

General Sale and Delivery Terms and Conditions of Grünenthal GmbH for Contract Manufacturing of Pharmaceutical and Medical Products

I. Applicability

1. The following General Sale and Delivery Terms and Conditions apply to all sales, deliveries, and services by Grünenthal GmbH in the contract manufacturing of pharmaceutical products and medical products.
2. All orders between Grünenthal GmbH and the customer in the area of contract manufacturing are governed solely and exclusively by our Sales and Delivery Terms and Conditions below. Grünenthal GmbH does not recognize terms to the contrary unless it has explicitly agreed to them. Furthermore, contrary sales and delivery terms are not considered to be agreed by the fact that Grünenthal GmbH responds to an offer or other written communication from the counterparty or makes any reference thereto in any form whatsoever.
3. Contrary arrangements must be agreed in writing in order to be valid. The same applies to any changes with respect to the written-form requirement.

II. Creation of the contract

1. Orders to Grünenthal GmbH become binding only through written confirmation from Grünenthal GmbH or corresponding fulfillment. There are no oral supplements to contracts.
2. The order volume corresponds in all cases to the amount stated in the written order confirmation from Grünenthal GmbH.
3. Order inquiries are taken to be an offer to make a purchase agreement.

III. Slight variations

1. Slight variations in the delivered items are considered approved by the customer and do not affect fulfillment of the contract as long as the customer can reasonably be expected to accept the variation (e.g., changes and improvements serving technical progress).
2. A variation in the ordered quantity of up to 10 percent is permissible for all deliveries. The customer must take this into account accordingly when placing orders.

IV. Prices

1. Unless otherwise noted in the order confirmation, the prices include costs for packaging. Shipping costs and transport insurance to the destination are paid

by Grünenthal GmbH. Other incidental costs, e.g., export, transit, and other costs connected with exporting the merchandise, are paid by the customer.

2. The prices of Grünenthal GmbH do not include statutory value-added tax, which will be added where applicable.

V. Delivery

1. The parties agree to apply Incoterms 2010. All deliveries are CIP (destination) to the destination for carriage by land or CIF (destination) to the destination for carriage by sea (Incoterms 2010). The destination is indicated by Grünenthal GmbH in the order confirmation.
2. The shipping method and packaging and the choice of carrier are exclusively at the discretion of Grünenthal GmbH unless there is an explicit agreement to the contrary with Grünenthal GmbH. Grünenthal GmbH will bill the customer for the cost of special packaging requested by the customer. Grünenthal GmbH will obtain shipping insurance to the destination on minimum conditions at its own expense. If the customer would like Grünenthal GmbH to obtain additional shipping insurance or to use a different shipping method than the one intended by Grünenthal GmbH, he must so notify Grünenthal GmbH in a timely manner and pay the associated costs.
3. Risk passes to the customer at the delivery location named by Grünenthal GmbH in the delivery confirmation (depending on the shipping method). Place of fulfillment is the delivery location. If transfer of the goods to the customer or third parties named by the customer at the delivery location is delayed, risk passes to the customer as soon as the shipment is provided at the delivery location according to the agreed conditions. At the latest, risk passes to the customer when his acceptance of the shipment is delayed, in any case.
4. On-time delivery on the indicated delivery date is possible only if all technical issues have been clarified in advance and preliminary operations by the customer are complete. Any stated delivery date is considered provisional and nonbinding until an explicit written agreement is made with Grünenthal GmbH regarding the delivery date.
5. The agreed delivery period will be extended according to the length of the event in case of measures in the context of labor unrest, particularly strike and lockout, and in the event of unforeseen obstacles beyond the control of Grünenthal GmbH, e.g., disruption of operations, delays in supplier deliveries, and/or events due to force majeure, or in case of an export, re-export, import, re-import, or transit ban or an official embargo, according to the duration of such measures and obstacles. The aforementioned circumstances are not our

responsibility even if they arise during an already existing delay. We will notify the customer of the beginning and end of such obstacles in important cases as soon as possible.

6. The customer has no claim against us for delivery of ordered merchandise if he is already in arrears with payment of any price for merchandise already delivered by Grünenthal GmbH.
7. The customer is responsible for complying with all customs and import and export regulations.

VI. Delay in delivery and reporting defects

1. A delivery with binding periods and deadlines is not considered to be in arrears until after a two-week grace period which has been set in writing, or a four-week grace period in case of nonbinding periods.
2. If Grünenthal GmbH is in arrears with delivery, the customer may rescind the purchase only if Grünenthal GmbH was given warning of the rescission when the grace period was set. If Grünenthal GmbH is only in arrears with a portion of the delivery, the customer may rescind only the portion of the delivery that is in arrears, in any case.
3. If legitimate defects are reported in a timely manner, the customer may initially only demand that a nondefective item be supplied as supplementary performance. If the supplementary performance by Grünenthal GmbH is unsuccessful, the customer has the right to reduce the purchase price or rescind the purchase agreement.
4. Obvious defects must be reported to Grünenthal GmbH in writing within two weeks after delivery of the merchandise.
5. Boxes must be examined for external damage or dents upon delivery.
6. If defects are already apparent at this point, they must be noted on the delivery run sheet or delivery receipt.
7. Grünenthal GmbH assumes no responsibility for damage to the merchandise from breakage, freezing, or heat. The customer bears the risk of lost or reduced efficacy of compounds as a result of lengthy storage.
8. Any claims due to material defects become time-barred 12 months after delivery.

VII. Payment

1. The price and any charges for ancillary services are due and payable upon delivery of the merchandise.

2. Checks and bills of exchange are not considered valid payment until they have been paid. No bills will be accepted without a prior written agreement with us. Bank discount and collection charges will be charged when accepting bills, and must be paid immediately in cash.
3. Absent any agreement to the contrary, invoices are due and payable in full within 30 calendar days of billing date.
4. Payment is not considered received unless and until the funds are freely available for Grünenthal GmbH.
5. Payments may not be withheld due to any counterclaims of the customer that are disputed by Grünenthal GmbH or have not been adjudicated finally and without possibility of appeal, nor may they be set off against such claims.
6. If the customer is in arrears with payment, Grünenthal GmbH will charge interest on arrears at a rate 9 percentage points above the base interest rate within the meaning of BGB (German Civil Code) Section 247. Customer payments will be applied first to the costs, then to the interest, and any remaining funds will be applied to the oldest invoices. The right of Grünenthal GmbH to assert further damages shall remain unaffected thereby.
7. If the customer is in arrears with payment, Grünenthal GmbH may withhold shipments and is not obligated to carry out agreed deliveries or to keep delivery deadlines.

VIII. Retention of title

1. Grünenthal GmbH retains ownership of the delivered merchandise until the purchase price is paid in full. The customer stores the merchandise secured by the retention of title ("reserved goods") without charge for Grünenthal GmbH.
2. In case of customer conduct that is in breach of the agreement, particularly payment arrears, Grünenthal GmbH may repossess the goods after warning the customer, who must surrender them accordingly.
3. Grünenthal GmbH's assertion of the title retention and attachment of the pledged items is not considered rescission of the agreement unless expressly so stated in writing by Grünenthal GmbH.
4. In case the reserved goods are resold, the customer now hereby assigns and transfers any and all demands arising from the resale to us in an amount equal to the price agreed between Grünenthal GmbH and the customer (including value-added tax). The customer is authorized and empowered to collect on those demands following assignment. The authority of Grünenthal GmbH to collect on the demands itself shall remain unaffected thereby;

however, Grünenthal GmbH must refrain from collecting on the demands as long as the customer fully meets his payment obligations and is not in payment arrears. In case of any breach of the customer of his payment obligations, Grünenthal GmbH may demand that the customer identifies the assigned demands and the debtors, provides all information required for collection, delivers the associated documentation, and notifies the debtors (third parties) of the assignment and transfer.

5. The customer may neither pledge nor mortgage the reserved goods nor transfer them by way of security. In case of attachment or confiscation or any other disposition by third parties, the customer must promptly notify us and make all information and documents available to us that are needed to preserve our rights. Enforcement officers and third parties must be notified of our ownership status.
6. At the customer's request, Grünenthal GmbH is required to release the security interests to which Grünenthal GmbH is entitled, to the extent the value of the secured and still unpaid demands exceeds them by more than 10 percent.
7. The customer must insure the reserved goods in the ordinary amounts, and assigns and transfers his demands from the insurance policies to us in advance.

IX. Liability

1. Damage claims by the customer against Grünenthal GmbH due to violation of a contractual obligation or due to delay are limited to the purchase price of the delayed or non-rendered performance, except in cases of intentional misconduct or gross negligence. In case essential contractual obligations are violated, the liability of Grünenthal GmbH is limited to the typical direct and predictable damages caused by the violation.
2. Tort claims by the customer based on damaged assets, property, or any other right are precluded hereby unless the damage was caused by Grünenthal GmbH through intentional misconduct or gross negligence. Compensation for consequential damages is precluded hereby. The limitation of liability does not apply for injuries to life, limb, or health.

X. Liability toward third parties

1. The customer assumes any product liability toward third parties under domestic and/or foreign law, and is responsible for processing and (if necessary) adjusting any and all claims asserted by third parties with respect

to the product, including necessary costs of defense. The customer will fully and completely indemnify Grünenthal GmbH and hold Grünenthal GmbH harmless from all claims and associated costs in this context.

2. Grünenthal GmbH is liable to the customer for product liability cases up to the amount covered by Grünenthal GmbH's product liability insurance. Cases of intentional misconduct and grossly negligent conduct are precluded from this limitation of liability. This limitation of liability does not apply for injuries to life, limb, or health.
3. To the extent third parties assert claims against Grünenthal GmbH due to any patent violation based on the merchandise commissioned by the customer from Grünenthal GmbH, the customer will indemnify Grünenthal GmbH and hold it fully and completely harmless from all risks, costs, and expenses connected with defending against such claims. The customer will fully and completely indemnify us and hold us harmless from any and all liability for infringement of industrial property rights and damages caused as a result. Cases of intentional misconduct and grossly negligent conduct are excepted from this limitation of liability.

XI. Place of fulfillment

Place of fulfillment is Aachen.

XII. Jurisdiction and venue

In case of any disputes, the courts of Aachen have jurisdiction and venue.

XIII. Applicable law

The contract is governed by and shall be construed in accordance with the laws of the Federal Republic of Germany. The application of laws concerning the international sale of movable goods and the conclusion of international agreements for the sale of movable goods is precluded hereby.

XIV. Other provisions

1. The transfer of rights and duties of the customer under the agreement made with us requires our written approval in order to be valid.
2. Should any provision be or become void, the validity of the remaining provisions shall not be affected thereby.