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## Terms and conditions of purchase of KARL MAYER Technische Textilien GmbH, Chemnitz (Dated 02. November 2015)

### 1. Scope of application

(1) The following purchase conditions are solely valid for all our contracts concluded with suppliers, provided no other written agreements have been made in this respect.

(2) Contradictory and complementary general business conditions of the opposing contract party are not allowed, unless we had previously given our express and written consent in this respect. In particular the fact that we do not comment on any sales and/or delivery conditions differing from our purchase conditions does not mean that we accept them.

### 2. Application area

Our products are used worldwide, especially also in Asia. The suitability of all the delivery items for being used in the Asian region is of utmost importance for every conclusion of contract in conformity with these terms and conditions.

### 3. Conclusion and performance of contract

(1) Orders and their subsequent changes and amendments (additions) require the written form. Oral agreements are only legally valid for us if we had previously given our written consent accordingly. The correspondence, regardless of its form, has to be conducted separately for every order, always indicating our order number.

(2) Unless otherwise agreed upon, the supplier has to send us an order confirmation with the binding prices and delivery times, immediately after receipt of our order, however, not later than within 10 days.

(3) Delivery deadlines and delivery times are binding. Delivery deadlines expire from the date of issuing the order and can only be modified with our written consent.

(4) The supplier has to inform us immediately about any possible delays in the delivery, i.e. promptly on becoming aware of them, prior to the expiration of the delivery time, by indicating the reasons as well as the expected duration of the delay. Neither the notification of the delay nor the silence to such a notification means the acceptance of the new delivery time.

(5) The supplier's non-observance of the agreed deadlines and delivery times gives us the right to make full use of the lawful rights and claims, including the right to cancel the contract or to claim damages instead of accepting the services after an adequate period of grace has lapsed without success.

(6) The supplier has to bear all the costs and disadvantages (losses/damages) arising from delays in the delivery, in conformity with the legal provisions, without the necessity of a reminder for the occurrence of delay /default.

(7) Partial shipments as well as advance or excess deliveries are only possible if the parties have previously concluded an agreement in this respect.

### 4. Prices

All the prices given in the order are fixed prices, which are not to be changed, even if the delivery conditions provide such modifications (cf. No. 1).

### 5. Invoicing

The invoice has to comply with the requirements stipulated in § 14 UStG (Value Added Tax Act). Immediately after dispatch of the goods, the supplier has to send us his invoice in one copy, by specifying the exact order details for every item. Provided the contracting parties have agreed in a separate procedure upon an electronic mailing of the invoice, it is possible to send the invoice to the following e-mail address: [AccountsPayable@karlmayer.com](mailto:AccountsPayable@karlmayer.com).

**6. Conditions of payment**

(1) The payment is effected by bank remittance within:

14 days with 3 % discount

30 days with 2 % discount

60 days net cash

The maturity date starts at the earliest on the day of the receipt of the delivery at our company.

Effected payments do not mean that we accept the delivery as provided in the contract.

Should costs arise and interest accrue, the payments will be used to reconcile first the main services, then the interest, and finally the costs.

Assignment of claims raised against us is expressly excluded.

**7. Dispatch and risk assumption**

(1) All the consignments have to be accompanied by a detailed packing slip or delivery note, by specifying our order number and position number as well as the respective Material number and Material description (designation).

(2) The non-observance of the provisions stipulated in section 1 entitles us to reject the acceptance of the goods, at supplier's own risk and expense.

(3) Provided no other arrangements have been made in the order, it is imperative to send all the deliveries free of any charges – at supplier's risk and expense – to the delivery address mentioned overleaf. Even if dispatch had been agreed upon, the risk is only transferred to us once the goods have been handed over to us at the agreed place of destination.

**8. Packing**

(1) The supplier is obliged to ensure a proper packing of the delivery items.

(2) If a consignment contains different delivery items, this fact should be especially pointed out. The various delivery items have to be packed separately and marked in such a way that they can be clearly distinguished from one another.

(3) The consignments have to be packed separately according to the respective storage type and storage section, and they have to be marked accordingly.

**9. Spare parts**

If the supplier intends to cease (stop) the production of spare parts intended for products to be supplied to us, the supplier is obliged to immediately inform us in writing about his decision to stop the production. This written notification has to take place at least 6 months before stopping production. In this way, we get the possibility to order a sufficient number of the relevant spare parts intended for the products to be supplied to us (last-order-option).

**10. Modification of execution**

Before starting the manufacture of the parts intended for our orders, the supplier has to inform us about any changes in the type or structure of the processed material or in the design execution, compared to similar previous deliveries and services. Such modifications require our prior consent. After receipt of the goods, we are not obliged to check the similarity of the products and services received from the supplier.

**11. Obligation to inform and/or to obtain information, quality and scope of delivery**

(1) The supplier has to make sure that he gets the required information about our usage and operating conditions. Moreover, the supplier has to check the details given by us, the drawings, specifications and specification sheets released by us, and the check of factual errors (technical mistakes) has to be done on the supplier's own responsibility.

(2) Should the supplier realize any incompatibility of his deliveries with our usage and operating conditions or should he find a factual error as per section 1, sentence 2, the supplier has to inform us immediately about this situation.

(3) The delivery scope also includes working instructions (user manuals) and spare parts catalogues.

**12. Compliance and observance of current technical standards**

(1) The supplier undertakes to provide the goods and services ordered by us in conformity with the current technical standards and by observing the respective legal provisions. As soon as the delivery item is no longer in conformity with the latest state-of-the art of science and technology, the supplier has to suggest a corresponding modification (adjustment).

(2) The supplier especially undertakes to observe:

a) the legal provisions of environmental and work protection,

b) the regulations of the product safety act, the provisions of all ISO and EN standards, of all standards required for CE certification as well as for the respective CE labeling of his delivery items,

c) the regulations concerning dangerous working materials, the law for the protection against dangerous goods (law on chemical substances) and other pertinent safety and accident prevention

regulations – the supplier must observe these regulations by all means,

d) all pertinent prescriptions and regulations especially of VDI, VDE, TÜV and of the employers' liability insurance association (UVV) as well as of the trade and industrial inspectorate (commercial regulatory authority)

(3) Regarding our order as well as the initial approaches for business and the resulting business relations, the supplier guarantees that he neither offered our staff members any personal favours in the past nor will do so in the future.

(4) The supplier undertakes not to engage any companies as sub-suppliers who use child labour for manufacturing the products supplied to us or who tolerate forced labour.

**13. Ownership protection /property rights**

(1) We reserve the property right and any copyrighted rights of use for orders placed by us as well as for drawings, pictures, photos, illustrations, calculations, descriptions and other documents made available by us to the supplier. Without our prior explicit consent, the supplier is neither allowed to make these documents available to any third party nor use or copy, duplicate them by himself or by any third party. Upon our request, the supplier has to return the complete documents to us, as soon as he doesn't need them any longer during the normal business transaction or if the negotiations don't lead to any contract conclusion. In this case, the supplier has to destroy any copies made of these documents; with the exception of those copies, documents, etc. which have to be kept safe due to the legal obligation to preserve records and retain data within the usual data backup provisions.

(2) Production facilities, tools, devices and patterns which we make available to the supplier or which are manufactured for the purpose of the contract and for which we are separately charged by the supplier, remain our property or pass into our property. These items have to be marked by the supplier as being our property and they may only be used for the purposes stipulated in the contract concluded with us.

(3) The objects (items) mentioned under section 2 have to be carefully kept and maintained by the supplier as well as protected against damages of any kind. This also includes the obligation to insure these items in a suitable manner, to keep them in serviceable condition, especially to handle them in a most professional and proper way, to ensure their correct maintenance and care. This should be done at once and, if possible, in such a way that the mentioned items are always ready for use without any restrictions.

(4) Before taking any measures according to section 3 that generate costs, the supplier has to consult us immediately. The costs for the measures requested under section 3 and confirmed after the supplier has consulted us, will be shared by the two contracting parties – for lack of another agreement. Nevertheless, if these costs are caused by deficiencies of the items produced by the supplier or by their improper use or by the negligence of the supplier, of his employees or of other vicarious agents, these expenses are solely for the supplier's account.

(5) The supplier is obliged to inform us immediately about any (not only slight) damages of the items mentioned under section 2. This is also valid for such cases in which these items become partly or completely useless due to normal wear, for example, or in cases in which general repairs have to be carried out. The contracting parties will come to a mutual agreement about the further procedure in this respect.

(6) Upon our request, the supplier is obliged to hand over to us the items mentioned under section 2, in proper condition, if the supplier does no longer need them for the performance of the contract concluded with us.

#### **14. Warranty**

(1) In case of defects of the items delivered by the supplier we are entitled to all the legal claims valid in such cases.

(2) Besides, we are also authorized:

(a) to eliminate the complained defect by ourselves and/or have this done by third parties, or

(b) to procure replacement from third parties after having returned the defective article(s) to the supplier, or to request the supplier to provide us replacement or reimbursement for (a) or

(b) and/or to give us relevant advance money, if and when the supplier does not meet his obligation to subsequent performance – at our own discretion by eliminating the defect or by supplying a faultless item – within an appropriate period of time to be fixed by us. If the supplier's subsequent performance failed or is unacceptable for us (e.g. due to special urgency, endangerment of operational safety or imminent occurrence of excessive dangers) it is not necessary to fix any deadline in this respect. We will immediately inform the supplier about such circumstances, if possible even before the self-remedy of defects.

(3) The period of limitation for any warranty claims shall be 36 months, contrary to § 438 No. 3 BGB (German Civil Code).

(4) Once the supplier has received our written notice of defects, the limitation period for warranty claims shall be suspended, until the supplier rejects our claims or declares the defect as eliminated or otherwise refuses to continue any negotiations about our claims.

(5) In case of replacement delivery and remedy of defects, the limitation period of the warranty claims for replaced and repaired parts shall start again, unless we had to assume (judging by the supplier's behavior) that the supplier failed to see his obligation to carry out the respective measure, but instead performed the replacement delivery or the remedy of defects only as a gesture of good will or similar reasons.

(6) For delivery items which have to be assembled by the supplier at the place of destination, the limitation period of the warranty claims starts when the assembly has been finished.

(7) In case of perishable goods, the supplier is obliged to clearly indicate the expiry date on the trading unit and on all the dispatch papers. If the expiry date of perishable goods occurs within 28 days or less after the agreed delivery date, it is no longer allowed to deliver the relevant goods to us. If the expiry date occurs within 29 days up to 2 months after the agreed delivery date, we have to give our prior consent to such deliveries.

#### **15. Notification of defects / quality complaint**

We are entitled to file complaints about kind, quantity and quality of the supplied items within two weeks after the receipt of the relevant goods. Within two weeks after their detection, we may complain about material faults or hidden defects and deficiencies which only appear during the processing or putting into operation of the delivered products.

#### **16. Liability for third party's industrial property rights**

(1) Pursuant to the stipulations of section 2, the supplier guarantees that the products supplied by him do not infringe any third party's industrial property rights in countries of the European Union, in China and in other countries where the supplier manufactures the relevant products or has them manufactured.

(2) The supplier is obliged to indemnify us against any third party's claims which might arise from the infringement of industrial property rights as stipulated in section 1; and the supplier is also obliged to reimburse us all the necessary expenses related to this claiming. This claim ceases to exist if the supplier can prove that he is neither responsible for the infringement of industrial property rights nor has he had knowledge of such infringement at the time of delivery, on the basis of a merchant's due diligence.

**17. Right to withdraw from the contract**

For individual deliveries we have a right to withdraw from the contract in such cases in which (i) events of force majeure, (ii) industrial actions not attributable to us, e.g. strikes and lockouts, or (iii) inevitable operational disturbances not attributable to us, justify not only temporary impediments to performance at our company.

**18. Termination of contract**

We reserve the right to terminate the contract at any time by informing the supplier in writing about the respective reason, as soon as we can no longer use the ordered products in our business operations due to circumstances appearing after the conclusion of contract and not attributable to us. In this case, we will pay the supplier the already rendered advance performance.

**19. Place of performance, place of jurisdiction and choice of law**

(1) Place of performance for payments and deliveries as well as exclusive place of jurisdiction is Chemnitz.

(2) Only the law of the Federal Republic of Germany shall apply, excluding the legislation of other countries. The United Nations Convention on Contracts for the International Sale of Goods shall not apply.