

General Terms and Conditions

I. Applicability

1. Unless expressly agreed upon, the following General Terms and Conditions (GTC) are applicable. In addition, the trade norms of the German wood association (BD HOLZ-VDH e.V.), *Schlusschein Germania*, (Contract Note *Germania*) is also applicable. The General Terms and Conditions are part of all agreements the seller concludes with his contract partners concerning the offered deliveries and services. They remain valid for all future deliveries, services or offers by the seller without being necessarily stated again.
2. Even if the seller does not disagree in particular to the Terms and Conditions of the buyer/client or third parties, these conditions are not applicable. In case the seller refers to the Terms and Conditions in letters or other forms of correspondence, this does not imply the consent to the applicability of these terms.
1. 3. In case the Terms and Conditions have not been made available to a business partner in the offer or at another occasion, the Terms and Conditions apply, if the business partner has become aware of these at earlier business relations with the seller.

II Offer and contract conclusion, prices

1. All offers are subject to change and not legally binding.
2. In order to be valid, agreements with delegated parties require the written consent by the seller. This is also the case for agreements concluded by representatives of the seller.
3. Objections to the Letter of Confirmation have to be lodged to the seller within 5 business days after receipt of confirmation.
4. All prices are ex warehouse plus Value Added Tax (VAT).
5. Prices at time of delivery apply for commercial transactions. As for the rest, the price at contract conclusion applies.
6. Price calculation and offer is based on raw dimensions. Precision of measurement is governed by DIN regulations.
7. In case additional expenses arise between contract conclusion and contract fulfillment due to increases in tax, customs or freight costs or fees, the seller may charge these additional expenses. The same applies to foreign exchange fluctuations between the currency stipulated in the contract and Euro after issuing of the contract note.

III Delivery and Transfer of Risks

1. Contractually agreed-upon delivery deadlines and delivery periods are not binding. Delivery is subject to availability. The seller cannot be held accountable for delivery delays from foreign countries which are beyond his control, like unforeseen, unavoidable and inevitable events like strikes, governmental measures or transport disruptions. In these instances the seller may be released from his delivery obligation for the duration of the disruption or he may be released completely from his delivery obligation. The seller is required to inform the buyer immediately after becoming aware of the above mentioned incidents. In case the seller may be responsible for not keeping delivery periods or delivery deadlines, the buyer may exercise his rights after a 30 day period for remedies has been granted to the seller by the buyer. For sales based on unloading, the delivery obligations of the seller are excluded if the commercial activities with the unloader have evidently not been concluded.
2. The buyer is obligated to accept delivery.
3. By delivering the goods to the agreed-upon place of delivery, the risk is transferred from the seller to buyer. Transport risk is always held by the buyer, also in case the seller delivers free of all charges. The seller is not liable for damages which occur during transport. If the buyer defines the sea route for transport, it is assumed that transport on this route will be without disruptions. As far as transport has been agreed upon, delivery periods and deadlines are the time and point of handover to freight forwarders, carriers or third parties instructed for transport.
4. The seller has the right to withdraw from the contract if disruptions as stipulated in III.1. are not of a temporary nature and seriously obstruct delivery and fulfillment of the contract or make these impossible. For disruptions of a temporary nature, delivery periods and delivery deadlines are extended according to the period of disruption including the required start-up time. In case of an unreasonable disruption period, the principal may withdraw from the agreement in writing.
5. Compensation for delay or liquidated damage claims are explicitly excluded in all cases. For sales based on unloading, the delivery obligations of the seller are excluded if the commercial activities with the unloader have evidently not been concluded.
6. Quantity specifications underlie the circa-clause, i.e. the seller has the right to deliver up to 10% more or less of the specified quantity.

IV. Duty to Inspection and Objections / Claims

1. The delivered goods are to be thoroughly inspected immediately after receipt by the principal or authorized third parties.
2. In order to be valid, obvious deficiencies regarding quality or dryness grade have to be reported to the seller or his agent immediately after being discovered or at the latest within 14 days; for wagon or truck deliveries below 200m³ the objection period is also 14 days. The objection has to include the affected quantity, the type and extend of deficiency and an estimate of the claim. In addition, it has to be specified if the claim concerns the quality, dryness grade or for specially dried wood the moisture content. For hidden deficiencies which cannot be determined at the immediate inspection stipulated the Duty of Inspection and Objection / Claims clause of these General Term and Conditions (this includes quality deficiencies in closed packages), the objection period is maximally 90 calendar days. The objection has to be lodged immediately over discovery of the deficiency, or the goods are

regarded as being accepted. If the objection is regarding the moisture content of specially dried goods, the objection period is maximally 7 days. Claims can only be lodged for specific lots of the goods. A lot is identical to the Bill of Lading, partial lot is goods of identical dimensions, quality and description of a shipment. Objected lots or partial lots may not be opened. Lots or partial lots are regarded as unopened when they are presented to workers or arbitrator in the condition they have been unloaded. If the claim is regarding blue stain or grade of dryness, the rest of the unclaimed goods can be used at the buyer's discretion. A claim can only concern the quantity presented to the worker or the arbitrator. § 377 of the German Trade Code (HGB) remains valid for commercial transactions between businessmen.

3. The buyer has to handle claimed goods with due care.

V. Warranty, Liability, Offsetting

1. Properties of wood: Wood is a natural material which has its properties determined by nature. Therefore, deviances and characteristics have to be considered. The buyer has to consider the biological, physical and chemical properties when buying and using wood. If required, professional advice should be consulted. Color deviations are permitted when purchasing wood according to samples or printed material. Planed wood has a moisture content of approximately 18%.
2. The warranty is one year from delivery on or from acceptance on, if acceptance has been required.
3. In case of material defects, the seller has the right and is obligated within the stipulated period to replace and redeliver this material. The principal can withdraw from the contract or reduce the purchase price accordingly if replacement and redelivery have not been performed due to impossibility, unacceptability or refusal.
4. Under special circumstances, stipulated below in Section VI, the buyer may demand compensation for defects caused by the seller.
5. The warranty expires if the principal and/or third parties have altered the delivered goods and, therefore, the removal of the defects has become impossible or unacceptably difficult. In case of alterations, the principal has to carry the additional costs for the removal of the defects in any case.
6. Upsetting claims with counterclaims by the seller is only permitted if the counterclaims are beyond dispute and legally valid.

VI. Liability Due to Fault

1. Liability of the seller to pay compensation is limited, irrespective of legal reasons, including impossibility, delay, deficient or incorrect delivery, contract violations, violations of obligations during contract negotiations and illicit acts.
2. The seller is not liable for:

- a) In cases of minor negligence of the seller's primary agents, legal representatives, employees or any other agents.
 - b) In case of gross negligence by non-executive employees and agents unless vital contract obligations have been violated. These are obligations to ensure that the seller can perform punctual and deficiency-free deliveries and installation, as well as obligations concerning consultation, safety and care to further ascertain to the principal the contractual use of the goods without causing hazard to health or life of employees of the principal or third parties or damage to the property of the principal.
3. As far as the seller is liable for compensation under section VI, this liability is limited to damages the seller may have foreseen as a possible result of contract violations or must have seen under the obvious circumstances or should have become aware under generally applied principles of care. Direct damages or consequently arising damages resulting from deficiencies of the delivered goods are only compensatory when damages have been caused in spite of the typical and according usage of the goods.
 4. In cases of slight negligence the liability for compensation by the seller is limited for damages to persons to an amount of up to € 1,534,000 per damage case, for property damages to an amount of up to € 512,000 per damage case, and for financial loss of up to € 77,000 per damage case (in accordance with the coverage of the company liability insurance). This is also applicable to violations of vital obligations.
 5. The liability disclaimer and limitations mentioned above are also applicable to primary agents, legal representatives, employees and agents of the seller.
 6. The limitation of Section VI are not applicable to deliberate acts by the seller, for guaranteed property characteristics or acts causing hazard to health and life or violations to the product liability law.

VII. Reservation of Property Rights

1. The delivered goods remain property of the seller until full settlement of all open invoices of the seller. This includes all other unsettled business transactions .The goods retained under this clause are hereafter termed retained good.
2. The buyer stores the retained goods for the seller free of charge.
3. Until collateral is required (Subsection 7), the buyer has the right to process or resell the retained goods. Pawning or usage as collateral is not permitted. The right to resell expires when the collateral use takes effect.
4. In case the buyer processes the retained goods, it is agreed that the processing is done in name and invoice of the seller. If the final product is comprised of goods by several suppliers and the value of the final product exceeds the value of the retained goods, the seller will be partial owner for the part the retained goods have become of the new product and in relations to the new value of the product. In case no such property assignment takes place, the buyer will assign his new property, or partial property as mentioned above, as collateral to the seller. The seller will also be assigned partial ownership if the retained goods have become inseparable part of a new product of the buyer in accordance with Subsection 1.

5. Should the buyer resell the retained goods, he will assign the amount receivable to the seller or the according part thereof in case of partial ownership by the seller. This is also applicable to amounts receivable by the seller for which the goods have been retained, for example for insurance claims, claims due to illicit acts from loss or ruination. The seller authorizes the buyer to collect payment on behalf of the seller. This authorization expires if the retained goods become collateral.
6. The seller may upon request release the retained goods or goods in their place if the value of the goods exceeds the amount secured as collateral by 20%, under the stipulation that the release is only for those deliveries that have been fully settled.
7. If the buyer is in delay with payments, the retained goods will serve as collateral. The seller then has the right to inform third parties that the goods cannot be resold and that return of the goods can be demanded. In addition, the seller may demand return of the goods without withdrawing from the contract.

VIII. Litigation and Arbitration

1. Parties may initialize litigation in disputes arising for contracts governed by these General Terms and Conditions.
2. In case of disputes concerning loaded, i.e. shipped goods, these disagreements can be settled by arbitration. Provided, the parties cannot agree to settle the dispute in mutual consent within 14 days after receipt of a claim or information of objection.
3. The parties may extend this period in mutual agreement. If no settlement of the dispute has been achieved within this period, the matter will be placed in the hands of a mutually agreed-upon arbitrator within the following period of seven calendar days. Should the parties not agree on an arbitrator and the disputed quantity not exceed a double-wagon or 2 truck loads, an arbitrator will be appointed by the German wood association (BD Holz-VDH e.V. with headquarters in Wiesbaden, Germany) from their list of arbitrators. If the claims exceed the quantity of a double-wagon or 2 truck loads, arbitration will be governed within Europe by the German Arbitration Code from 1998 and arbitration regulation of Hamburg and Bremen. Contracts concluded on the basis of the *Schlusschein Germania* (Contract Note *Germania*) are subject to the arbitration regulations stipulated therein.
4. Decisions by arbitration court are final and legally binding for all parties. Competent court is the Higher Regional Court Bremen according to § 1062 *Zivilprozessordnung* (civil procedures rules).

IX. Applicable Law

1. All contracts are subject to German law. United Nations agreement concerning international contracts for the exchange of goods (CISG) are not applicable.

X. Place of Jurisdiction and Place of Fulfillment

1. Place of jurisdiction for all disputes concerning contracts subject to these General Terms and Conditions and place of fulfillment for payments and deliveries is Kempten.

Additional Information

The buyer is aware that the seller may in accordance with § 28 *Bundesdatenschutzgesetz* (Federal German Privacy Policy Code) save data regarding the contract for processing and has the right to forward data which is required for fulfilling the contract to third parties (e.g. insurances).