General Terms and Conditions of Business – MTD Products AG

1. Area of Application, Quotation

1.1 Our products are exclusively sold pursuant to these Terms and Conditions unless otherwise expressly agreed in writing. Terms and conditions proposed by the buyer shall only apply if we expressly agree to them in writing. Our fulfillment of an order shall not constitute acceptance of any new or different terms and conditions, even if we have knowledge of the new or differing terms in writing.

1.2 We process customer data made available to us in connection with the business relationship either by the Buyer itself or by third parties in compliance with the provisions of the German Act on Data Protection.

2. Delivery Terms

2.1 Orders do not become binding upon us until they have been confirmed by us in writing. Any changes, amendments, or modifications to the terms or scope of any order including proposed modifications to warrant terms require our written confirmation to be effective.

2.2 Our written order confirmation determines the scope of the order and the applicable delivery terms unless the applicable quotation is linked to a delivery deadline and the quotation was accepted by the buyer in a timely manner in the ordinary course of business. In such cases the terms of the quotation will determine the scope of the order if no timely order confirmation is available.

2.3 We reserve the right to make changes to the design, assembly process, and / or form of the products to be supplied so long as the product supplied is not materially different from the product ordered and the buyer can be reasonably expected to accept any such change.

3. Prices

3.1 Unless otherwise expressly agreed in writing, the prices in effect in our published price list shall apply. The amount of Valued Added Tax required by statute is payable in addition to any prices quoted or set forth in our published price lists.

3.2 If the products are not to be delivered until more than 4 months after the date of the agreement, we may charge the prices applicable to the goods in question as of the date of shipment.

4. Payment Terms

4.1 The net invoice amount is payable within 30 days after the invoice date with no deductions being made. We grant a 2% discount for cash payments made within 14 days after the invoice date unless otherwise agreed and provided that no older invoices are outstanding. In case of payment by check, the reservation of title set forth in Section 7.0 does not expire until the amount of the check is credited. If payment is not received within 30 days, we shall charge default interest at a rate of 9 percentage points above the discount rate pursuant to § 247 of the German Civil code.

4.2 If the buyer fails to comply with these payment terms or experiences significant diminution of its creditworthiness all of seller’s outstanding invoices shall become immediately due and owing. Under such circumstances seller shall be entitled to only supply products in exchange for advance payment or upon buyers grant of an appropriate security interest. In case of non-payment caused by buyer despite a reminder and a reasonably extended deadline, we are entitled to cancel the agreement or to claim damages in lieu of performance.

4.3 The buyer shall only have the right to set off amounts payable to seller hereunder if it has an offsetting claim against seller that has been fully adjudicated, liquidated, and reduced to judgment against the seller by a court of competent jurisdiction.
5. Shipping, Risk of Loss, Transfer of Title and Delivery

5.1 Unless otherwise specifically provided elsewhere in these Terms and Conditions, the shipping and delivery terms for our products and related accessories shall be as set forth in a separate agreement between the buyer and the seller.

5.2 Spare parts will be shipped freight collect ex works.

5.3 The condition set forth in 5.2 applies to deliveries to consignees in Germany. Deliveries to consignees abroad are supplied freight collect unless otherwise expressly agreed in writing.

5.4 Risk passes to the buyer upon shipment of the products from the seller’s factory even in case of partial delivery or if we are responsible for additional services such as freight charges or supply. At the express request of the buyer, we can have the consignment insured against theft, breakage, transport, fire and water damages and against any other insureable risks at a buyer’s expense.

5.5 If the shipment, the delivery or the acceptance at the buyer’s own facility or the trial operation is delayed for reasons for which the buyer is responsible or if the buyer is in delay for acceptance for other reasons, risk shall pass over to the buyer.

5.6 Partial deliveries are permitted if the buyer can be reasonably expected to accept them.

6. Delivery dates

6.1 In general, all suggested delivery dates are intended to be non-binding unless otherwise expressly agreed. Fixed delivery dates, (non-compliance with which would entitle the buyer to cancel the agreement or to seek damages), must be confirmed by us in a writing directed to the buyer. The precondition for compliance with the delivery dates agreed upon is that all of the documentation, licenses and clearances to be supplied by the buyer are received on time and that all payment terms agreed upon and other obligations of the buyer are adhered to. If these preconditions are not complied with on time, the delivery dates will be reasonably extended; this shall not apply if we are responsible for the delay.

6.2 Delivery shall be deemed timely if the products to be supplied have left our factory or the buyer has been notified that they are ready for shipment on or before the applicable delivery date.

6.3 Delivery dates shall be reasonably extended in the event of labor disputes, in particular strike or lock-out, or other acts of god that are neither desired by us nor within our control that impact our ability to complete the manufacture or supply the products in question. In case of illegal labor disputes of our employees, we are only liable for willful conduct and gross negligence. In important cases, we shall notify the buyer as soon as possible of the commencement and end of any such impediments and / or circumstances. If any such impediments or circumstances should render it impossible for us to comply with orders already accepted in accordance with the terms of an applicable agreement, then we reserve the right to cancel any such agreement without liability for any related failure to perform.

6.4 If we should be in default, the buyer may claim compensation (damages instead of performances or due to delivery delay and reimbursement of expenditures) amounting to 0.2% per week of default or to a maximum of 2% of the price less of any rebates, deductions, discounts etc. of that part of the delivery which could not be supplied in time or in accordance with the agreement due to the default – provided the buyer credibly prove the he incurred any such damage as a result.

6.5 Any claims by the buyer in excess of the limits set forth in Section 6.4 above are excluded in all cases of delayed delivery even after expiration of an agreed upon extended delivery date. This limitation shall not apply if our liability is compulsory as a result of willful conduct or gross negligence or in cases of injury to life, body or health; this does not imply a change in the burden of proof to the detriment of the buyer. The foregoing notwithstanding, buyer’s shall however, retain the right to cancel the agreement after the expiration of an extended delivery deadline.
7. Reservation of Title

7.1 The products we deliver may only be resold in the ordinary course of business. We retain title to each product supplied until all amounts due or owing to from buyer in connection with the business relationship between buyer and seller (including future claims on the basis of agreements entered into simultaneously or in future) are fully paid and / or discharged.

7.2 In the event of buyer pays late or fails to pay amounts due and owing, we shall be entitled to cancel the agreement and recover the products supplied upon notice to buyer and upon notice to buyer and the expiration of a reasonable cure period. In the event of a breach of these terms or any relevant agreement by the buyer, especially if any such breach jeopardizes our security or title interests in products supplied to buyer, we are also entitled to reclaim the products with or without cancellation of any applicable agreement. Buyer must notify us immediately in writing in the event any third-party seizes any products or asserts any claim of right, title or interest in any products in which we retain title or claim of security interest. In the event of any such claim or seizure by a third-party, buyer must cooperate with us and provide us with any information reasonably necessary to advise any such third-party that we have title to or a security interest in the products at issue.

7.3 The buyer assigns to us all receivables and ancillary rights against its customer or third-parties resulting from any resale of the products, regardless of whether any such products are sold after further processing or modification by the buyer, even if the further processing is minimal or increases the value of the products minimally.

7.4 We undertake to release a security to which we are entitled in so far as the value thereof exceeds the security claims by more than 20%.

8. Liability for Defective Delivery

8.1 If the buyer is a merchant pursuant to the German Commercial Code, any claims by the buyer for supplemental performance or other claims due to the defective products require that the buyer has properly complied with his obligations for inspection and rejection according to § 377 German Commercial Code. This shall also apply in case of recourse pursuant to §§ 478, 479 German Civil Code. Rejections due to noticeable defects or due to incomplete or incorrect delivery have to be made to us without delay. If you claim that we are liable for any damages in transport including short shipments, the amount of any such damages or short shipments, must be clearly indicated on the shipping documents (delivery run sheet and delivery note) at delivery. The receiving department as well as the delivering carrier’s driver must countersign these documents stating the name and the truck number. Furthermore, we must be informed about any such damages or short shipments without delay.

In connection with latent defects which cannot be discovered until the packaging is opened, the following information deadlines have to be observed in order to preserve potential claims:
- Mail delivery: 24 hours after delivery
- Freight company and parcel services: six business days after delivery
- Train / rail freight: seven business days after delivery

8.2 Warranty claims are time-barred 12 months after delivery. This limitation shall not apply, however, if:
   i) longer warranty periods are compulsory by law, or
   ii) the claims made involve injuries to life, body or health,
   iii) the claims arise from seller’s willful breach or gross negligence,
   iv) in cases involving the fraudulent concealment of defects including cases involving the breach of express warranties and arising out of the Product Liability Act.

8.3 If the buyer asserts that the products delivered are defective, the buyer may withhold payment to the extent reasonably commensurate with the defects at issue. The buyer is only entitled to withhold payments if a defect complaint is raised which is substantially certain to be meritorious. If the complaint is not successfully prosecuted, however seller may seek reimbursement from the buyer for any and all costs incurred in connection with any such unsuccessful claim.
8.4 Seller must be given notice and reasonable opportunity to cure any alleged defects. As a first step we reserve the right to repair any allegedly effective goods; or in alternative to replace them with substitute goods. § 439 para. 3 sentence1 German Civil Code. If we are not afforded reasonable notice and an opportunity to cure, we shall be released from any further performance and / or warranty obligations.

8.5 If we fail to remedy a following a reasonably extended deadline for cure, the buyer may reduce the purchase price or cancel the agreement and seek damages. Section 10.0 (Other Liability) shall also apply for claims for damages and claims pursuant to § 284 German Civil Code. Seller and / or its assistants shall have no liability for damages from defects in the products except as set forth in this Section 8.0.

8.6 Used products are sold without warranty of any kind, and new products are not warranted against immaterial defects, normal wear and tear, damages arising from abusive or negligent treatment or use, excessive use, use in unsuitable operating conditions, poor workmanship or the independent negligence of any third party service provider after delivery (unless such poor workmanship or independent negligence is provided for under the terms of this agreement). If the buyer or a third party makes unprofessional alterations or repairs, there shall be no warranty with respect to any consequences arising from any such alterations or repairs.

8.7 Except as otherwise provided the warranty period for repairs, replacement or supplemental performance hereunder shall be six months; it shall run for no less than the term of the original warranty period of the product delivered. It shall be extended for those parts which cannot be properly operated due to an interruption, by the period of such interruption in operation as caused by repair work, replacement delivery or renewed performance of services.

8.8 Claims of the buyer for incidental or consequential damages, especially transportation, road, labor or material costs, are disclaimed to the extent that any such expenditures were increased because the buyer delivered the product to a place other than the registered office of the buyer for warranty service or repairs, unless the location to which it was delivered to performs the services and repairs sought in the ordinary course.

8.9 If individual assets delivered by us are directly resold by the buyer to consumers pursuant to § 13 German Civil Code, the buyer can only assert warranty claims under the following conditions:

- Such claims are permitted as a matter of law under the applicable statutes of the jurisdiction designated by the buyer and the consumer

- If, due to a defect of our delivery, the buyer asserted a claim for damages against us and has recovered the products from the consumer, the buyer must permit seller the opportunity to inspect the alleged defect. The opportunity shall be granted, at our request, by sending the products to us for inspection.

- If the buyer repaired the products due to a justified warranty claim, compensation shall be made by reimbursement of the buyers expenditures according to our conditions for the settlement for warranty claims.

9. Impossibility, Adjustment of the Agreement

9.1 Insofar as unforeseeable events pursuant to Section 6.3 should considerably impair the economic significande or content of the delivery or have a considerable effect upon our operations, the agreement shall be adjusted appropriately in keeping with the principle of good faith. If this is not commercially reasonable, we shall be entitled to cancel the agreement. Once we can ascertain the extent of such an event, the Buyer shall be notified without delay if we are cancelling the agreement, even if it had been originally agreed with the buyer that the delivery date shall be extended.
10. Other Liability

10.1 Buyer’s claim for damages and claims for reimbursement of expenditures (hereinafter “claims for damages”) irrespective of the legal basis, in particular due to breach of contract and to tort are excluded.

10.2 The exclusion of liability in Section 10.1 does not apply
a) in cases of willful conduct or gross negligence;
b) in cases of negligent injury to life, body or health;
c) in cases of fraudulent concealed defects;
d) in cases of a given guarantee;
e) in cases of defects of the delivered products caused by us as far as we are liable for personal or property damages of privately used assets according to the Product Liability Act.

We are also liable for the breach of material contractual obligations (commitments which form the basis of the bargain between buyer and seller and upon which the buyer may reasonably rely) caused by gross negligence of our non-executive employees or caused by negligence; in the latter case, the liability is limited to the typical and adequate foreseeable damage. This does not imply a change in the burden of proof to the detriment of the buyer.

10.3 As far as buyer is entitled to claims for damages, these claims become time-barred with the expiry of the limitation periods applicable for warranty claims pursuant to Section 8.3. The legal statutes of limitations shall apply to claims for damages according to the Product Liability Act.

11. Returns

11.1 The buyer may only return shipments to us if we have a prior agreement that allows returns and have given our express approval to the return of a specific shipment at issue; Any such returns must be made at the buyer’s expense and risk to our registered office. If a credit note for the value of the goods returned is issued, it shall be based on the net invoice value of the original delivery less, in some circumstances, any freight or haulage expenses we incur and our costs of repairing and re-storing the goods returned.

12. Jurisdiction an Venue, Applicable Law

12.1 If the buyer is a merchant, any and all disputes arising directly or indirectly from or in connection with the contractual agreements between the parties shall be subject to the exclusive jurisdiction and venue of the courts with jurisdiction over the territory in which our registered office or at the registered office of the branch operation which effected the delivery is located at our discretion.

12.2 The contractual relationship shall be bound by and construed in accordance with the laws of the Federal Republic of Germany excluding the provisions concerning the International Private Law.