

GENERAL TERMS AND CONDITIONS OF PURCHASE

AS OF: 2/2015

1. General provisions, orders
 - 1.1 These General Terms and Conditions of Purchase apply to all orders, goods, services and payments of SCHRAG in transactions with businesses. They are part of all contracts concluded between SCHRAG and its suppliers regarding the goods or services offered by them. They also apply to all future goods, services or offers to SCHRAG, even if they are not agreed to separately again. Regarding existing and ongoing business relationships, the latest version of these General Terms and Conditions of Purchase applies. The acceptance of goods, services or payments does not imply any acceptance of the general terms and conditions of the supplier. In particular, SCHRAG will only be bound by general terms and conditions of the supplier if they are consistent with the latest version of the General Terms and Conditions of Purchase of SCHRAG or if SCHRAG has agreed in writing to the general terms and conditions of the supplier. Even if SCHRAG makes reference to a letter containing the general terms and conditions of the supplier or a third party, this does not constitute its consent to those general terms and conditions.
 - 1.2 Individual agreements deviating expressly from these General Terms and Conditions of Purchase or unilateral provisions of SCHRAG regarding orders take precedence.
 - 1.3 Insofar as the supplier's confirmation deviates from the order, SCHRAG will only be bound if SCHRAG has agreed to the deviation in writing. Changes or additions to the order by the supplier will only be effective if confirmed in writing by SCHRAG. The acceptance of goods or services deviating from the order does not imply an approval of the deviations.
 - 1.4 SCHRAG may cancel the order free of charge if the supplier fails to confirm it in writing within 2 weeks of receipt (order confirmation).
2. Delivery time, delay
 - 2.1 The delivery time stated in the purchase order (delivery date or period) is binding. The timeliness of deliveries depends on the receipt by the receiving office specified by SCHRAG, the timeliness of performances depends on their acceptance. Premature deliveries are only permitted with the written consent of SCHRAG.
 - 2.2 In case of a perceptible delay in delivery or performance, SCHRAG must be notified immediately. The acceptance of a delayed delivery or performance does not constitute a waiver of damage claims or other claims by SCHRAG.
 - 2.3 If the day on which the delivery must be made at the latest can be determined according to the calendar, the supplier will be in default at the end of this day without requiring a reminder by SCHRAG.
 - 2.4 In the case of late delivery, SCHRAG may exercise all statutory rights, including the right of withdrawal and the right to damages instead of performance after the expiry of a reasonable period of grace.
 - 2.5 SCHRAG is entitled to demand a contractual penalty of 0.3% of the respective order value for each working day of the delay in delivery, up to a maximum total penalty of 5% of the order value. In the case of delay regarding intermediate deadlines, the penalty amount runs up to 5% maximum of the order value of the performance to be delivered by the intermediate deadline. The total amount of all contractual penalties under the contract is limited to 5% of the order value of the entire contract. The penalty is to be deducted from the default damages payable by the supplier. SCHRAG may claim the contractual penalty up to the final payment date.
 - 2.6 Partial and excess deliveries are only permitted with the written consent of SCHRAG.
3. Passing of risk, shipping, ownership
 - 3.1 In the case of deliveries with installation and assembly as well as services, the risk passes upon acceptance; in the case of deliveries without installation or assembly, the risk passes upon receipt of the goods at the receiving office specified by SCHRAG.
 - 3.2 Deliveries are understood to be "carriage paid" to the receiving office specified by SCHRAG including packaging.
 - 3.3 The costs of insuring the goods will only be taken over by SCHRAG if explicitly agreed upon in writing.
 - 3.4 SCHRAG objects to retention of title arrangements and reservation of title declarations of the supplier that go beyond the simple retention of title.
 - 3.5 Materials or tools ceded by SCHRAG to the supplier for use remain the property of SCHRAG. Tools provided to the supplier may only be used for the production of the goods or services to be manufactured. Tools and resources that are manufactured by the supplier to fulfil the order of SCHRAG will become the property of SCHRAG if SCHRAG pays for the development – even pro rata – or openly includes it in the price of the goods or services. They are to be identified by the supplier as property of SCHRAG, stored carefully, protected against damages of any kind and may only be used for the purposes of the contract. The contracting parties bear the costs of maintenance and repair of these items – in the absence of a different agreement – in equal parts. However, if these costs are attributable to shortcomings of such items manufactured by the supplier or to improper use by the supplier, its employees or other vicarious agents, they must be borne by the supplier alone. The supplier will immediately notify SCHRAG of all damages – even insignificant ones – to such items.
 - 3.6 The processing or transformation of provided materials by the supplier is for SCHRAG only. If the provided materials are processed with other goods, SCHRAG acquires joint ownership of a newly created object in

proportion of the value of the provided materials to the other processed goods at the time of processing. If provided materials are inextricably mixed with other items not belonging to SCHRAG, SCHRAG acquires joint ownership of the new item in the ratio of the provided materials to the other items at the time of mixing. If the result of the mixing is that items provided by the supplier are to be considered – in relation to the materials provided by SCHRAG – as the main item, the supplier assigns to SCHRAG a pro rata co-ownership of the new item.

4. Payment
 - 4.1 Payments are only made after receipt of the complete defect-free delivery or after full and faultless performance and after receipt of a proper invoice. Partial deliveries or partial performances are only paid if explicitly agreed upon beforehand in writing. An agreed right of the supplier to partial delivery or partial performance is not sufficient for this purpose. Payments or advance payments do not constitute an acceptance of the delivery or performance as contractually agreed.
 - 4.2 Payments must be made until the 14th day of the month following the delivery less a discount of 3%, or net 60 days after delivery. If the above-designated 14th day of a month is a Saturday, Sunday or a public holiday, the payment must be made on the next working day. Discount deduction is also permissible if SCHRAG sets off or withholds payments due to defects.
5. Value and cost analysis

The supplier is obliged to conduct value and cost analyses in respect of all goods. It discloses all relevant costs in a detailed breakdown of costs and makes this available to SCHRAG. After consultation with SCHRAG, the supplier will provide qualified personnel for value and cost analysis activities.
6. Competitiveness
 - 6.1 SCHRAG and the supplier agree that maintaining the competitiveness of the goods is of great importance for the supply relationship.
 - 6.2 The competitiveness of the goods is ensured if the goods correspond to comparable goods of competitors in terms of price and technology.
 - 6.3 If SCHRAG is offered a comparable product at more competitive conditions, SCHRAG will inform the supplier in writing about this and set an appropriate time limit for restoring full competitiveness of the goods.
 - 6.4 The supplier will promptly draw up a catalogue of measures that it will implement in order to restore the competitiveness of the goods and provide this to SCHRAG with a revised quotation. With its revised quotation, the supplier must ensure the competitiveness of the goods within the appropriate time limit set by SCHRAG.
 - 6.5 The parties agree that the obligation to maintain competitiveness in accordance with this Section 6 is an essential duty of the supply contract.
7. Warranty, recourse
 - 7.1 Contrary to Section 438 (1) no. 3 and Section 634a (1) no. 1 of the German Civil Code (BGB), the warranty period ends 3 years after the passing of risk. If the supplier by itself provided or offered a longer warranty period or the application of the VOB/B ("Vergabe- und Vertragsordnung für Bauleistungen", German Construction Tendering and Contract Regulations) was agreed upon – even in parts – this subsection 7.1 sentence 1 does not apply.
 - 7.2 Acceptance of the delivery/performance is subject to the examination for faultlessness. In any event, a complaint regarding variations in quality and quantity has been made in good time when SCHRAG informs the supplier within 5 working days of receipt of the goods by SCHRAG. For hidden defects, the legal regulations apply. By accepting or approving provided specimens or samples, SCHRAG does not waive any warranty claims. With receipt of the written notice of defects at the supplier's, the limitation of warranty claims is suspended.
 - 7.3 If it is not possible to set the supplier a time limit for supplementary performance due to urgency in order to avert imminent danger or major damage, SCHRAG will be entitled to carry out the supplementary performance by itself or have it done by a third party at the expense of the supplier without having set a time limit.
 - 7.4 In the event of supplementary performance by delivery of flawless goods or new production of the work, the limitation of warranty claims with respect to the supplementary delivery/performance begins anew upon the passing of risk (Subsection 3.1), unless SCHRAG had to assume – in view of the supplier's behaviour – that the supplier did not feel obliged to the measure itself, but the supplementary delivery or removal of defects was only a gesture of goodwill or similar reasons. The same applies to the removal of defects, provided that the value of the removal of defects is 65% or more in relation to the agreed price of the object of delivery/performance.
 - 7.5 If costs incurred by SCHRAG as a result of the defective delivery/performance, in particular transport, travel, labour, material costs or costs that exceed the usual extent of the receiving inspection, the supplier has to bear these costs, too.
 - 7.6 SCHRAG reserves the right of recourse against the supplier if SCHRAG takes back manufactured and/or sold goods due to defects in the delivery/performance or if the purchase price was therefore reduced by its own customers, if SCHRAG has been charged therefore by its own customers, other contractors or third parties, or if SCHRAG therefore settles claims by its own customers, other contractors or third parties to avoid disputes.
 - 7.7 SCHRAG is entitled to demand compensation from the supplier with regard to expenses that were borne by SCHRAG in relation to claimants, as far as these expenses were necessary for the purpose of sup-

plementary performance, in particular transport, travel, labour and material costs.

8. Product liability
- 8.1 The supplier is responsible for all third-party claims asserted for personal injury or property damage caused by a defective product supplied by it, and is obliged to indemnify SCHRAG from the resulting liability. If SCHRAG is obliged to conduct a recall against third parties due to a defect in a product delivered by the supplier, the supplier must bear all costs associated with the recall.
- 8.2 The supplier is obliged to maintain at its own expense a product liability insurance with an adequate coverage. On SCHRAG's request, the supplier will submit a copy of the liability insurance policy at any time.
9. Substances in products, raw materials, materials, packaging
- 9.1 The supplier warrants that it fulfils the requirements of the EU chemicals regulation REACH (Regulation (EC) No. 1907/2006, published on December 30, 2006) in the latest version – hereinafter referred to as "REACH Regulation" – and in particular that the registration of all substances has been made in accordance with the SVHC list. In addition, the supplier warrants to not supply products including their packaging material that contain substances in accordance with the following:
- the REACH Regulation in the latest version;
 - the Council Decision 2006/506/EC (Stockholm Convention on Persistent Organic Pollutants) in the latest version;
 - the EC Regulation 1005/2009 on ozone depleting substances in the latest version;
 - the Global Automotive Declarable Substance List (GADSL) in the latest version (at www.gadsl.org)
 - RoHS (2002/95/EC) for products within the scope of its application.
- 9.2 If the goods supplied contain substances included in the so-called "Candidate List of Substances of very High Concern" ("SVHC list") in accordance with the REACH Regulation, the supplier must disclose this without delay. This also applies if not yet listed substances are included in this list in the course of ongoing deliveries. The latest list is available at <http://echa.europa.eu/web/guest/candidate-list-table>.
- 9.3 In addition, the products and their packaging must not contain asbestos, biocides and radioactive material. If these substances are contained in the products delivered to SCHRAG, SCHRAG must be notified in writing prior to delivery, stating the substance and identification number, and provided with a current safety data sheet regarding the product to be delivered. The delivery of these products requires separate approval by SCHRAG.
- 9.4 The supplier is obliged to indemnify SCHRAG from any liability in connection with the supplier's failure to comply with the above mentioned regulations or to compensate SCHRAG for damages that arise at SCHRAG as a result of the supplier's non-compliance with the regulations or that are associated with the non-compliance.
10. Use of "conflict minerals" concerning Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act)
- 10.1 The supplier is aware of its social responsibility with regard to the environment, safety, health and human rights and understands that its business behaviour has an impact on society and the environment. To ensure a peaceful, fair and sustainable use of our global resources, the supplier warrants to the following:
- 10.2 All products of the supplier contain neither directly nor indirectly conflict minerals from mines that are funded or sponsored by armed groups in the Democratic Republic of Congo or neighbouring countries (Angola, Burundi, Rwanda, Zambia, Sudan, Tanzania, Uganda and the Central African Republic). The Dodd-Frank Act specifically refers to tin, tantalum, tungsten, columbite, gold and derivatives thereof, mined in the above sources.
11. Assignments, set-off, retention
- 11.1 The assignment of claims against SCHRAG is only permitted with its written consent.
- 11.2 Against claims by SCHRAG, the right of set-off or the right of retention is only permitted with recognized, legally established or ready-for-decision claims and rights.
- 11.3 SCHRAG is entitled to offset all claims of any kind against all claims by the supplier and its companies, even if the claims have different maturities.
12. Confidentiality, intellectual property rights
- 12.1 The supplier is obliged to keep confidential all commercial and technical details associated with the orders and contracts as well as all information on business operations of SCHRAG that are usually not accessible to third parties, and to not exploit the details and information itself.
- 12.2 The supplier warrants that intellectual property rights of third parties are not infringed by the delivery and use of the obtained objects. The presence of an intellectual property right must not be withheld from SCHRAG.
- 12.3 Any tools, moulds, samples, models, profiles, drawings, artwork, gauges and the like ceded by SCHRAG for use as well as subsequently manufactured products must not be reproduced nor disclosed to third parties nor used for purposes other than the contractual purposes without the written consent of SCHRAG. The aforementioned moulds, samples, drawings, etc. remain the property of SCHRAG. They have to be returned automatically without request to SCHRAG if no order is placed or when a placed order has been completed.

13. Compliance, human rights, occupational health and safety, environmental protection

- 13.1 The supplier is obliged to not take any action or refrain from any action that may lead to criminal liability for fraud or embezzlement, insolvency crimes, crimes against competition, granting an advantage or corruption regarding people working for the supplier or other third parties. The supplier is obliged to comply with all laws and regulations that are relevant to it and to the business relationship with SCHRAG (compliance). Actions of persons active at the supplier's or for the supplier are attributed to the supplier where such persons are acting within the scope of responsibilities of the supplier.
- 13.2 The supplier commits to the observance of human rights and social standards in its environment in accordance with Section 3 and to respect the environment and to refrain from measures that are inconsistent with these objectives and to avoid them where possible. The supplier will inform SCHRAG immediately without further request of all violations of the above provisions also by its suppliers.
- 13.3 The supplier will strive for complying with decent working conditions in its environment by way of reasonable limitation of working hours and observance of minimum wages and health protection and refrain from violating these (social standards). In particular, the seller will take action against child labour and forced labour.
- 13.4 The supplier commits to complying with the laws designed to protect the environment and to taking measures to protect the environment. Each delivery must be made in packaging appropriate to the product, as agreed with SCHRAG and in compliance with relevant environmental regulations. With regard to the environment, the supplier must always choose an environmentally friendly form of packaging and the use of returnable packaging (euro palette).
14. Final provisions
- 14.1 The place of performance for all goods and performances is Ebersbach/Fils, Germany.
- 14.2 The exclusive place of jurisdiction is Ebersbach/Fils, Germany. However, SCHRAG is entitled to sue the supplier at its general place of jurisdiction or at any place of acting.
- 14.3 The laws of the Federal Republic of Germany apply, excluding the United Nations Convention on the International Sale of Goods of 11 April 1970 and the conflict of laws regulations. If the supplier is not domiciled within the Federal Republic of Germany, SCHRAG can also assert the law that applies at the supplier's domicile or the law of the place of acting.
- 14.4 These General Terms and Conditions of Purchase remain binding in general even in the case of legal invalidity of individual provisions.