§ 1 Preface, Scope

1.) Our general terms of purchasing (also referred to as “GTP”) apply to any shipment, service and offer provided to us by our suppliers. They apply exclusively; conflicting terms or conditions of the supplier’s that differ from our terms of purchasing, will not be accepted and implied, unless we have explicitly approved this in writing in particular cases. Our GTP will also apply, if we receive the shipment without any reservation, although knowing about conflicting terms or conditions of the supplier’s that differ from our terms of purchasing.

2.) Purchase orders, orders, changes, agreements or any other statements will only be binding, if we give or confirm them in writing. For ensuring the written form transmission via means of telecommunication will be sufficient. Fully automatically created purchase orders, that are identified accordingly, do not have to be in written form. If the supplier does not concur with particular terms of our purchase order, they especially have to comment on that in writing and to give reasons. A divergent order confirmation will not be ample to alter any provisions included in the purchase order.

3.) Individual arrangements, made orally with the supplier in single cases, (including side-agreements, addenda and changes) will always precede these GTP. In addition, a contract in written form including the contents of these arrangements has to be set up. Otherwise our confirmation in writing, remaining without contradiction, will be decisive.

4.) Letters / correspondence have to be addressed to the purchasing department. Arrangements with other departments, insofar that arrangements shall be made which change points stipulated in the contract, must explicitly be approved in writing by the purchasing department in the form of an amendment to the contract.

5.) Our GTP are only apply to people who are acting as commercial or self-employed professionals when concluding the contract (entrepreneurs).

6.) Our GTP apply in their respective version as a framework agreement to any future business done with the same supplier, further advice from our side will not be necessary.

7.) Notes on the validity of statutory regulations only have an explanatory function. The statutory regulations shall also apply without such a clarification, insofar as they are not directly changed or are explicitly excluded in these GTP.
§ 2 Offer

1.) The supplier has to accept our purchase order within a period of 2 weeks from its receipt by confirming in writing or by delivering the goods without reservation. In the event that they do not make any declaration within this period, the purchase order is deemed to be accepted. However, we are allowed to cancel our purchase order within the 2 weeks following that in such a case.

2.) Within reasonable limits for the supplier we can request changes, amendments or variations of the products, quantities, consignees, specifications, drawings, drafts and delivery periods in written form from the supplier. The consequences of such variations, in particular with respect to increases and reductions in cost, shall be accommodated in an appropriate manner.

§ 3 Price, Terms of Payment

1.) The prices stipulated in the purchase order are fixed prices. The prices are net prices and subject to the statutory value added tax, free domicile to the indicated delivery address or destination, including any charges for packaging, labeling, shipping and freight, unless expressly agreed otherwise. If a price has been agreed “ex works” or “from stock”, we will only bear the most favorable freight charge. The supplier shall bear all costs incurred including loading up to the point of transfer to the carrier. The agreement about the place of performance shall not be affected by the type of pricing structure.

2.) Every order needs to be invoiced separately. The invoice must comply with the requirements of the country of destination and must list the services provided in a clearly arranged and traceable way. Order number, item number, article code and place of delivery must be stated on each delivery document and invoice. If any data is missing, we shall be entitled to return the goods and to charge the additional expenditure. In case of returning the goods, our duty of payment for the goods returned shall not apply. If the acceptance of the service has been agreed, the acceptance protocol has to be attached to the invoice. For accounting, the volumes, contents and quantities accepted by us shall be authoritative. We reserve the right to accept excess or short deliveries.

3.) Unless otherwise agreed in writing, we will pay the purchase price according to the following terms of payment:

14 days – 5%, 30 days – 3%, 60 days – 2%, 90 days net.
For the timeliness of the payments owed by us the receipt of our remittance order at the bank is sufficient.

4.) If an early delivery is accepted, the due-date shall be based upon the delivery date agreed.

5.) Payment does not imply the acceptance of the invoice or the properness of the consignment.

6.) The supplier shall not be entitled, pass on their claims deriving from the contractual relationship to third parties. This shall not apply, if these claims are monetary claims. The supplier shall also be entitled to have their claims collected by third parties.

7.) We are entitled to the rights of offsetting and retention as well as the plea of non-performance to the fullest extent allowed by law. In particular, we are entitled to retain due payments, as long as we are still entitled to claims against the supplier arising from incomplete or faulty deliveries.

8.) We are entitled to offset counter-claims, the supplier may hold against us, with all claims that we or companies we are connected with are entitled to against the supplier. On request we will notify the supplier in detail on the companies, which are affected by this regulation.

9.) In case of delay of payment we shall owe default interest amounting to 5 percentage points above the relevant base rate according to § 247 BGB.(Civil Code)

§ 4 Packaging, Marking, Dispatch

1.) The supplier will pack, mark and dispatch the goods in compliance with our packaging standards and any packaging standards that may be imposed by the carrier. Our packaging standards will be provided on request. On request, will support the supplier with regard to packaging, marking, processing and dispatch, so that the supplier shall be able to attain the most economic transport prices.

2.) The supplier will not charge any additional costs for packaging, marking and dispatch, unless we have agreed in writing to reimburse these expenses incurred by the supplier.
3.) The supplier has to make sure that every consignment is provided with the required dispatch documents.

4.) With each delivery, the supplier has to comply with the customs respectively NAFTA commitments, the requirements regarding the certificate of origin and labeling, the requirements of the country of destination with respect to billing and documentation as well as the requirements regarding the proof of sales tax. Unless otherwise agreed in writing in individual cases, the supplier will obtain the required export licenses and permits. If a different procedure has been agreed, the supplier shall obtain the information we need to obtain such licenses and permits. Furthermore, the supplier will notify us immediately, if a delivery, either in part or in whole, is subject to export restrictions imposed by German or any other law.

§ 5 Delivery, Delivery Time, Delay in Delivery, Passing of Risk

1.) The delivery time (date or period of delivery) stipulated by us in the order shall be binding. Relevant for compliance with the delivery date or the delivery deadline is the receipt of the goods at our premises or at the agreed place of delivery. If delivery "free premises" has not been agreed, the supplier is required to make the goods available in good time, taking into account the time required for delivery and shipping to be agreed with the forwarder.

2.) The supplier is obliged to notify us immediately in writing, if circumstances occur or are identified which indicate that the delivery time agreed upon cannot be met. This notification must include details referring to the cause of the delay, the duration of the delay and to the measures to be taken by the supplier in order to keep the delay as short as possible. The obligation to meet the delivery time agreed shall not be affected thereby.

3.) If the contracting party fails to supply the goods or services or fails to supply within the stipulated delivery period or if they are in default, our right shall be determined by the statutory provisions - in particular our right to withdraw from the contract or to claim for compensation. The regulations in article 5 shall remain unaffected.

4.) Force majeure, labor dispute, riots, official directives and other circumstances uncontrollable by the supplier shall entitle us - notwithstanding our other rights – to withdraw from the contract in parts or in full, if these circumstances last for a not insignificant period. An event in terms of sentence 1 shall in particular not be given, if
a sub-supplier or sub-contractor to the supplier fails to deliver or does not deliver or fulfill in due time.

5.) In the event the supplier is liable for late delivery, we shall have the right - in addition to further statutory entitlements - to claim a lump-sum compensation of 1% of the order value for every full week of the delay, however not more than 5% of the net order value. The supplier is entitled to produce evidence that due to the delay we have either suffered no damage or a damage that is significantly lower than the lump-sum.

6.) Partial delivery is unacceptable, unless we have expressly agreed to that.

7.) The unreserved acceptance of the delayed delivery or service does not incorporate a waiver of claiming for compensation which we are entitled to due to the delay in delivery or service. Also acts carried out or defaults following the receipt do not constitute an acceptance on our part that the delivery or service was performed in due form until payment has been made in full.

8.) The risk will only pass to us, even if forwarding has been agreed, when the goods have been handed over to us at the agreed place of destination.

§ 6 Quality

1.) All deliveries of goods and services must be free of material defects and defects of title and comply with the state of the technology and the valid laws, regulations and standards. If they do not comply with one of these requirements, they are defective.

2.) The supplier will always adapt the quality of their produce to be supplied to us to the latest state of the technology and will inform us about possibilities of improvements or technical modifications. The supplier will fulfill our and our customers’ standards for quality assurance, our and our customers’ inspection system and all the standards and systems related to that.

3.) The supplier will establishes and maintain a documented quality assurance system, suitable in terms of manner and extent and state-of-the-art. They will provide documentation in particular of their quality checks and will provide this to us on request.

4.) Hereby the supplier agrees to quality audits in order to evaluate the effectiveness of their quality assurance system, conducted by us or by one of our agents, if necessary in cooperation with our customers.
5.) In addition to these GTP, our “Quality assurance Guideline for Suppliers” in its relevant version shall become an integral part of the contract with respect to all deliveries and services provided by the supplier. Every delivery and service must comply with the requirements of the “Quality assurance Guideline for Suppliers”. The “Quality assurance Guideline for Suppliers” can be downloaded from our website: www.SchmiterGroup.de.

§ 7 Liability for Defects

1.) The supplier is liable for faulty deliveries and services according to the statutory provisions, especially with regard to the conditions on passing of risk agreed in § 6.

2.) With material defects and defects in title of deliveries and services, the statutory provisions will apply provided that with contracts of purchase, service and work and delivery we are given the right to choose the way of subsequent fulfillment, whereupon the supplier can refuse subsequent performance in the manner we have chosen according to § 439 clause 3 BGB (Civil Code).

3.) We are entitled to set the supplier an adequate period of time for subsequent fulfillment. Setting such a period is unnecessary, if subsequent fulfillment is unacceptable to us. Beside the cases regulated by statutory law, such unacceptability can arise in particular from an impending inappropriate delay or uncertain success regarding devices, plants and equipment that are relevant to safety or necessary for the conduct of operations or business. Setting a period for subsequent fulfillment amicably shall have the same legal effects as a deadline set unilaterally.

4.) If we incur expenses due to the faulty delivery, especially expenses for transport, sorting or other labor or material costs or costs for the incoming goods inspection exceeding the normal extent, the supplier has to reimburse them. If the defect is first noticed in the area of production, we will additionally be entitled to claim compensation for the expenses for the discard of the processed and/or finished products as well as for standstill of machines and the related labor costs and costs for handling complaints. If the defect is first noticed at our customer’s, at the retailer’s or the end-consumer’s (field damage), we will additionally be entitled to claim compensation for expenses for complaints handling as well as for costs that we are charged by our customer. The amount of costs arising from faulty delivery will be calculated according to our relevant price list. The supplier is entitled to produce evidence that the arising costs are lower. In the event that the customer has made
agreements with their buyer in order to reduce costs arising from the field damage complaints handling (e.g. waiving of retracting faulty parts from abroad, determining technical factors in order to allocate costs by means of a control sample) the supplier will only be required to bear the accordingly reduced costs. If the supplier is able to prove, with respect to the cases mentioned above, that the defect arises from faulty instructions or directives given by us, respective claims for compensation will not apply. This will not apply, if the supplier has noticed or could have noticed that the instructions and directives were faulty. The right to claim further compensation on the grounds of liability for material defects remains unaffected.

5.) When there are material defects we have the right to undertake action ourselves and to claim advance payment after the fruitless expiration of a period of time set for subsequent performance in accordance with § 637 BGB [German Civil Code], notwithstanding the legal claims, also in the case of purchase agreements and work and delivery contracts.

6.) As far as we are entitled to terminate the contract due to provisions by act of law or contractual stipulations because of supplier's failure to provide the services or to provide them properly, the termination can be limited to this part while maintaining the remaining contract provided the failure to provide the services or to provide them properly is limited to a delimitable portion of the services.

7.) After executing our right of withdrawal due to non-performance or improper performance of services as well as for our right of claiming for compensation instead of the service, we are entitled, when the service or the remainder of the service must be disposed of in some other manner and notwithstanding the legal claims, to claim advance payment at a reasonable amount because of the costs to be expected plus an excess charge of 20 per cent. In such a case we are only required to obtain several offers when this would not lead or not threaten to lead to considerable time delays or disturbances of the operating, production or business flow. We will invoice services rendered for own account at market prices usual with third parties.

8.) If the inspection of the services and the notification of defects is incumbent on us according to § 377, clause 1 HGB (German Commercial Code), we shall be entitled to use two weeks from the date of delivery for fulfillment in due time. According to § 377 clause 3 HGB, the notification of a defect that is detected later is deemed made in time, if it is made within 2 weeks from date of detection.
9.) The warranty period is 36 months from date of delivery, unless otherwise agreed in the contract or the statutory provisions require a longer period.

10.) For spare parts supplied within the scope of the warranty the limitation restarts on the date of delivery of the spare parts at our premises. For parts repaired in the scope of the warranty the limitation – insofar as we have claimed our rights because of the same defect – restarts on the date when the supplier has completely fulfilled our claim for re-work because of this defect.

§ 8 Product Liability, Release
1.) In so far as the supplier is liable for product damage, they shall be liable to indemnify us immediately for damage claims from third parties and pay compensation for the damage incurred, always provided that the cause of the damage lies within their control and organization and they themselves are liable externally. If it is evident that the supplier is responsible for causing the damage, they shall bear the burden of proof for the circumstances exceptionally exculpating them.

2.) In these cases the supplier is obliged to bear all the costs and expenditures including the costs which arise from or are in the scope of a recall campaign initiated by us. Furthermore, the statutory provisions will apply. We will inform the supplier, as far as practicable and reasonable, about the content and scope of such a recall campaign and give the supplier the opportunity to comment.

3.) The supplier agrees to take out and maintain sufficient product liability insurance, however at a minimum coverage of 6 million Euros per damage to persons or material and to present it on request.

4.) If we are entitled to claim further compensation, this will not be affected by the regulations mentioned before.

§ 9 Industrial Property Rights
1.) The supplier confirms that their services and the utilization of them by us shall not violate third parties’ industrial property rights. The same shall apply to the procurement of accessory systems, to maintenance and repair, to subsequent modifications and the production of spare parts by us or by third parties.

2.) Notwithstanding our statutory rights, the supplier shall indemnify us from each and every third party claim and any damages, expenditures and other disadvantages on
our side arising from these circumstances, if the supplier has given the declaration deliberately falsely according to section 1 or in grossly negligent ignorance. In particular, the indemnity obligation also encompasses disadvantages which we incur due to necessary modifications to machinery, plants and IT hard- or software and due to delays in our normal course of operation.

3.) The supplier grants us a worldwide, non-exclusive and irrevocable license for production, repair and sales of products covered by the contract. The license is included in the purchase price of the supplied products covered by the contract. The license encompasses the right to sublicense.

4.) The supplier transfers to us any invention right and industrial property rights with respect to anything performed at their premises or by vicarious agents within the scope of the contract. With respect to inventions made by vicarious agents, the supplier will make sure that they are allowed to transfer the right according to the sentence above.

§ 10 Property, Provision, Final Planning Documents, Tools

1.) On concluding the contract we are entitled to request the free-of-charge and immediate surrender of all samples (e.g. models, templates) and documents, used by the supplier for execution. They will become our property, in the event the order is placed. Without special permission, we shall be entitled to use these samples and documents, if the supplier is in default, to achieve successful contract execution and to procure accessory systems, to carry out maintenance and repair, for subsequent modifications and the production of spare parts by us or by third parties. If necessary, the supplier will provide any information necessary to achieve successful contract execution.

2.) Documents (e.g. drawings, calculations, drafts) samples (e.g. models, templates) and other manufacturing equipment, which have been handed over to the supplier, remain our property. The supplier agrees to use these items exclusively for the production of the goods ordered by us. The supplier must not make available or hand over these items to third parties or dispose of them. The items have to be stored, serviced, maintained and repaired carefully at the supplier’s expense for the period of the contract. Partial renewal has to be carried out at the supplier’s expense. Furthermore, the supplier is obliged to take out insurance against damage through fire, water and theft for the items belonging to us, covering their replacement value
and at the supplier's expense. The supplier has to report any failures immediately; if they culpably fail to do so, the damage compensation claims will remain unaffected.

3.) If we provide the supplier with parts, we retain the ownership on them. Processing or modifications are carried out for us by the supplier. In the event, that our goods supplied under reservation of title are processed with items not belonging to us, we shall acquire co-ownership of the new item created in the ratio of the value of the goods supplied under reservation of title to the value of the other goods processed at the time of processing.

4.) If the goods supplied by us are inseparably combined or mixed with other goods not belonging to us, then we shall acquire co-ownership of the new item created in the ratio of the value of the goods supplied under reservation of title to the value of the other goods combined or mixed at the time of combination or mixing. Should the items be joined in such a way that another item is considered to be the main object, it is agreed that the supplier grants us proportional joint property rights and keeps the sole or joint property rights in their custody for us.

5.) We retain all rights to drawings made according to our instructions, products etc. and to procedures developed by us.

6.) The supplier is obliged to deliver service and spare parts of the respective product on demand and at reasonable prices to the principal for a period of 15 years after the end of serial production.

§ 11 Confidentiality, Ban on Advertising

1.) The contractor is obliged to treat the conclusion of contract confidentially. They may only name us as a reference to third parties on our written consent.

2.) The contractor has to treat any information provided to them on concluding and executing the contract confidentially, as far as this information is not or will not be verifiable in the public domain. In particular, the supplier undertakes to treat as a trade secret all commercial and technical details not commonly known and which become known to them in the course of the business relationship. Drawings, models, templates, samples and tools as well as any other documents, manufacturing equipment and information must be treated strictly confidentially. They may only be disclosed to third parties with our express written consent. The obligation of nondisclosure shall also apply after the fulfillment of this agreement. It shall expire, if
and insofar as the production knowledge contained in the documents and information provided becomes public domain.

3.) The utilization of our enquiries, orders and our other documents for advertising purposes is not permitted. Also the business relationship itself may not be used for advertising without our consent.

4.) The supplier shall notify us in writing about any third parties they sub-contract within the scope of our order, indicating the scope of their order to the sub-contractors. The supplier has to make sure that these third parties are subject to the same conditions as the supplier is subject to within the scope of their order.

§ 12 Summation and Retention by the Supplier

1.) The supplier may only offset against undisputed or finally decided receivables.

2.) The supplier is only entitled to rights of retention if they are based on the same contractual relationship.

§ 13 Final Provisions, Partial Ineffectiveness, Place of Jurisdiction, Applicable Law

1.) If a petition for insolvency proceedings or comparable proceedings with regard to the supplier’s assets has been filed or if there is sufficient evidence that the preconditions for instituting those proceedings have been fulfilled, we shall be entitled to terminate the contract for good cause, with supplier’s claims for compensation being excluded.

2.) Data collected in connection with the business relationship will be stored at the subsidiaries of SchmitterGroup and transferred between them. The supplier agrees to that.

3.) Even if individual provisions become legally ineffective, all the other provisions of the contract shall remain binding.

4.) If the supplier is a merchant within the meaning of the German Commercial Code, the exclusive – also international – place of jurisdiction for any legal disputes arising from the contractual relationship shall be the court in Würzburg, generally responsible
for SchmitterGroup GmbH, Thüngen. We shall, however, also be entitled to sue the supplier at their general place of jurisdiction.

5.) Unless otherwise agreed in the contract, the place of fulfillment for deliveries and services shall be the respective receiving center or location specified on our order form in the field “address for dispatch”, if no other instructions have been given. Place of fulfillment for payments shall be our premises.

6.) For the interpretation of trade terms the Incoterms in the respective version valid at the date of concluding the contract shall apply.

7.) The contracts concluded between us and the supplier are subject to the law of the Federal Republic of Germany.