall not be subject to deficiency claims if the shipment is composed of common standard trade product or if goods are delivered that do not significantly deviate from the agreed upon quality. However, even if the deviations are considerable, an entitlement to replacement shipments and damage compensation shall not exist.
- 3.12.9 If the goods are rejected, the Buyer shall still be required to handle the goods subject to a deficiency claim with commercial diligence even if other dispositions have already been made and shall avert the incurrance of any costs if possible. If an in-house storage location is not available, the Buyer shall ensure adequate storage for the account of the party responsible for it.
- 3.12.10 If the goods are stored at Buyer's storage location, the Buyer shall have the right to relocate them to a different storage facility at Seller's expense provided the Seller does not make any dispositions as to the goods within six weeks after the deficiency claim was filed.
- 3.12.11 If it is absolutely certain that the Buyer will not accept the goods, the Buyer shall be required to reload and ship back the goods at Seller's request, provided that the Seller pays to the Buyer the quoted freight charges and any other necessary expenses. The Buyer shall have the right to return the goods without having been prompted to do so only if Buyer has made fruitless attempts to prompt the Seller to dispose of the goods giving three weeks' notice. If the goods are stored, the Buyer shall only be entitled to local standard storage fees if it is definite that the goods will not be accepted and if at least ten calendar days have passed since the day this determination was made.
- 3.13 **General Credit Standing**
- 3.13.1 Upon execution of the contract, it shall be presumed that the Buyer is solvent and credit-worthy.
- 3.13.2 If contrary to this presumption it should later be determined based on verifiable facts (*e.g. protest of bills or bank drafts*) that there are grounds for concern, the Seller shall not be in a position to simply rescind from the obligations entered into. However, Seller shall have the right to demand from the Buyer delivery versus payment or collateral within one week and if the Buyer should fail to accommodate such demands, to threaten that Seller will promptly rescind from the contract.

[Clauses 14 to 25 of the Tegernseer Gebräuche are not part of these GTC]

3.26 **Sorting**

The applicable DIN Standards shall be the basis for the assessment of the properties of wood materials (*chip board, fiber board, plywood*).

3.27 **Quantities and Dimensions**

3.27.1 As far as standard and fixed dimensions are concerned, the supplier shall have a leeway of 5% plus/minus with regard to the agreed upon shipping quantities per item. If the dimensions are fixed, the delivered quantity must not be less than agreed upon.

3.27.2 Up to 10% of the delivered quantity may fall short of the dimensions without resulting in price reduction entitlements.

3.27.3 If ordered panel sizes are not available, the consent of the Buyer shall be required prior to the shipment of deviating dimensions.

3.27.4 The first stated dimension shall always refer to the exterior end fiber direction.

3.28 **Pricing**

Generally, the prices quoted shall be per square meter. Round, oval, trapezoid-shaped and similar panels shall be computed on the basis of the rectangle from which they can be cut.

3.2 **Packaging**

The standard packaging for wood materials shipped as part load is bundling, which is included in the price. Otherwise, wood materials are shipped without packaging.

3.30 **Replacement Shipments**

Goods delivered in verifiably deficient conditions will be replaced free of charge as soon as possible.

3.31 **Veneer Acceptance and Dimensions Check**

3.31.1 Principally, all veneer acceptance and dimension checks shall be performed in Seller's warehouse, otherwise the choice and the trade standard compliant performance of the dimension check by the Seller shall be deemed accepted as correct by the Buyer in advance.

- 3.31.2 The length shall be measured from 5 cm to 5 cm; the width, if the splint is healthy, from cm to cm. If packages are untrimmed, the medium sheet shall determine the width. Deductions from the lengths and widths equivalent to the size of the defective part will be made for serious defects such as rotten branches, diseased areas and worm holes; however, such deductions shall not be made for straight black cores or straight ruptures. In counterveneer – thickness up to 1 mm – small worm holes and in cross veneer – thickness more than 1 mm – worm holes of any size, shall be accepted without any deductions. As far as miscut sheets are concerned, up to 5 of the number of sheets shall not be subject to claims. Burl veneer shall generally be charged per sheet.

If surface dimension calculation has been agreed upon, the measurements will be taken from cm to cm for both, length and width.

3.32 Veneer Samples

Requested veneer samples shall be delivered freight prepaid and if not accepted shall be returned freight prepaid within eight days. Should the value of the merchandise that is part of the samples be reduced because the samples are not returned in a timely manner or with damages, the Seller shall have the right to charge for the possible value reduction.

3.33 Packaging

The shipper's own cost of packaging shall be charged for the packaging of veneer. The Buyer may not demand the Seller accept returns of the packaging.

4. Closing of Contract

The following provisions 4.1 – 4.8 shall apply only to orders not placed in our retail stores (*Printzstrasse 15 -17 in 76139 Karlsruhe, Robert-Bosch-Strasse 8 in 89343 Jettingen-Scheppach, Industriestrasse 37 in 74927 Eschelbronn, und Im Hägle 8 in 79238 Ehrenkirchen, all in Germany*).

- 4.1 The product descriptions published in the online store site of S&G shall not constitute binding offers made by S&G, but are provided only so that the Customer can make a binding offer.
- 4.2 The Customer may submit an offer through the online order form integrated into the S&G online store. To that end, after having placed the selected products and/or services into the virtual shopping cart and after having passed through the electronic ordering process, the Customer, by clicking on the final button, submits a legally binding contractual offer with regard to the goods and/or services in the shopping cart. Moreover, the Customer may also submit the offer to S&G via e-mail or telephone.

- 4.3 S&G shall have the option to accept Customer's offer within five days
- By sending the Customer a written order confirmation or text order confirmation (*fax or e-mail*), whereby the time of receipt of said order confirmation by the Customer shall be the determining factor, or
 - By delivering the ordered merchandise to the Customer, whereby the time of receipt of the goods by the Customer shall be the determining factor, or
 - By requesting Customer's payment upon receipt of Customer's order.
- If several of the above-mentioned alternatives apply, the contract shall be closed whenever one of the above-mentioned alternatives occurs first. If S&G should fail to accept the Customer's offer within the above-cited deadline, this shall mean that the offer has been rejected with the consequence that the Customer is no longer bound by Customer's declaration of intent.
- 4.4 The deadline for the acceptance of the offer shall begin on the day after the offer has been submitted by the Customer and shall expire at the end of the fifth day following the submission of the offer.
- 4.5 Whenever an offer is submitted via the S&G online order form, the wording of the contract will be archived by S&G and will be sent to the Customer along with these GTC in text format (*e.g. e-mail, fax or letter*) upon submission of Customer's order. However, the Customer will no longer be able to access the wording of the contract via S&G's website after Customer's order has been submitted.
- 4.6 Prior to the binding submission of the order via the S&G online order form, the Customer has the option to constantly correct entries made using the standard keyboard and mouse functions. Moreover, prior to the submission of the binding order, all entries will be displayed one more time in a confirmation window, where they can be edited using the standard keyboard and mouse functions.
- 4.7 Only German language information is available for the closing of contracts.
- 4.8 As a rule, orders are processed and contacts are made via e-mail and automated order processing system. The Customer shall make sure that the e-mail address entered for the processing of the order is correct so that the e-mails sent by S&G to the address are actually received. In particular, if the Customer uses SPAM filters, the Customer will ensure that all e-mails sent by S&G or any party it commissions with the handling of the order can actually be delivered.

5. Contract Archiving

We will archive the Customer order contract. The Customer may print it out prior to submitting an order to us by clicking on "Print" during the final step of the ordering process. We will also send the Customer an order confirmation and an acceptance of order with all order data as well as our General Terms and Conditions to the e-mail address provided by the Customer.

6. Pricing and Terms of Payment

- 6.1 **Applies to Purchases Made Via the Online-Store "www.sg-shop.de":**
Unless stated otherwise in S&G's offer, the prices quoted are net prices that do not include applicable turnover tax.
The tax will be shown separately.
Any additional delivery and shipping costs due, if applicable, will be shown separately in the respective product description.
- 6.2 **Applies to Purchases Made at Retail Stores (*Printzstrasse 15 -17 in 76139 Karlsruhe, Robert-Bosch-Strasse 8 in 89343 Jettingen-Scheppach, Industriestrasse 37 in 74927 Eschelbronn und Im Hägle 8 in 79238 Ehrenkirchen, all in Germany*):**
The posted prices are fixed prices based on Customer pick-up, which include applicable turnover tax. Additional shipping costs due, if applicable, will be invoiced separately.
- 6.3 The Customer has various payment options; details are provided in the S&G online store information.
- 6.4 If cash in advance has been agreed upon, the payment shall be due immediately after the closing of the contract.
- 6.5 If obvious pricing errors have occurred, the correct price may be charged. In this case the Customer shall have the right to rescind.
- 6.6 We will not absorb any foreign transaction fees. If the Customer makes a payment from outside of Germany, the Customer shall instruct the bank managing the Customer's account to charge the bank fees for this foreign transfer to the Customer.
- 6.7 The Customer may set off only undisputed, disputed but ready for a ruling receivables due to the Customer or entitlements that have been found legally effective by a court of law. The Customer shall have a right to withhold only based on counter claims that have arisen from this contract.

7. Delivery, Passing of Risk

- 7.1 Should the carrier return shipped goods to S&G because they could not be delivered to the Customer, the costs incurred for the fruitless shipment shall be for Customer's account. This shall not apply if the Customer is not responsible for the circumstance that made the delivery impossible or if the Customer was temporarily prevented from accepting the offered service unless S&G did announce the service reasonably well in advance.
- 7.2 If the delivery address is located abroad, the Customer shall be required to absorb all costs related to the fact that the order had to be shipped abroad, such as customs duties and taxes and shall be required to obtain any required export permits at Customer's own expense.
- 7.3 If its own inbound deliveries should be incorrect, incomplete or improper, S&G reserves the right to rescind from the contract. This shall apply only to cases where the non-delivery was caused by acts beyond S&G's control and provided S&G has entered into a concrete coverage transaction with the supplier applying the required diligence. S&G shall make every reasonable effort to procure the goods. If the goods are not available or only partially available, the Customer shall receive immediate notification and any payments already made shall be reimbursed immediately.

8. Title Retention

- 8.1 S&G shall retain title to all objects we deliver (*goods subject to retention of title*) under contracts with Customers until the Customer has paid the full purchase price.
- 8.2 As long as the title to the goods has not yet been transferred to the Customer, the Customer shall be required to handle the goods with care. In particular, Customer shall be required to adequately insure same at their new value against the risks of theft, fire and water damages, if particularly valuable goods have been sold. If maintenance and inspection work is required, Buyer shall perform these in time at Buyer's expense. As long as the title has not been transferred, the Customer shall notify S&G immediately if the delivered object is subject to an attachment or other third party interventions. To the extent third parties are unable to reimburse S&G for its court and out-of-court expenses of an action pursuant to § 771 ZPO [German Code of Civil Procedure], Customer shall be liable for this loss.
- 8.3 The Customer is entitled to resell the goods subject to retention of title in normal business transactions. Any receivables due to the Customer arising from the resale of the goods subject to retention of title are herewith assigned to S&G by the Customer in an amount equivalent to the billed total agreed upon with S&G (*including value added tax*). This assignment shall apply irrespective of whether the goods have been sold without having been processed or after having been processed. The Customer shall remain authorized to collect the receivables even after this assignment. However, this shall be without prejudice to S&G's right to collect the

receivables directly. S&G agrees not to collect the account receivable as long as Buyer pays Buyer's obligations from the income received, is not in default and, in particular, no bankruptcy petition has been filed and payment has not been stopped.

- 8.4. Any modification and processing or conversion of the goods by the Customer shall always be performed in the name and for the account of S&G. In this case, Customer's entitlement right to the goods inherent in the converted object shall continue to be in effect. In the event that such goods are processed together with other items that are not S&G property, S&G shall acquire coownership in the newly created item in proportion of the objective value of the other processed products at the time of processing. This shall also apply in the event that the goods are blended with others. If such blending occurs in a manner that the object of the Customer must be considered the main object, it shall be deemed to have been agreed upon that the Customer transfers a pro-rated portion of the ownership to S&G and that Customer shall keep in Customer's custody the thus generated sole property or shared property on behalf of S&G. To protect S&G receivables due from the Customer, the Customer shall also assign such receivables to S&G that arise vis-à-vis any third party from the connection of the goods subject to retention of title with a land parcel; S&G herewith accepts this assignment.
- 8.5 On request of Buyer, S&G agrees to release the securities to which S&G is entitled to the extent that their value exceeds the accounts receivable to be secured by more than 20 .

9. Rescission

- 9.1. S&G shall be entitled to rescind from the contract should the Customer become insolvent, stop making payments and a bankruptcy petition has been filed or if the initiation of such proceedings is denied due to lack of assets, in cases where it is impossible to provide the brokered goods and in cases of force majeure.
- 9.2. If, based on above sub-clause 9.1, S&G should rescind from the contract or if for any reason attributable to the Customer, the order cannot be executed, the Customer shall pay to S&G as reimbursement for its expenses and lost profits a lump sum compensation of 15 of the respective purchase price. This shall not apply if the Customer proves that the damage incurred is lower or that no damage has been incurred. S&G reserves the right to claim for verifiably higher damage compensation, whereby the lump sum damage compensation shall be set off against such claims.

10. Limitation of Liability

Unless otherwise stipulated in these GTC, damage compensation claims of the Buyer/Customer, regardless of the legal grounds, in particular based on the breach of obligations from the debtor relationship and for illegal acts shall be excluded.

This shall not apply if the following liability provisions have to be complied with:

- 10.1. S&G shall assume liability without any restrictions and for any legal grounds in the event of acts of intent or gross negligence of owners, statutory representatives or executives; in the event of the negligent or intentional injury to life, body or health; based on any promised warranty unless other provisions apply to that end and in the case of mandatory liability assumption as, e.g. according to the German product liability act.
- 10.2. Should S&G breach a material contractual obligation due to negligence, the liability shall be limited to the contract typical, foreseeable damage, unless unlimited liability assumption applies pursuant to sub-clause 10.1. Material contractual obligations are obligations the contract imposes on S&G pursuant to its contents to attain the purpose of the contract, upon the fulfillment of which the proper performance of the contract is contingent and the compliance with which the Customer may consistently rely upon.
- 10.3. The aforementioned restrictions shall apply accordingly to statutory representatives, vicarious agents or officers and other employees whose services S&G utilizes to fulfill the contract.
- 10.4. The aforementioned provisions shall not change the burden of proof to the detriment of the Customer.

11. Disposal and Environmental Protection Provisions

- 11.1 S&G's freight agents and delivery services shall not be required to dispose of the transportation packaging when making deliveries.
- 11.2 The Customer also has the option to dispose of packaging at public disposal sites or at S&G's retail store, Printzstrasse 15 – 17, 76139 Karlsruhe, Germany.

12. Miscellaneous

- 12.1 The legal relationships between S&G and the Customer shall be governed exclusively by the laws of the Federal Republic of Germany, under exclusion of the UN Convention on Contracts on the International Sale of Goods (CISG).
- 12.2 The invalidity of individual provisions of these GTC or the contract with the Customer shall not affect their validity otherwise. As a replacement for the invalid provision or to fill a gap, the parties to the contract shall immediately decide on a new regulation which shall be as close as possible to the intent of the parties or to what they would have desired for the purpose of this contract, had they taken into consideration this item.