

# Terms of Business, Schreiner Group GmbH & Co. KG

## Scope of Application and Definition of Terms

1. These terms of delivery and sale shall exclusively apply to all current and future business relations under which we are commissioned with the manufacture of goods, sell such goods, or provide any other types of services.
2. These terms of business exclusively apply vis-à-vis legal business entities as defined by Paragraph 1, Section 310, BGB (German Commercial Code).
3. General terms of business of the customer, even if known to Schreiner, which either deviate from, contravene, or supplement Schreiner's terms of business shall not become part of the contractual relationship, unless expressly agreed to in writing.
4. Any deviations from the contract and/or these terms of business are subject to prior written agreement. Such agreement shall only be valid if signed by our senior management or other duly authorized officer of the company.

## B. Placement of Order / Conclusion of Contract

1. We reserve the right of making any technical changes as well as changes in form/shape, color or adhesive properties to a reasonable extent, commensurate with normal industry practices.
2. Prices quoted shall be valid only under the proviso that the ordering specifications remain the same as the specifications providing the basis for the quotation.
3. As a general principle, the manufacturer's product description shall provide the only basis for the composition/quality of the goods that is agreed to between the parties. Any public representations, promotional statements or advertisements by the manufacturer shall not be considered part of the contractual specification for the goods.
4. The placement of an order represents the customer's binding commitment of purchasing the goods in question. Schreiner has the right of accepting the contractual offer contained in the purchase order within two weeks of receipt thereof. This acceptance may either be communicated in writing or by delivering the goods to the customer.
5. The contract shall be concluded under the proviso that Schreiner receive proper and timely delivery of required materials, goods or services by its suppliers. This shall only apply in the event that we shall not be responsible for the failure to receive such delivery, in particular in the event of a congruent covering transaction with our supplier. In the event of the non-availability of the product or service, we shall immediately inform the customer thereof. Any value already received from the customer shall be refunded immediately.
6. For any orders involving deliveries to third parties, the party placing the purchase order shall be considered the customer/contractual party, unless any agreements specifically stating otherwise have been entered into.

## C. Preliminary Work

Preliminary work, such as the preparation of specifications, setting copies, project design documents, drafts, drawings and models/prototypes, requested by the customer are subject to remuneration, based on separate agreements.

## D. Proofs

1. The customer shall be required to review any and all preliminary or interim results [proofs] without exception. Upon approving a proof for printing, the customer assumes the risk of any potential errors or mistakes. The same shall apply to any other customer-provided approvals to proceed with subsequent manufacturing steps.
2. In the event of any later changes to text, form/shape or design not included in the original script, layout or other types of copy, these changes shall be subject to charges based on the respective costs incurred.
3. Tool changes cannot be made for any jobs involving embossing, die-cutting or printing work. Costs for making new tools are subject to separate charges.

## E. Lead Time

1. In the absence of any other agreements, the stated lead time shall be considered ex works. The lead time agreed to shall commence once the customer has performed the final action of contributing to or participating in the project as per the respective agreement.
2. Lead time shall be extended to a reasonable extent in the event of any hindrances or obstructions beyond our control, in particular in case of force majeure, operational obstructions, strike and lockouts as well as any delays in obtaining approvals for proofs.
3. In case of any delays in deliveries, the customer may only exercise the rights under Section 323 BGB (German Commercial Code) if Schreiner is deemed to be responsible for such delay. This provision shall not constitute any change regarding the burden of proof.

## F. Delivery

1. Goods shall be delivered ex works to the address stated by the customer, to the extent that no other agreements exist.
2. The validity of delivery dates shall be subject to our prior written confirmation. Schreiner reserves the right to make partial deliveries of products and/or services.
3. Over- and under-shipments up to 10 % of the confirmed quantity shall be permissible. Basis for invoicing shall be the quantities delivered/shipped.
4. The risk of accidental destruction and accidental deterioration of the quality of the goods shall pass to the customer upon handing over the goods or, in case of shipped goods, upon handing over the goods to the forwarding carrier, freight agent or any other individual or entity designated to execute the delivery. In the event that the customer should be in arrears with accepting the goods, the goods shall be deemed to have been handed over.
5. Call-off orders are subject to separate agreement. In the event that the customer fails to accept the goods, either fully or in partial quantities, on the agreed dates, we shall have the right to either ship any residual inventories or to charge storage costs.

## G. Prices and Terms of Payment

1. The agreed prices are net prices, subject to value added tax as applicable.
2. Prices are stated ex works. Costs for packaging, freight, postage fees, insurance and any other shipping costs are not included.
3. Any subsequent changes requested by the customer, including any resulting machine down times, shall be charged to the customer. Subsequent changes also include repeated printing of proofs requested by the customer due to minor deviations from the copy.
4. Schreiner reserves the right, in particular for blanket and/or call-off orders, to make reasonable price adjustments in the event of any changes in costs following the conclusion of the agreement, such as labor cost changes, resulting from collective union agreements, or price changes for materials.
5. If, following the conclusion of a contract, there are indications that the customer may not be able to meet his payment obligations vis-à-vis Schreiner, we reserve the right to require advance payment, withhold any undelivered goods as well as stopping any further work regarding the order. We shall also be entitled to exercise these rights if the customer is in arrears with payments for deliveries, which are based on the same legal relationship. The provisions of Paragraph 2, Section 321, BGB (German Commercial Code) remain unaffected.
6. Notwithstanding the right to enter into any other agreements, the customer commits to paying the invoiced amount within 30 days of receipt of the invoice and the due date of the invoiced amount. If the customer culpably permits this payment period to elapse, the customer shall be considered to be in arrears, even without reminders. In case payment is made within 8 days of the invoice, we shall grant a 2 %-early payment discount on the value of the goods.
7. Payments by bills of exchange are permissible only by means of a special agreement and will not be eligible for any discounts. We shall only accept checks or bills of exchange as modes of payment, not as payment per se. Any fees incurred for cashing checks or bills of exchange shall be charged to the customer.

## H. Cancellation of Contract

In the event the customer cancels the contract without any culpability on our part, the applicable legal provisions shall apply. In addition, a flat-rate handling fee in the amount of EUR 130.00 shall be due, unless the customer can substantiate that the loss/damage incurred by us is less than this amount.

## I. Offsetting Claims, Withholding Rights, Ceding Provisions

1. Offsetting/compensation of claims shall only be possible against legally established claims or claims which we have accepted. Any withholding right shall be enforceable only on the basis of a counter-claim resulting from the same contractual relationship.
2. Any ceding of claims by the customer to third parties shall be subject to our prior written permission.

## J. Retention of Title

1. Schreiner reserves the right of retaining title to the goods until the customer has made full payment for any claims arising from a current business relationship with Schreiner.
2. The customer shall be obliged to handle the goods with care. To the extent that any maintenance or inspection work may be required, the customer shall have such work performed at his own cost.

3. The customer shall be obliged to immediately notify us of any third-party recourse to the goods, in case of attachment, for example, as well as of any damage or destruction of the goods. The customer shall immediately notify us of any change in ownership of the goods or in case of any relocation of his business location.
4. In case of a breach of contract, particularly in case of late payment or violation of obligations under paragraphs 2 and 3 of these terms, Schreiner reserves the right to cancel the contract and to demand return of the goods.
5. The customer shall have the right of reselling the goods commensurate with proper business practices. The customer already cedes to us any claims in the amount of the invoice to which he may become entitled through the resale of such goods. We accept this cession. After the cession, the customer shall be entitled to collecting payment. We reserve the right of collecting payment ourselves as soon as the customer does not properly meet his payment obligations and is in arrears with payment to us.
6. Any processing and converting work performed on the goods by the customer shall always be deemed as being performed on our behalf and under contract with us. In the event of any converting work that is performed with or on items which are not our property, we shall acquire co-proprietorship of the new items at a ratio commensurate with the value of the goods delivered by us to the other items being converted. The same shall apply if the goods are mixed with other items which are not our property.

## K. Warranty in Case of Defects

1. The customer shall, without exception, inspect the goods delivered for conformance with the contractual specifications as well as being obliged to compliance with our General Storage and Processing Instructions (available for download at [www.schreiner-group.de](http://www.schreiner-group.de)).
2. Obvious defects shall be reported immediately in writing, but no later than two weeks following receipt of the goods. Hidden defects shall be reported immediately in writing, but no later than two weeks after their detection. Warranty claims outside of these stipulations shall not be accepted.
3. In the event that parts which are subject to wear and tear require replacement, repair or maintenance as part of normal wear and tear, this shall not constitute a defect, unless a specific service life or durability has been contractually stipulated or otherwise guaranteed.
4. Excluded from liability are any defects and damage caused by the customer's mishandling, improper installation or other type of damage inflicted on the products. The same applies to any defects and damage attributable to subsequent modifications of the purchased item(s) which do not represent state-of-the-art practices, unless the seller has provided his express prior permission to such modifications.
5. The customer agrees that tolerances, pertaining, for example, to sizes, colors/inks, adhesives and other aspects of materials and workmanship, to the extent that they are based on technical reasons and common within the industry, represent the contractually agreed composition/quality of the product.
6. Any liability for defects which either do not, or merely insignificantly, impair the value or fitness for use of the goods is excluded to the extent that this is legally permissible.
7. The suitability of our products for the customer's intended application purposes is not deemed to be a part of their contractually agreed composition/quality. This applies, in particular, to self-adhesive products as the reaction of the adhesive to certain materials (e.g. plastics, fine leather, textiles, etc.) cannot be predicted. For this reason, it is necessary that customers perform their own adhesion tests involving the self-adhesive material and the original substrate. Schreiner rejects liability for any damage or disadvantages whatsoever.
8. In the event of defects we shall, initially and at our own discretion, recondition/rework the product or replace the shipment.
9. Should this form of correction fail, the customer shall have the right, on principle, to demand either a reduction of payment due to us or annulment (cancellation) of the contract. In the event of merely minor contractual deviations, particularly merely minor defects, the customer shall not have the right to annul/cancel the contract.
10. Defects encountered merely on partial quantities of the total shipment shall not constitute the right to reject the entire shipment, unless the partial shipment is of no value to the customer.
11. Schreiner shall not be liable for any defects on materials supplied by the customer.
12. If, in the event of a defect, following an unsuccessful attempt to correct such defect, the customer declares the cancellation of the contract, he shall not be entitled to any additional claims for compensation of damages. In this case, the goods delivered shall be made available to us without delay. If, following an unsuccessful attempt at correction, the customer opts to claim compensation for damages, he shall retain custody of the goods, if deemed reasonable. Compensation for damages shall be limited to the difference between the purchasing price and the value of the defective product. This shall not apply in the event of a fraudulent concealment of the breach of contract or assumption of warranty for the quality of the product on our part. The provisions of paragraph L 1. shall remain unaffected.
13. Schreiner shall not be obliged to inspect/test any items (including data carriers, transmitted data) supplied by the customer or any of his agents. This shall not apply to any data which are obviously unfit for processing or reading. Schreiner shall have the right of copying such data.

## L. Limitations of Liability

1. Schreiner's liability for damages shall be excluded to the extent that such damages have been caused by minor negligence of duties. This shall also apply to minor negligence of duties committed by our legal representatives or agents. This shall not apply to any material breach of contractual obligations.
2. To the extent that Schreiner may assume any liability for minor negligence of duties in accordance with paragraph L 1. above, such liability shall be limited to the immediate, predictable average damage which might be encountered with the type of product and contract concerned. The foregoing limitations of liability shall not apply to any product liability claims to which the customer may be entitled. Furthermore, the limitations of liability shall not apply to any bodily injury, damage to health or loss of life.

## M. Statute of Limitations

Claims of damages by the customer due to defective goods shall expire after one year from delivery (ex works).

## N. Proprietary Tools (Trade Custom)

1. All prices quoted for operating tools, jigs & fixtures required for the production of the contractually agreed product are pro-rated costs. Final designs/drawings, films, stereotypes, lithographs, printing blocks, dies, die-cutting, embossing and other tools remain – even if subject to separate charges – our property and shall not be handed over to the customer.
2. Unless specifically agreed to otherwise, all proprietary rights shall remain with us. In the event of concluding a respective agreement, such items may be handed over to the customer against payment.

## O. Archiving

Retention periods for items listed under Section N shall be at our discretion, being limited to a maximum of two years following the most recent placement of a customer's order.

## P. Intellectual Property / Commercial Proprietary Rights

1. The customer shall not be granted any usage rights for our own sketches, drafts, final drawings/designs, films, layouts, software, printing files, data carriers, printing, die-cutting and embossing tools for which we have secured or acquired intellectual property or commercial proprietary rights.
2. The customer permits Schreiner to use any product manufactured on his behalf for promotional and advertising purposes or to send such products to other customers as samples.
3. The customer shall be solely liable in the event that the execution of the contract should violate the rights, particularly intellectual property rights, of any third parties. The customer shall discharge and Schreiner from any third-party claims arising out of any such breach of law.

## Q. Severance Clause

Should any of the provisions of these terms of business be ineffective, this shall not affect the effectiveness of the remaining provisions. To the extent that individual provisions may not have become part of the contract or may have become ineffective, the respective contents of the contract shall be governed by applicable legal provisions. Should applicable law not contain any provision appropriate to the provision deemed to be ineffective, the ineffective provision shall be substituted by a provision designed to most closely meet the business intent of the ineffective provision.

## R. Final Clause

1. These terms of business shall be governed by the laws of the Federal Republic of Germany.
2. The United Nations Convention on the International Sale of Goods (CISG), dated April 11, 1980, shall not apply.
3. If the customer is a merchant/trader, legal entity under public law or a special estate under public law, the legal venue for any dispute arising out of these terms of business shall be Schreiner's business venue. The same applies in the event that the customer does not have a general legal venue in Germany or the customer's branch location, domicile or usual presence is not known at the time of bringing forth any legal action.