



SCHAUCO · UHLENHORSTWEG 18 · D-45479 MÜLHEIM A.D.RUHR

Terms of Sale, Delivery and Payment

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The following conditions apply for all contracts, deliveries and other services, including consulting services, if not otherwise agreed between the contracting parties. In addition to the following terms, the terms of the official contract form of the International Council of Hides, Skins & Leather Trader's Associations and the International Council of Tanners apply.

1. Conclusion of the contract and scope

The terms of sale, delivery and payment apply only to enterprises in the sense of Section 310 Paragraph 1 of the German Civil Code (BGB). Each order from a buyer must be confirmed in writing by the seller; only then is the purchase contract concluded. The overleaf contract including these terms constitutes a commercial order confirmation. If the carbon copy of this contract is not returned by the buyer for any reason, the validity of the contract is not affected. All deliveries and services, including those in the future, ensue exclusively on the following conditions. General contract terms of the buyer are hereby rejected. They are also not accepted if they are not rejected once again after being received by the seller. General or individual conditions which contradict these conditions or supplement them are only binding if they are included in the contract or are accepted in writing by the seller.

2. Place of jurisdiction, place of fulfillment and law:

The place of fulfillment and jurisdiction is Muelheim an der Ruhr, Germany. The agreement regarding the place of jurisdiction also applies for cases of Section 38 Paragraph 3 of the German Code of Civil Procedure (ZPO). The law of the Federal Republic of Germany applies exclusively, and the terms of the Convention of Contracts for the International Sale of Goods (CISG) dated April 11, 1980 are excluded. The risk of shipping from the place of fulfillment is borne by the buyer even if the delivery is agreed as freight-paid or free to German destinations. For all further obligations arising from this contract with respect to the place of fulfillment, in particular for the delivery and transfer of the goods by the seller as well as the inspection of goods by the buyer as per Section 377 of the German Commercial Code (HGB), the place of fulfillment is the European port of arrival for non-European goods. For delivery of goods from the seller for continental European suppliers, the place of fulfillment for delivery and final inspection is the agreed destination.

3. Licenses and approvals:

The contract is concluded subject to final and timely granting of the required export and import license and/or other official approvals necessary for carrying out this business. Force majeure and other circumstances beyond the control of the seller and which unreasonably complicate or prevent delivery entitle the seller to withdraw from the contract.

Claims for compensation of damages from the buyer are barred. Moreover, all claims to damages for nonperformance or default are barred. If the delivery is impossible for reasons as specified above, three months after the original delivery date has been passed, both parties have a right of withdrawal. If, however, the buyer is in default for acceptance or if the risk has already been transferred to the buyer, the buyer remains obligated for consideration. The buyer then does not have a right of withdrawal.

4. Goods - Quality - Quantity - Type:

The goods must be of proper, standard commercial quality corresponding to the description. The seller does not guarantee that the goods are suited for their intended or actual use. Defects in the goods delivered by the seller must be reported in writing no later than eight days after they are received; non-apparent

defects must be reported in writing without delay after they are determined, but no later than eight days after they are found by the buyer. If the duties of inspection and notification of defects are not fulfilled, the goods are considered to be approved with respect to the defect in question. Usual quality differences in the trade do not constitute a defect. However, they do entitle the buyer to demand compensation for the lesser value unless the seller has declared a willingness to accept return of goods. In the latter case, the business is considered canceled, with all mutual claims of compensation for damages barred. The buyer must then make the goods available to the seller at the point of destination and surrender them there. Complaints not received by the seller within 7 days of completed delivery of the goods in Germany or 14 days outside Germany are late and void. Complaints are also only valid if they are made in writing in the specified period and the goods are still in their original condition. A complaint does not release the buyer from the obligation to pay the purchase price. Complaints about dimensions are only accepted if the difference exceeds a tolerance of 3% on the high or low side. For imported goods, claims by the buyer for the compensation of lesser value can only be asserted as long as the goods are warehoused at the berth in the port of arrival; moreover, the notice period for complaints is limited to 7 days after discharging the cargo. For compliance with the notice periods cited in the terms it is sufficient to submit a written complaint to a post office within the periods; the postage cancellation date counts as the submission date. Complaints may also be submitted by fax or telex.

5. Transfer of risk:

The risk is transferred to the ordering party or buyer when the parts for delivery are shipped, even if only partial deliveries occur. If shipping of the designated goods is delayed by request of the buyer or due to other circumstances for which the seller is not responsible, the risk is already transferred to the buyer upon notice of the readiness to ship.

6. Shipping:

If there are no particular shipping instructions, the seller shall send the goods according to the best of knowledge. The buyer is obligated to accept the delivered goods in each case even if they show unimportant defects.

7. Prices and payment:

If no other currency is agreed, prices apply in euros, excluding freight and packaging. Statutory VAT is not included in our prices; it will be declared separately on the invoice in the statutory amount on the day of invoicing. Payments are to be made in the invoiced currency. If the seller accepts other types of money and other forms of payment, it is hereby instructed to procure the invoiced means of payment. The buyer must make subsequent payment upon request without delay for any currency differences. All increases in freight charges during the term of the contract, exchange rates for foreign currency transactions, insurance premiums, customs duties, taxes or other charge increases of any kind as well as costs associated with import, export and customs regulations shall be borne by the buyer. Our invoices are payable net (without discount) within 30 days of the invoice date. In the case of deliveries of goods from imports, based on the port of destination, or in the case of a free delivery to the buyer's destination, the payment period begins on the day the goods arrive. All other invoices are payable according to the invoice date. Payment are to be made promptly in full, cash on delivery (COD). If the credit period is exceeded or the deadline for the agreed payment not observed, the payment is in default without issuance of a reminder. Overdue accounts accrue interest of 8% above the base lending rate (Section 247 of the German Civil Code [BGB]) from the day of default. The right to charge higher interest as compensation for damages due to the default is reserved. Money orders, bills of exchange or checks are only accepted for purposes of fulfillment. Charges for debits, discounts and fees for bills of exchange will be borne by the buyer. Neither transfer nor extension constitute fulfillment. The acceptance of bills of exchange also does not constitute a deferral of the accounts receivable for the purchase price. The seller can assert rights arising from the purchase contract at any time. The purchase price is settled if recourse against the seller with respect to the bills of exchange presented is barred and these have been redeemed in full. However, a note payment must ensue within 10 days from the start of the payment period. The date of payment is considered to be the date on which the buyer can prove to have sent the payment. The buyer may exercise offset rights only when the buyer's counterclaims have been established as legally enforceable, are undisputed or are acknowledged by the seller. The seller is also only entitled to exercise a right of retention in the case of counterclaims which are established as legally enforceable or are undisputed.

8. Retention of ownership:

Until full settlement of all payments owed from the business relationship with the seller, including all ancillary claims, in the case of payment by check or bill of exchange, until the check or bill of exchange has been redeemed, the delivered goods remain the property of the seller. Payment made on a bill of exchange issued by us and accepted by you are only considered to have been made if the bill has been redeemed by you and we are thus released from the liability of endorsement, so the agreed retention of ownership (regardless of further agreements) as well as the other reserved rights remain to our benefit at least until redemption of the bill of exchange. Until then, the buyer is not entitled to pledge goods to third parties or assign them as collateral. Processing of the goods subject to the reservation of ownership takes place on behalf of the seller, and with neither charge nor obligation on the part of the seller such that the seller is considered the manufacturer. At each stage or step of processing and for the finished goods, the seller retains ownership. If multiple manufacturer clauses coincide, the seller is to be considered as having a percentage share as joint manufacturer. Acquisition of ownership by the buyer according to Section 950 BGB is barred. In the case of processing with other goods which are the property of third parties, the seller shares ownership of the new item in proportion to the invoice value of the goods subject to the reservation of ownership compared to the other third-party goods at the time of processing (final invoice amount, including VAT); the retention of ownership is limited in this respect to the co-owned share of the new goods. The buyer undertakes herewith to keep safe the reserved property of the seller without charge. The buyer is entitled to sell the goods and the product manufactured therefrom in the proper course of business. The buyer hereby assigns to the seller all accounts receivable resulting from the resale or another legal basis as collateral, even if the goods are processed. The seller hereby accepts the assignment. If an open account relationship as per Section 355 HGB exists between the buyer and a third party, then the claim assigned to the seller by the buyer also applies to the recognized balance. For existing co-owned shares, the assignment is limited to the resultant proportion of the revenue according to the amount. As long as the buyer properly fulfills the obligations to pay the seller, the buyer is authorized to collect these receivable accounts on behalf of the seller. However, the seller is entitled to notify purchasers (to be named on request) of the transfer and issue instructions. The buyer must inform the seller without delay of any access by third parties to the delivered goods subject to the retention of ownership or to the assigned receivables. If the third party is unable to reimburse the seller for the court and out-of-court costs of a lawsuit in accordance with Section 771 ZPO, the buyer is liable for the losses incurred by the seller. The property right is also enforceable against the forwarding agent to whom the goods were transferred at the instigation of the buyer or seller. The goods subject to retention of ownership must be handled with care by the buyer and insured against fire and water damage and theft. In cases of damages, resultant insurance claims are herewith assigned in lieu of the reserved property and the claims to revenue assigned in advance. If the collateral interests resulting from the assignments exceed the receivable to be secured by more than 15%, the approval of the seller is required. The selection of collateral to be approved is the responsibility of the seller. If, after conclusion of the contract, a significant decline occurs in the buyer's financial circumstances or the buyer declares an inability to meet obligations in a timely manner, the seller is entitled to demand cash advances in an amount to be determined by the seller or to assert statutory rights of the seller (withdrawal, compensation for damages, per procuracionem). In this case the buyer must pay to the seller all expenses and damages as well as lost profit. The buyer is obligated at any time upon request to render account to the seller and provide information, particularly with regard to the disposition of the goods and revenues. If the buyer becomes delinquent in payment or fails to redeem a bill of exchange when due, the seller is entitled to take back the goods subject to the reservation of ownership or demand assignment of the buyer's claims against third parties for the recovery of property, if necessary the seller is entitled to enter the operation of the buyer and remove the goods. Moreover, the seller can forbid the resale, further processing and removal of the goods. Taking back the goods subject to the reservation of ownership and/or demanding surrender thereof also constitutes a rescission of the contract in accordance with Section 449 Paragraph 2 BGB. The rights and duties of the contracting parties listed under Point 8 apply fundamentally even to deliveries in foreign countries. If particular measures or actions are required for the rights cited under Point 8 to enter into force in the country of import, the buyer must indicate this and perform such measures or actions at the cost of the buyer. If the law of the country of import disallows retention of ownership but permits the seller to reserve other rights to the delivered items, the seller can exercise all such rights. If an equivalent collateral for the claims of the seller against the buyer is not achieved by these means, the buyer is obligated to provide to the seller additional, equivalent collateral at the buyer's expense.

9. Right of withdrawal:

The seller reserves the right to have the accounts receivable for the purchase price secured by credit insurance or a factoring firm. The conclusion of the purchase contract takes place explicitly under the suspensory condition of credit approval by the credit insurer. If credit is not approved or is revoked prior to delivery of the goods, the seller is entitled to withdraw from the contract. Claims for compensation of damages are barred.

10. Trading practices:

The seller and buyer herewith agree to the provisions of the International Commercial Terms (Incoterms) with the addenda 1967, 1976, 1980, 1990, 2000 and 2010 as supplemental terms only to the extent that they do not contradict the preceding contractual agreements.

Final provisions:

1. Should individual provisions of these terms of sale, delivery and payment prove or become invalid, the validity of the remaining provisions shall be unaffected by this. The statutory regulation shall take the place of the invalid provision.

2. The contract shall become void as an exception if, considering the change cited under Paragraph 1, an unreasonable hardship for a party to the contract would ensue.