

General Terms and Conditions of Sale

Franz Sauermann GmbH & Co. KG
Franz Sauermann GmbH
Hans Sauermann GmbH & Co. KG

As of 1st of May 2019

Sec. 1 - Scope

(1) These Terms and Conditions of Sale shall apply to all contracts concluded with Franz Sauermann GmbH & Co KG, Franz Sauermann GmbH or Hans Sauermann GmbH & Co KG (hereinafter referred to as "Customer") on the basis of orders for goods placed by our customers (hereinafter referred to as "Sauermann"). These terms and conditions of sale apply to the contracts of all companies, but the contractual partner is only either Franz Sauermann GmbH & Co KG, Franz Sauermann GmbH or Hans Sauermann GmbH & Co KG.

(2) We shall only recognize any terms and conditions of the customer which conflict with or deviate from our terms and conditions of sale if we expressly agree to their validity in writing or if they are otherwise agreed upon in writing by mutual consent. Such a derogation shall apply only to the specific order in the case of their agreement and not to subsequent orders. By placing an order, also in oral or telephonic form, the customer accepts these terms and conditions of sale as binding.

(3) These terms and conditions of sale shall also apply to all future transactions with the customer, insofar as these are legal transactions of a related kind, meaning purchase contracts, without us having to refer to them in each individual case.

Sec. 2 - Offer and conclusion of a contract

If an order is to be regarded as an offer in accordance with Sec. 145 of the German Civil Code, we may accept it within two weeks of placing the order. We do not necessarily have to confirm acceptance orally or in writing, but it can also be tacit, in particular by delivery.

Sec. 3 - Prices and payment

(1) Unless otherwise agreed upon in writing, our prices are ex-works plus packaging and transport and plus value-added tax at the applicable rate, in the case of export deliveries plus customs duties as well as fees and other public charges.

(2) Payment of the purchase price shall be made exclusively to the account specified in the invoice within 30 days of the invoice date. The receipt on our account is decisive for the timeliness of the payment. A discount may only be deducted if a special written agreement has been made.

(3) Should the customer default on a payment, we shall be entitled to charge default interest at the statutory rate, currently 9 percentage points above the base interest rate in business transactions. The assertion of higher damage caused by default remains reserved.

(4) Insofar as the agreed prices are based on our list prices, the list prices valid at the time of delivery shall apply in this case (less any agreed discount). Unless an express fixed price agreement has been made, we reserve the right to make reasonable price changes due to changes in wage, material and distribution costs for deliveries made 4 months or more after the conclusion of the contract. In any event, the price change will not result in a price higher than the market price.

Sec. 4 - Set-off and rights of retention

The customer shall only be entitled to set-off if his counterclaims have been legally established or are undisputed. The customer is only entitled to exercise a right of retention insofar as his counterclaim is based on the same contractual relationship.

Sec. 5 - Delivery time and default of acceptance

(1) Delivery by us shall take place within the delivery period expressly agreed in each case. Deadlines and dates for deliveries promised by us are always only approximate unless a fixed deadline or a fixed date has been expressly promised or agreed with the customer. We reserve the right to plead non-performance of the contract.

(2) Insofar as the shipment has been agreed upon, delivery periods and delivery dates shall refer to the time of transfer to the forwarding agent, carrier or other third party commissioned with the transport.

(3) We shall not be liable for impossibility of delivery or delays in delivery insofar as these were caused by force majeure or other events not foreseeable at the time of conclusion of the contract for which we are not responsible. These include, for example, operational disruptions of all kinds, difficulties in procuring materials, transport delays, strikes, shortages of manpower, energy or raw materials or incorrect or late delivery by suppliers despite the conclusion of a congruent hedging transaction (reservation of self-delivery). We shall inform the customer thereof without delay and, if possible, at the same time inform the customer of the expected new delivery period.

(4) If the impediment to performance is not only of a temporary nature, we shall be entitled to withdraw from the contract in whole or in part. Any consideration already rendered by the customer shall be refunded immediately.

(5) If the customer is in default of acceptance or culpably violates other (cooperation) obligations, we shall be entitled to demand compensation for the damage incurred by us in this respect. Further rights remain reserved. The risk of accidental loss or accidental deterioration of the object of purchase shall pass to the customer at the time at which the latter is in default of acceptance.

Sec. 6 - Place of performance, the passing of risk, sale by shipment

- (1) Place of performance for all obligations arising from the contractual relationship is the registered office of Sauermann.
- (2) The risk of accidental loss and accidental deterioration of the goods shall pass to the customer at the latest upon handover.
- (3) If the goods are dispatched to the Customer at the Customer's request (sale by delivery), the risk of accidental loss or accidental deterioration of the goods and the risk of delay shall pass to the Customer upon dispatch to the Customer, at the latest upon handover to the freight forwarder, carrier or other third party designated to carry out the dispatch.

Sec. 7 - Retention of title

- (1) We reserve title to the sold item until full payment of all present and future claims arising from the purchase contract. In the case of several claims or current account, the retention of title shall be deemed as security for the balance claim, even if individual deliveries of goods have already been paid.
- (2) The items subject to retention of title may not be pledged to third parties or transferred as security before full payment has been made.
- (3) As long as ownership has not yet been transferred to the customer, the customer must inform us immediately in writing if an application is filed for the opening of insolvency proceedings or if access by third parties, e.g. seizures, is made to the goods belonging to us and subject to retention of title. Insofar as the third party is not able to bear the court fees or out-of-court costs incurred by us with regards to a third-party action (Sec. 771 of the German Civil Procedure Act), the customer shall be liable for such expenses.
- (4) We shall be entitled to withdraw from the contract in accordance with the statutory provisions and/or to demand the return of the item on the basis of the retention of title if the client behaves contrary to the terms of the contract, in particular in the event of non-payment of the purchase price due. The demand for surrender does not at the same time include the declaration of withdrawal. Rather, we are entitled to initially only demand the return of the item and to continue to reserve the right to withdraw from the contract. If the client does not pay the due purchase price, we may only demand the return of the item on the basis of the retention of title if we have previously unsuccessfully set the customer a reasonable deadline for payment or if such setting of a deadline is superfluous after corresponding application of Sec. 323 § 2 of the German Civil Code.
- (5) The customer is obliged to treat the purchased item with care as long as ownership has not yet passed to him. He is obliged to have adequately insured these at his own expense against theft, fire and water damage at replacement value.
- (6) If maintenance and inspection work has to be carried out, the customer must carry this out in good time at his own expense.
- (7) The purchaser is entitled to resell and/or process the reserved goods in the ordinary course of business.
- (8) In the event of resale and/or processing of the reserved goods:

(a) The retention of title extends to the full value of the products resulting from the processing, mixing or combination of our goods. The Sauermann company is regarded as the manufacturer of the products. Processing or transformation of the goods is always carried out for us as a manufacturer, but without any obligation for us. If the ownership rights of third parties remain in force in the event of processing, mixing or combination with goods of third parties, we shall acquire co-ownership in proportion to the invoice values of the processed, mixed or combined goods. The customer shall keep the co-ownership thus created in safe custody for us.

(b) Otherwise, the same shall apply to the resulting product as to the goods delivered under retention of title (see above paragraphs).

(c) The customer hereby assigns to us as security the claims of the customer arising from the resale of the reserved goods or the product in the amount of the respective invoice value agreed with us or the respective co-ownership value determined in accordance with Sec. 8 § 8.a) (in each case including VAT). The same shall apply in the event that the customer obtains claims against third parties due to the combination of the reserved goods with a piece of real estate. We accept the assignment. The obligations of the purchaser stated in Sec. 7 § 2 and 3 shall also apply with regard to the assigned claims.

(c) The customer shall remain authorized to collect the claim alongside us even after the assignment. We shall not collect the claim as long as the customer meets his payment obligations towards us, we do not assert the retention of title by exercising the right in Sec. 7 §. 4, the customer is not insolvent, no enforcement measures are taken against him and judicial insolvency proceedings are not opened against his assets or the opening of such proceedings is refused due to lack of assets.

d) We shall release the securities to which we are entitled at our discretion at the request of the customer if the realizable value exceeds the claims to be secured by more than 10%.

Sec. 8 - Liability for defects and notice of defects as well as claims under a right of recourse

(1) The statutory provisions (in particular Sec. 434 et seq. of the German Civil Code) shall apply to the rights of the customer in the event of material defects and defects of title unless otherwise specified below. Warranty claims of the purchaser presuppose that he has properly fulfilled his obligations to inspect and give notice of defects according to Sec. 377 of the German Commercial Code. Thereafter, the delivered item must be carefully inspected, in particular immediately after delivery to the customer or to a third party designated by the customer, and, if a defect becomes apparent, notified to us immediately (complaint). The complaint must be made in writing and the customer must state the delivery note number belonging to the order. Obvious defects must be reported in writing immediately after delivery and defects that are not recognizable during the inspection must be reported in writing immediately after their discovery. In the case of goods which are intended for installation or other further processing, an inspection must always

be carried out immediately prior to processing. If the customer fails to notify us, the goods shall be deemed to have been accepted unless the defect was not identifiable during the inspection.

(2) For the question of whether a material defect exists, an agreement reached on the condition of the goods is primarily decisive (see Sec. 434 § 1 S 1 of the German Civil Code).

(3) The customer shall consult with us prior to any return shipment. In the event that claims based on defects exist, we shall be given the opportunity to remedy the defect in accordance with the statutory provisions. We may choose whether we provide subsequent performance by remedying the defect (subsequent improvement) or by delivering a defect-free item (replacement delivery). The right to refuse subsequent performance under the statutory conditions shall remain unaffected.

(4) We shall bear the expenses necessary for the purpose of inspection and subsequent performance, in particular, transport, travel, labor, and material costs as well as any dismantling and installation costs, or we shall reimburse them in accordance with the statutory provisions if a defect actually exists. Otherwise, we may demand reimbursement from the customer for the costs incurred as a result of the unjustified request to remedy the defect (in particular testing and transport costs), unless the lack of defectiveness was not recognizable to the customer.

(5) Claims by the customer for expenses incurred for the purpose of subsequent performance shall be excluded insofar as such expenses increase because the delivered goods are located at a place other than the place of intended use.

(6) The customer's right of recourse against us from transactions with third parties shall generally exist in accordance with the mandatory statutory provisions. Agreements between the customer and the third party which go beyond the statutory provisions shall not affect us. Paragraphs 4 and 5 above shall apply mutatis mutandis to a right of recourse.

Sec. 9 - Warranty period

(1) Warranty claims shall become statute-barred 12 months after delivery of the purchased item.

(2) This shortening of the statutory warranty period shall not apply to claims for damages unless we limit liability in accordance with the following Sec. 10. In the case of intent and gross negligence as well as in the case of injury to life, limb and health, which are based on an intentional or negligent breach of duty by the user, in the case of damage in accordance with the Product Liability Act and the breach of cardinal obligations, the statutory warranty periods shall apply.

(3) Insofar as longer warranty periods are prescribed by law, these periods shall apply.

Sec. 10 - Liability for damages

(1) Our liability for damages, for whatever legal reason, is limited in accordance with this Sec. 10.

(2) We shall be fully liable for damages, irrespective of the legal basis, in the event of intent and gross negligence. In the event of simple negligence on the part of our executive bodies, legal representatives, employees or other vicarious agents, we shall only be liable

a) for damages according to the German Product Liability Law,

b) for damages resulting from injury to life, limb or health and

c) for damages resulting from the violation of essential contractual obligations (cardinal obligations). Cardinal obligations are obligations the fulfillment of which is essential for the proper performance of the contract and the observance of which the customer regularly relies on and may rely on; in this case, however, our liability is limited to compensation for the foreseeable, typically occurring damage.

In all other respects, our liability for damages is excluded.

Sec. 11 - Miscellaneous

(1) This contract and all legal relations between the parties shall be governed by the laws of the Federal Republic of Germany to the exclusion of the UN Convention on Contracts for the International Sale of Goods (CISG).

(2) The place of performance shall be our place of business unless otherwise stated in the order confirmation. If the customer is a merchant, legal entity under public law or a special fund under public law or if he has no general place of jurisdiction in the Federal Republic of Germany, the AG Neuburg/Donau or the LG Ingolstadt is agreed as the exclusive place of jurisdiction for all disputes.

(3) Should individual provisions of these General Terms and Conditions of Sale be or become invalid or contain a gap, the remaining provisions shall remain unaffected. In order to fill these gaps, those legally effective provisions shall be deemed to have been agreed upon which the contracting parties would have agreed according to the economic objectives of the contract and the purpose of these General Terms Conditions of Sale if they had been aware of the loophole.