

General Terms and Conditions for Conducting Contract Work

1. Scope

These General Terms and Conditions apply to the conduct of contract work for a client (hereinafter the "Client") on the plants of H. Schoppe & Schultz GmbH & Co. KG (hereafter also "Schoppe & Schultz" and "we"), regardless of whether the work is conducted paid or free of charge.

2. Obligations of the Client

The Client is obliged to supply the commodities required to conduct the contract work at its own costs and own account insofar as the provision of individual commodities is not agreed by Schoppe & Schultz.

Furthermore, the Client is obliged to provide the best possible information about the characteristics of the commodities used, in particular about the behaviour of the commodities during the planned processing. Processing steps are only legally binding for Schoppe & Schultz if these are issued by the Client in writing in good time before the start of the contract work.

The Client is obliged to deliver the commodity on the agreed delivery date as per agreement with Schoppe & Schultz and at the commodity specifications agreed with Schoppe & Schultz.

If the Client does not meet this obligation, Schoppe & Schultz shall be free of the duty of punctual processing. The risk of the commodity value shall return to the Client in these cases.

If due to unpunctual deliveries Schoppe & Schultz incurs downtime costs of production facilities, Schoppe & Schultz has the right to invoice the Client the loss of revenues.

Furthermore, the Client shall assume legal responsibility for the finished product.

3. Obligations of Schoppe & Schultz

Schoppe & Schultz is obliged to carry out the processing in accordance with the instructions and stipulations of the Client. Schoppe & Schultz is, however, entitled to deviate from these stipulations insofar as this seems expedient for the conduct of the contract work. This does not apply insofar as the Client gives processing stipulations in writing and has explicitly forbidden any deviation from these.

Schoppe & Schultz shall bear responsibility for processing.

Insofar as Schoppe & Schultz provides additional commodities, it is obliged to comply with the commodity specifications agreed with the Client.

Schoppe & Schultz is entitled to cancel the processing order if the Client's commodity does not meet the Client's given standard and correct processing is not guaranteed. Any costs and expenses that are incurred by Schoppe & Schultz due to the cancellation of the processing order shall be refunded by the Client.

4. Arrears

Schoppe & Schultz generally produces by prior arrangement with the Client. Should Schoppe & Schultz for production-technical reasons that are the responsibility of Schoppe & Schultz not be in a position to meet the agreed deadline, the Client shall only have a right to compensation in the event of gross negligence or intent by Schoppe & Schultz.

5. Prices and payments

If nothing to the contrary is explicitly agreed, prices shall be ex works plus packaging, freight, insurance and value added tax, and for export deliveries in addition customs clearance and fees and other official deductions.

All invoices shall be due for payment immediately without any deductions to an account specified by us if nothing is agreed to the contrary.

A payment shall only be deemed to have been made when we finally have the amount. Bills and cheques will only be accepted in lieu of performance. We cannot assume any obligation through receipt of bills or cheques with regards to recourse to protest and punctual submission. All expenses or other costs incurred when collecting bills or cheques shall be borne by the Client.

If a danger to our payment receivables due to a lack of ability to pay by the Client is recognised we shall be entitled to make all not yet due receivables from the entire business relationship with the Client due for immediate payment, if we have already provided our deliveries and services. This also applies if we have already accepted bills or cheques. A danger is deemed to exist if information from a bank or information from a credit agency puts the Client's creditworthiness in doubt. The same applies if the Client is in payment arrears with at least two invoices. In this case we shall also be entitled to set the Client an appropriate deadline, in which at its choice it shall in return for provision of the still outstanding deliveries and services, either concurrently effect the consideration or provide security. After the fruitless expiry of this deadline we may withdraw from the Agreement. In the event payments are discontinued or of the over-indebtedness of the Client, the setting a period of grace is unnecessary.

In the event of payment arrears, we shall be entitled to demand interest of eight percentage points above the base rate subject to the reservation of the assertion of higher compensation for arrears.

Any offsetting by the Client is only permissible for an undisputed or legally adjudicated receivable. Insofar as offsetting is not admissible, the Client shall also not have any right of retention, otherwise only with regards to claims from the same agreement.

The assignment of claims against us requires our consent in writing.

6. Warranty

Objections to recognisable defects and quantity variations must be made immediately in writing, otherwise the defects shall be deemed to be approved. Hidden defects shall be reported in writing immediately after their discovery. The Client is obliged to give us the opportunity to convince ourselves of the defect immediately. Furthermore, the Client is obliged to store and handle the merchandise subject to objection correctly. We shall only accept returns on agreement. On our request the merchandise subject to objection shall be returned to us carriage paid. In the event of justified complaints, we shall pay the costs for the cheapest method of carriage; this shall not apply insofar as the costs would be higher because the merchandise is at a location other than the location of intended use.

In the event of quality complaints, the relevant legal provisions applicable in the Federal Republic of Germany shall be exclusively authoritative. The merchandise shall be inspected in accordance with the procedures specified in section 64 (1) LFGB or the method book VDLUFA: before re-processing or reselling merchandise subject to complaint we shall be given the opportunity to check the complaint.

7. Limitation of liability

Schoppe & Schultz shall only be liable for losses that we have foreseen on concluding the Agreement as the possible consequence of a breach of contract or that we should have foreseen when applying usual care and attention. We shall not be liable in the event of simple negligence of our management bodies, legal representatives, employees or other vicarious agents insofar as material contractual obligations are not involved.

8. Secrecy

Insofar as the Client obtains knowledge of confidential information, in particular with regards to special manufacturing procedures, know-how, recipes, working steps and specifications of Schoppe & Schultz, the Client is obliged to keep all information in connection with the delivery secret and to take the security measures necessary to prevent unauthorised third parties obtaining knowledge of drawings or process procedures. The Client shall also oblige its staff to confidentiality beyond their employment.

- a) Confidential information includes in particular all information in written, including photocopied, form, as well as drafts, sketches, technical reports, models and electronic data regardless of in which form this information is provided. Confidential information also includes information perceived visually or acoustically.
- b) The secrecy obligation does not, however apply to information, which the Client had already possessed at the point in time of the provision of the information by Schoppe & Schultz without any obligation to secrecy, which was already in the public domain or published before this Agreement came into effect, which the Client legally obtained or will obtain from a third party without any obligation to secrecy,
- c) Which Schoppe & Schultz has released to the recipient for forwarding to third parties through an additional written agreement. The Client is obliged on first request of Schoppe & Schultz and/or after the end of the cooperation to surrender, correctly destroy or securely delete all information that comes under this Agreement and to report the complete destruction/deletion to Schoppe & Schultz in writing
- d) If the Client breaches a legal or contractual secrecy obligation towards Schoppe & Schultz, it shall for each culpable violation pay to Schoppe & Schultz a contractual penalty to be set at the discretion of Schoppe & Schultz or in case of dispute to be reviewed by the court with jurisdiction. Payments to the contractual penalty promise shall be offset with Schoppe & Schultz's claims to compensation
– regardless of the legal grounds.

9. Court of jurisdiction

The exclusive court of jurisdiction for both sides for all disputes arising directly or indirectly from this contractual relationship is Lübeck. However, we have the right to file a suit against the Client at its general court of jurisdiction.

10. Concluding provisions

Any ancillary agreements must be made in writing. This also applies to any amendment of this written form clause.

Should any parts of these Terms and Conditions be ineffective or invalid this shall not affect the remaining provisions. The ineffective or void provisions shall be replaced by such that reach the intended financial purpose as precisely as possible in a legally admissible manner.