

General Terms and Conditions of Assembly for BHS-Sonthofen GmbH

1. Scope of application

These conditions shall apply to any service work undertaken by our skilled workers, like:

- Assembly and commissioning of machinery and equipment supplied by our company
- Assembly of machinery and equipment from third-party vendors associated with our machines
- Repair work
- Performing test work.

2. Working conditions

The customer has to take adequate safety measures to protect people and property and shall inform our personnel of any particular safety requirements. The customer shall provide, at his expense, technical assistance including in particular:

2.1. Providing a required number of skilled labour such as crane operators, fork lift truck operators, bricklayers, fitters, electricians, assistants etc. These workers shall be selected in agreement with our representative. Unsuitable labour may be rejected. The personnel has to follow the instructions of our field service staff. We do only assume liability in case of incorrect instructions given to your employees.

2.2. Provision of the necessary assembly and lifting tools (fork lift trucks, cranes), lubricants, cleaning materials, consumables, cutting gas, compressed air, and electricity.

2.3. Provision of suitable residence, locker and working rooms to store the personal luggage, tools and equipment of our field staff. Should any of these items get lost, the customer shall be responsible for replacement.

2.4. Execution of all construction work including in particular the required foundations prior to assembly work.

2.5. The customer is responsible to ensure adequate working conditions, structural safety of the workplace, and compliance with applicable safety standards.

2.6. If the Customer does not fulfil the afore-mentioned obligations, we shall be entitled but not obliged to employ labour and equipment on our own or by third parties at the expense of the customer.

3. Risks and delays

In case the field service work is delayed due to labour disputes or to other reasons beyond our control the customer shall reasonably extend the time of completion and bear any charges resulting from this. We only accept liability for damages caused by gross negligence or culpable infringement. The liquidated damages shall be limited to 0.5 % per week of delay with a maximum of 5 % of the total assembly order value. No further claims will be accepted. In case of loss or damage of the assembly components without our fault, the customer shall bear the assembly costs less our expenses saved. If the field service work ordered cannot be performed or completed, any costs incurred shall also be borne by the customer. Repeating the assembly work will be subject to a separate agreement.

4. Costs to be borne by the customer

Our machinery is delivered in accordance with the supply contract. Assembly material such as feed and discharge lines for water, waste water, steam, electricity, ventilation etc. are not included in our scope of supply and shall be provided by the customer. If the assembly material is to be provided by us, this will be billed separately.

4.1. We calculate the rates for our service personnel and the cost of travel and tools according to our currently applicable Billing Rates for Technical Service, annexed to these General Terms and Conditions of Assembly.

4.2. In case of service work outside the Federal Republic of Germany, any customs duties, fees, taxes and charges levied by the local authorities are to be refunded by the customer.

4.3. Our service personnel will duly submit completed work reports (man hour slips) to the customer for approval. Once approved by the customer this proof of work shall be binding for both parties and provide the basis for invoicing.

4.4. All invoices for service work performed are to be paid immediately upon receipt without any deduction, retention or set-off. The field service costs will be billed at our discretion either weekly, monthly or upon completion of the service work.

4.5. Value added tax will be added, where applicable, to the actual net costs incurred such as hourly rates, daily allowance, and travel expenses.

5. Acceptance and warranty claims

5.1. Upon completion, the customer has to inspect and approve the service work performed. Any deficiencies found shall be remedied as agreed. BHS-Sonthofen shall not be liable to remedy which is insignificant or caused by the customer's fault. The customer is obliged to accept the service work once the defect is remedied or deemed immaterial or attributable to the customer.

5.2. Any service work not accepted must be reported to us in writing within 10 working days stating the reason for rejection. After that period, the service work shall be considered to have been accepted.

5.3. Hidden defects must be reported to us in writing within 10 days after discovery. We are liable to remedy such defects to the exclusion of any other claims of the customer. No liability is accepted for immaterial defects, consequential losses or defects caused by the customer's own fault. The liability period shall be extended for as long as defects remain to be corrected.

5.4. If there is any imminent danger (i.e. safety of operation is impaired or a disproportionately serious damage is likely to happen) the customer is first obliged to inform us immediately. In order to avoid any undue delay in time, the customer is principally obliged to minimize any risks and in addition he has the right to repair the defect by himself or have it repaired by a third party. We will bear all costs incurred to remedy these defects.

5.5. The customer shall be entitled to adequately reduce the purchase price:

- if we culpably fail to remedy the defect within an extended reasonable period of time set out by the customer or
- if we cannot remedy the defect due to negligence or inability.

6. Liability

6.1. In the event that damage is caused to any assembly item supplied by us and provided that such damage is due to a fault of our company, we will only bear the costs incurred to repair this item.

6.2. The customer shall be obliged to insure, at his expense, our assembly items and tools against fire and theft, regardless whether, according to the sales contract, the risk for the delivered goods has passed on to him already or not. We assume no liability for any damages caused by fire or theft.

6.3. Items from third party vendors can be installed by our service staff subject to our prior consent and we do not accept any liability for such an assembly.

6.4. Repairs and modification work will be performed by us without any guarantee and at the customer's risk and responsibility.

6.5. In case any equipment or tools provided by us get damaged or lost without our fault, the customer will be liable for replacement.

6.6. Any further claims of the customer, particularly for damages resulting from unauthorized action or consequential damage or loss of profits are excluded to the extent legally permitted.

7. Duration, limitation period

The enclosed Billing Rates for Technical Service are based on the collective wage agreement in force at the time of contract conclusion. In case of any cost changes we are entitled to amend our rates accordingly. Any and all claims asserted by the customer for any reason whatsoever shall be subject to a six months limitation period.

8. Severability clause

If any provision of the present agreement or part thereof is held invalid, the validity of the remaining provisions in this agreement shall not in any way be affected or impaired thereby. Instead of the invalid provision legal regulations shall apply.

9. Further regulations

The service contract is subject to German law. Place of jurisdiction for any disputes arising out of this agreement shall be Munich. However, we also retain the right to institute legal proceedings at the customer's place of jurisdiction. Any supplementary agreements and modifications are subject to our prior written approval.

Sonthofen, July 2014