

Terms and conditions of delivery and payment

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BADER®

§ 1 Validity

(1) Deliveries, services and offers are carried out exclusively on the basis of the following terms and conditions of delivery and payment. This also applies to all future business relations, without requiring any further explicit agreement. These terms and conditions are accepted with the acceptance of the delivery of goods or services at the latest. Any contrary confirmations from the buyer with regard to his terms and conditions of business and purchase are hereby contradicted.

(2) All agreements, which are to be made between the seller and the buyer for the purpose of the performance of this contract, are to be put down in writing in this contract.

§ 2 Offers and conclusion of the contract

(1) Offers are subject to change and are without obligation. Orders are only binding when they have been confirmed by the seller in writing or via fax (conclusion of the contract).

(2) Dimensions, weights, colours or any other performance data are only binding when they have been explicitly agreed upon in writing.

(3) Any additional oral agreements or assurances, which reach beyond the content of the written contract, are invalid.

§ 3 Prices, packing, shipment

(1) To the extent not specified otherwise, the seller is bound to the prices contained in his offer for 30 days starting with the day of the offer. If the order is placed later, then the prices mentioned in the order confirmation are valid. The dimensions and weight determined at the dispatch department of the seller are decisive for the calculation. Additional deliveries and services are to be charged separately.

(2) If not agreed upon otherwise, the prices are valid ex works (EXW) Göppingen. Shipment is to be carried out at the account of the buyer. Transport insurance is not concluded by the seller, exceptional on cif - agreements.

(3) The packing shall be charged at cost-price and, with carriage prepaid return shipment, it shall be credited at the present value. The type of packing is at the discretion of the seller, unless the customer specifies a certain type of packing.

(4) With all of delays of the delivery dates (§ 4, section 2) not the fault of the seller, the seller is entitled to increase the agreed upon price, in the case that the costs rise for wages, salaries, raw materials or other production costs.

§ 4 Delivery

(1) Delivery dates and deadlines are always only approximations and are not - binding, to the extent not explicitly agreed upon otherwise in writing.

(2) Also in the case of firmly agreed upon dates and deadlines, the seller is not responsible for delivery and service delays due to acts of God and due to events, which make delivery extremely difficult or impossible for the seller (this, in particular, includes warlike involvements, unrest, strike, lock-out, lack of raw materials and means of transport, governmental ordinances, traffic obstructions, etc.), also if these occur with suppliers of the seller or their suppliers. In these cases, the seller is entitled to withdraw from the contract in part or in whole, without the buyer having a claim arising from this to compensation for damages or a claim to replacement delivery. At this discretion, the seller can postpone the delivery time by the duration of the hindrance plus an appropriate lead time or, due to the nonfulfilled part, withdraw from the contract in part, without the buyer having the right to withdraw from the contract or having any claim to compensation for damage. The seller can only call upon the before mentioned circumstances if he immediately notifies the buyer.

(3) If the hindrance lasts longer than two months, after an appropriate period of grace, the buyer is entitled to withdraw from the contract with regard to the part not fulfilled yet. The buyer has no claims reaching beyond this, unless the delay is at least due to gross negligence on the part of the seller.

(4) The seller is entitled at any time to carry out partial deliveries and partial services.

(5) A prerequisite for compliance with the delivery and service obligations of the seller is the proper fulfillment of the obligations of the buyer in due time.

(6) If the buyer is in delay of acceptance, then the seller is entitled to demand compensation for the damage that arises. With start of the delay of acceptance, the risk of accidental worsening and accidental loss is transferred to the buyer.

§ 5 Transfer of risk

(1) The risk is transferred to the buyer as soon as the shipment is carried out to the person carrying out the transport or, for the purpose of shipment, it has left the warehouse of the seller. In the case that shipment is not possible and is not the fault of the seller, then the risk is transferred to the buyer with notification of readiness for shipment. The buyer shall also carry the risk with carriage paid deliveries.

(2) Exceptional to § 5, section 1 are cif - agreements.

§ 6 Notice of defects

(1) The period of guarantee begins with the delivery date. The buyer is obligated to immediately notify the seller in writing of any defects, however, within 8 days after receiving the goods at the latest.

(2) In the case of justified complaints of defects, the seller shall either deliver replacement or repair or improve the defect at its own discretion with the exclusion of any other guarantee claims on the part of the buyer. Multiple repairs and improvements are permissible.

(3) If, after an appropriate period of time, the improvements are still not successful, the buyer can either reduce the remuneration or demand cancellation of the contract. Claims to compensation due to deficient delivery are excluded, to the extent that there is no intent or gross negligence on the part of the seller.

(4) The respectively agreed upon specifications in writing are valid for compliance with authenticity.

(5) Only the buyer is entitled to guarantee claims against the seller. These guarantee claims are not transferable.

(6) The above paragraphs contain - to the extent legally permissible - the guarantee for the products and exclude any other claims to guarantee of any kind.

§ 7 Payment

(1) The terms and conditions of payment specified on the invoice are valid. To the extent not agreed upon otherwise, the invoices from the seller are payable within 30 days after issuance of the invoice without deduction. In spite of any provisions of the buyer that

state otherwise, the seller is entitled to firstly count payments, towards older debts. The buyer shall be informed about the type of set-off that has been carried out. If costs and interest have already arisen, then the seller is entitled to firstly count the payments towards the costs, then towards the interest and finally towards the primary obligation.

(2) Payment is regarded as being made when the seller has the sum at its disposal. In the case of the issuance of checks, payment is only regarded as being made when the check has been cashed.

(3) If the buyer is in default of his payment obligations from current or former contracts, or if an acceptance bill issued by the buyer is protested or if a distraint is laid against the buyer, or if unfavorable information is received about the buyer, then the seller, at his discretion, is entitled to either withdraw from the contract or to demand acceptance cash-on-delivery or against security with regard to the not yet fulfilled part of the contract, without having to give any previous period of grace.

In such a case, all obligations of the buyer toward the seller are immediately due. If the buyer is in default, then the seller is entitled to charge interest starting with the point in time in question in the amount of 4% above the respective discount rate of the Deutsche Bundesbank as a lump-sum compensation. With the corresponding proof, the seller can also charge a higher compensation.

(4) The buyer is only entitled to offsetting, retention or reduction, also in the case that complaints have been lodged or counter-claims are being made, if the counter-claims are legally valid or undisputed.

§ 8 Reservation of ownership

(1) Goods are delivered with the reservation of ownership in accordance with § 455 BGB with the following additions.

(2) The goods remain the property of the seller until all claims have been fulfilled (including all balance claims from the current account), which the seller is legally entitled to against the buyer now or in the future. The seller is obligated to either transfer ownership of the goods or to release any of the other following securities at the request of the buyer at his discretion, to the extent that its value effectively exceeds the claims by more than 20 %.

(3) Acquisition of the reserved goods by the buyer in accordance with § 950 BGB in the case of processing of the reserved goods to a new product is excluded. Processing is always carried out for the seller as a manufacturer, however, without any obligation for him. If the (co-) ownership of the seller is terminated by way of combination, then it is already agreed that the (co-) ownership of the buyer of the unified product is to be transferred to the seller according to percentage (value of invoice). The buyer maintains the (co-) ownership of the seller without charge. Goods, to which the seller is entitled to (co-) ownership, shall be designated in the following as reserved goods.

(4) The buyer is entitled to process and sell the reserved goods in the course of normal business activities, as long as the buyer is not in default. The buyer is to sufficiently insure the reserved goods against fire and theft. Pledging or collateral assignment are not permitted. The buyer already now transfers all claims in the full extent to the seller with the regard to the reserved goods (including all balance claims for the current account) arising from the further sale without or after processing to one or more customers or from any other legal basis (insurance, prohibited activities). The seller empowers him irrevocably to collect the claims transferred to the seller at the buyer's own account and on the buyer's behalf. The authorization of collection of the seller remains unaffected by the collection authorization of the buyer. The seller, however, shall not collect the claim itself as long as the buyer duly fulfills its payment obligations. At the request of the seller, the buyer is to inform the seller of the debtors of the claims transferred according to this paragraph and to notify the debtors of the transfer.

(5) With seizure of third parties of the reserved goods or claims of the seller, in particular, all types of seizures, applications for court protection from creditors or applications for bankruptcy, or an application for enforcement or with the opening of such proceedings, irrespective of whether the application has been submitted by the buyer or another creditor, the buyer shall refer to ownership of the seller and notify the seller immediately so that the seller can assert his rights of ownership. If the third party is not in the position to reimburse the seller the court costs or out-of-court costs arising in association with this, then the buyer is liable for this.

(6) In the case of behaviour of the buyer that is in violation of the contract - in particular, delay of payment - the seller is entitled to repossess the reserved goods or to demand transfer of the claim for restitution of the buyer against third parties. Repossession or seizure of the reserved goods by the seller does not constitute withdrawal from the contract.

§ 9 Limitation or liability

Claims for compensation from positive breach of an obligation, from debts at the time of conclusion of the contract and from unallowed action are excluded against the seller as well as against its subcontractors and/or vicarious agents, to the extent that this does not involve intentional or gross negligent behaviour. This also applies to claims for compensation due to non-fulfillment, however, only to the extent that replacement is required due to the direct or consequential damage, unless liability is based on an assurance, which the buyer is to give against the risk of such damage. Any liability is limited to the foreseeable damage at the time of conclusion of the contract. Under all circumstances, liability of the seller in accordance with the product liability law and other claims from manufacturer liability remain unaffected.

§ 10 Applicable law, place of jurisdiction, partial invalidity

(1) The law of the Federal Republic of Germany is valid for these terms and conditions of business as well as for the entire legal relations between the seller and the buyer. The application of other law, in particular, UN sales law, is excluded.

(2) All disputes, which arise in connection with the contract to be defined more precisely or its validity, shall be conclusively decided according to the rules of arbitration of the Deutsche Institution für Schiedsgerichtbarkeit e.V. (DIS) with the exclusion of regular legal proceedings. The court of arbitration (§ 3,1 DIS SchGO), consisting of three arbitrators, can also bindingly decide upon the validity of the contract of arbitration. The seat of the court of arbitration is Stuttgart. German law is applicable. The proceedings shall be held in German.

(3) If a provision of these terms and conditions of delivery and payment or a provision in the scope of other agreements should be or become invalid, then the effectiveness of the remaining provisions or agreements is not affected by this.

1. Controlling conditions

The legal relations between the supplier and Bader GmbH & Co. KG, Göppingen, - hereinafter referred to as buyer – shall comply with these conditions and any other agreements. These conditions shall also apply to all future business relations, even if an explicit new agreement is not effected.

Amendments and additions require the written form.

Other general terms and conditions of business shall also not apply if they were not explicitly contradicted in an individual case. In the event that the buyer refers to a communication that includes the terms and conditions of business of the supplier or a third party or refers to conditions of that kind, this does not constitute agreement to the validity of those terms and conditions of business.

2. Quotations, orders

2.1 The supplier shall keep to the enquiry of the buyer in his quotation and make explicit reference in the case of variations. Quotations shall be free of charge and without commitment for the buyer.

2.2 Delivery contracts (order and acceptance), delivery schedules and amendments and alterations to them shall require the written form. Acceptance of any online orders shall be by way of confirmation by e-mail.

2.3 In the event that the supplier does not accept the order within 3 weeks after receipt, the buyer shall be entitled to cancellation. Delivery schedules shall become binding at the latest if the supplier does not contradict them within 2 weeks after receipt.

2.4 The buyer shall be able to demand amendments to the delivery item within the bounds of reasonableness for the supplier. In the process, the effects in respect of additional and reduced costs and delivery dates in particular shall be regulated reasonably and mutually.

3. Prices, despatch, packaging

3.1 The agreed prices are fixed prices and apply on principle free destination or free factory of the buyer including packaging.

3.2 If by way of exception an ex factory or ex warehouse price is agreed, the buyer shall only accept the most favourable freight charges. The supplier shall bear all costs incurred including loading and carriage up to handover to the forwarding agent.

3.3 Unless agreed otherwise, the goods to be supplied shall be packed appropriately according to custom and usage. The supplier shall be liable for damage as a result of faulty packaging. The packaging must be environmentally acceptable and it must be possible to dispose of it with household waste. The supplier shall take back the packaging at his expense at the request of the buyer.

4. Delivery dates and times, default

4.1 Agreed dates and times are binding. Receipt of the goods by the buyer shall be authoritative for adherence to the delivery date or delivery time. If delivery has not been agreed free factory, the supplier must make the goods available in good time, taking the usual time for loading and despatch into account.

4.2 If the supplier is in default of delivery, the buyer at his own option shall be entitled after fruitless expiry of a reasonable additional respite to demand subsequent delivery and compensation for damages on account of failure to perform or to withdraw from the contract. An additional respite shall not be applicable insofar as it is not reasonable for the buyer. Apart from this the legal requirements shall apply to the default.

4.3 Deliveries ahead of schedule are not permissible. The supplier shall be obligated to immediately inform the buyer in writing if circumstances arise or become identifiable whereby the delivery time cannot be adhered to.

5. Payment and invoicing

5.1 Payment shall be made by transfer or cheque.

5.2 In the case of acceptance of premature deliveries, the payment date shall comply with the agreed delivery date.

5.3 Payment shall be made at the buyer's own option after receipt of goods according to contract and receipt of the correct and auditable invoice taking the following conditions as a basis: unless agreed otherwise 14 days 3 % discount, 30 days 2 % discount, 60 days net.

5.4 In case of a faulty delivery the buyer shall be entitled to hold back payment proportionate to the value until due performance has been made.

5.5 Without the prior written consent of the buyer that cannot be withheld unreasonably, the supplier shall not be entitled to assign his accounts receivable against him or to have these collected by third parties. Following existence of extended reservation of title, consent shall be regarded as given.

5.6 The invoice must be sent separately by post and in duplicate and state the reference, order and the delivery note. The duplicate must be clearly marked as such. If these regulations are not complied with, the invoice shall be regarded as not issued until clarification or completion by the supplier.

6. Notice of defects

The buyer shall immediately inform the supplier in writing of any defects in delivery as soon as they are determined according to the circumstances of the proper course of business. In this respect the supplier renounces the plea of belated notice of defects.

7. Quality and documentation

7.1 The supplier must adhere to the recognised rules of technology, safety regulations and the agreed technical data for his deliveries. Amendments to the delivery item require the prior written consent of the buyer. For examination of the first sample

reference is made to the VDA¹ pamphlet "Assurance of the quality of deliveries – choice of supplier/production process – and product release/quality performance in the series", including entry in IMDS in the version applicable at the time. Irrespective of this the supplier must constantly examine the quality of the delivery item. The contractual partners will provide information to each other regarding the possibility of an improvement in quality.

7.2 In addition, the supplier must record for all products in his quality records when, in what manner and by whom flawless production of the deliveries was assured. This documented evidence must be kept for 20 years and presented if required. The supplier shall be entitled to shorten the storage term of the documented evidence if he is able to exclude threats to life and health upon use of the products. The supplier must obligate upstream suppliers to the same extent within the realms of the legal possibilities. For guidance reference is made to the VDA pamphlet "Keeping a record – Guide to documentation and archiving quality requirements", in the version applicable at the time.

7.3 In the case of materials that have to undergo special treatment on account of laws, decrees and other conditions or on account of their composition and effect on the environment need to have special treatment in respect of packaging, transport, storage, handling and disposal, the supplier shall be obligated to provide the buyer with a fully completed safety data sheet according to 91/155/EEC-2001/58/EC along with the quotation or at the latest with the confirmation of order. In the event of amendments to the composition of the materials or in the effect on the environment, new updated data and bulletins must be sent to the buyer immediately.

7.4 Insofar as chemicals are involved, these are subject to a labelling obligation by the supplier. If the chemicals contain substances that are harmful to the environment according to the Water Resources Act (e.g. chlorinated hydrocarbons etc.), the supplier shall be obligated to inform the buyer of this upon confirmation of order at the latest and to draw attention to how these substances behave and in which form they have a hazardous effect.

7.5 In specifically agreed cases a work's test certificate according to EN 10204-3.1 B must be attached to every delivery.

7.6 In the case of deliveries of machines and technical systems the regulations of the Accident Prevention and Insurance Association of the German Leather Industry shall be decisive. Furthermore the current accident prevention regulations, the regulations of the commercial regulatory authority and the VDE/VDI (Association for Electrical, Electronic and Information Technologies/Association of German Engineers) regulations must be observed. In addition, machines and systems must be constructed in accordance with CE regulations. A declaration of conformity must be attached to the documents for the machines and systems. If desired, the supplier must grant the buyer access to the CE documents. A commissioning report will be prepared by the buyer and the supplier upon commissioning of machines and systems. The supplier shall provide all documents with the machine as agreed by contract. Moreover, the regulations agreed in the contract of purchase shall apply.

8. Warranty

8.1 Following delivery of faulty goods and before beginning production, the supplier must initially be given the opportunity to sort out and repair or deliver at a later stage, unless this is unreasonable for the buyer. If the supplier is not able to carry this out or does not comply immediately, the buyer shall be able to withdraw from the contract in this respect and return the goods at the supplier's risk. In urgent cases he shall be able to carry out repair work himself or arrange for it to be carried out by a third party. Costs incurred by this shall be borne by the supplier.

8.2 If the same goods are supplied repeatedly in a faulty condition, the buyer shall also be entitled to withdraw from the non-executed scope of delivery in the case of a new faulty delivery following a written warning.

8.3 If the defect is not determined until after production commences in spite of observation of the obligation in accordance with no. 6 (notice of defects), the buyer shall be able to demand compensation for additional expenditure in extent of the regulation in no. 8.1 and no. 8.2.

8.4 The goods to be replaced must, at his request and expense, immediately be placed at the disposal of the supplier by the buyer.

8.5 The warranty terminates after expiry of 24 months as from delivery to the buyer insofar as another agreement has not been made.

8.6 In the case of a replacement delivery of the entire delivery item or of parts for removal of defects, the warranty period shall terminate after expiry of 24 months as from replacement delivery or part delivery to the buyer.

8.7 The buyer shall be entitled to hold back the purchase price and additional charges for as long as it takes to rectify the defect or in the case of machines and technical systems until evidence of measured values is provided by a publicly recognised engineering consultant.

8.8 The warranty shall comply with the legal regulations insofar as this has not been regulated otherwise in the preceding wording.

9. Liability / product liability insurance

9.1 Insofar as another liability regulation has not been agreed at another point in these conditions, the supplier shall only be obligated to provide compensation for damages in accordance with numbers 9.2 – 9.4 incurred by the buyer directly or indirectly as a result of a faulty delivery, on account of an infringement of official safety regulations or for any other causes in law to be attributed to the supplier.

9.2 Basically, the obligation to provide compensation for damages is only given if the supplier is to blame for the damage that has occurred. It is the business of the supplier to provide evidence that he is not to blame.

9.3 In the event that the buyer is claimed against on account of liability regardless of negligence or fault according to foreign law that is non-negotiable vis-a-vis third parties, the supplier shall join in vis-à-vis the buyer insofar as he would also be directly liable. The basic principles of Article 254 BGB (German Civil Code) shall be applicable for the loss adjustment between the buyer and the supplier. This shall also apply in the case of a direct claim against the supplier.

9.4 The buyer will immediately and comprehensively inform and consult the supplier in case he wishes to claim against him according to the preceding regulations. He shall give the supplier the opportunity to examine the claim. The contractual partners shall arrange things together regarding the measures to be taken, in particular in the case of conciliation negotiations.

9.5 The supplier shall be obligated to maintain product liability insurance at his own expense with an insured sum of at least 1 million euros. Insofar as not agreed otherwise for an individual case, this does not need to cover a recall risk, criminal or similar damages. The supplier shall send a copy of the liability policy to the buyer at any time.

10. Proprietary rights

10.1 The supplier shall be responsible for ensuring that proprietary rights of third parties are not infringed in connection with his delivery in countries of the EU, North America or other countries in which he manufactures or arranges manufacture of the products.

10.2 The supplier shall be obligated to exempt the buyer from all claims that third parties raise against the buyer on account of the infringement of industrial property rights stated in number 10.1 and to reimburse the buyer for all necessary expenditure in connection with this claim. This claim shall exist irrespective of blame on the part of the supplier.

11. Origin and Export Control

11.1 Seller shall be obliged to provide a declaration of origin by filling in a set of pre-printed forms "Long Terms Supplier's Declaration" pursuant EU-Directive 1207/2001 to be signed by Seller's authorised representatives and submitted to BADER GmbH & Co KG regularly until end of January.

11.2 Seller shall inform Buyer of any export restrictions applicable in the country of manufacturing and/or dispatching of the Goods. Seller shall inform Buyer if the Goods are subject to any export/re-export licence under U.S law and regulations. If seller is located in the European Union, Seller shall inform Buyer about any obligation to obtain an export licence with respect to Dual Use Goods as well as munitions subject to the European export control restrictions and the national codifications of the export control restrictions. Seller shall advise Buyer about the classification number applicable (e.g. ECCN – Export Control Classification Number for US products, "AL-Number" for goods listed in German Export Control List, etc.) and any licence exceptions available for the Goods. Seller shall provide information directly to BADER GmbH & Co KG, Zentrale Transport & Logistikabteilung.

12. Force majeure

In cases of force majeure the buyer shall be able to cancel the contract in whole or in part or demand execution at a later time without the supplier being entitled to any claims arising from this.

13. Secrecy

13.1 The contractual partners shall undertake to treat all non-apparent business and technical details that become known to them due to the business relationship as a business secret.

13.2 Sub-suppliers shall be obligated correspondingly.

14. Reservation of title

The supplier shall reserve title to all goods supplied by him until they are paid for in full.

15. General provisions

15.1 In the event that a contractual partner ceases his payment or application is made for insolvency proceedings regarding his assets or judicial or out-of-court composition proceedings, the other partner shall be entitled to withdraw from the part of the contract that has not been fulfilled.

15.2 In the event that a provision of these conditions and further reached agreements be or become invalid, this shall not affect the validity of the rest of the contract. The contractual partners shall be obligated to replace the invalid provision by a provision that comes as close as possible with regard to economic success.

15.3 The law of the Federal Republic of Germany shall apply exclusively insofar as another agreement has not been reached. Application of the Den Haag Uniform Law on the International Sale of Goods shall be excluded.

15.4 Göppingen shall be the place of performance and place of jurisdiction.

¹ VDA = Association of German Automobile Manufacturers