

SCHWARZWÄLDER TEXTIL-WERKE HEINRICH KAUTZMANN GMBH

TERMS OF PURCHASE

I. Applicable conditions and scope of application

1. The present Terms of Purchase shall apply to all deliveries and services (hereafter referred to as “deliveries” in general), which a seller, a contractor or a service provider (hereinafter generally referred to as “Supplier”) provides for Schwarzwälder Textil-Werke Heinrich Kautzmann GmbH (hereinafter referred to as “Purchaser”).
2. These Terms of Purchase apply exclusively; the Purchaser shall not accept any terms of the Supplier which deviate from or differ from these Terms of Purchase, unless it expressly agrees to their validity in writing. These Terms of Purchase also apply if the Supplier's delivery is accepted unconditionally in the knowledge of contradictory terms of the Supplier deviating from these Terms of Purchase.
3. These Terms of Purchase apply only to contractors as per § 310 (1) German Civil Code (BGB).
4. Individual agreements made with the Supplier (including collateral agreements, supplements and amendments) in individual cases shall always take precedence over these Terms of Purchase. The contents of such agreements shall be governed by a written contract or written confirmation by the Purchaser; written notice is sufficient.
5. Legal explanations and notices which are to be given by the Supplier to the Purchaser after conclusion of the contract (e.g. deadlines, reminders, declaration of rescission) must be in written form.

II. Orders

1. Delivery contracts (orders and acceptance) and delivery notices as well as their amendments and supplements must be in written form.
2. If the Supplier does not accept the order within five business days of receipt, the Purchaser is entitled to revoke it. Delivery announcements will be binding at the latest if the Supplier does not object within five business days of receipt; the Purchaser will point out this outcome again in his delivery request.
3. The Purchaser may, within reasonable limits for the Supplier, demand changes in the construction and execution of the delivery item. In doing so, the effects, in particular with regard to the additional and reduced costs as well as the delivery dates, shall be regulated by appropriate agreement.
4. The Purchaser retain proprietary rights to illustrations, drawings, calculations, specifications and other documents; the same also applies to copyrights, as far as copyright is given; they may not be made accessible to third parties without the express written consent of the Purchaser. They are to be used exclusively for the production according to the order; after the order has been processed, they must be returned unsolicited to the Purchaser. They must not be disclosed to third parties; in this respect, the provisions of the following clause No. XIII shall also apply. The Supplier shall have no right of retention.

III. Pricing and payment

1. The price stated in the order is binding. In the absence of any other written agreement, the price shall include “free delivery”, including packaging. The return of the packaging requires special agreement.
2. VAT is included in the price.
3. Unless otherwise agreed in writing, the payment of the purchase price shall be made net within 14 days from the date of delivery and invoice, with a 2% discount or within 30 days after receipt of the invoice. In the case of acceptance of early deliveries, the due date shall be determined according to the agreed upon delivery date.
4. The Purchaser shall be entitled to offset and retention rights to the statutory extent.
5. Payment is to be made by bank transfer or check.
6. The Supplier shall have an offset and/or right of retention only on the basis of counterclaims which are legally valid or undisputed or are decisive in pending legal proceedings.

7. Without prior written consent of the Purchaser, which shall not be rejected unduly, the Supplier is not authorized to assign its claims or have them collected by third parties. In the case of extended retention of title the consent shall be deemed granted. If the Supplier assigns its claim against the Purchaser contrary to Sentence 1 without consent to a third party, the assignment is nevertheless effective. Regardless of the assignment, the Purchaser may choose whether payment is made to the Supplier or the third party.

IV. Delivery dates and deadlines, delay of delivery

1. Agreed dates and deadlines are binding. The receipt of the goods by the Purchaser is decisive for compliance with the delivery date or the delivery period. If delivery is not agreed DDP (“frei Werk”) the Supplier shall provide the goods in due time, taking into account the usual time for loading and dispatch.
2. The Supplier shall be obliged to inform the Purchaser immediately in writing if circumstances arise or become apparent which result in a delay. However, this does not affect the responsibility of the Supplier to adhere to the agreed delivery time.
3. In the event of delay in delivery, the Purchaser shall be entitled to the statutory claims; the regulation according to No. IV.4 shall remain unaffected.
4. Force majeure, labour disputes, unrest, official measures and other unpredictable, unavoidable and serious events shall release the contractual partners from the performance obligations for the duration of the disturbance and to the extent of their effect. This also applies if these events occur at a time when the affected contract partner is in default. The contractual partners are obligated to promptly provide the required information within reasonable limits and to adapt their obligations in good faith to the changed circumstances.

V. Weights and quantities

Without prejudice to any further claims by the Purchaser, in the event of discrepancies in weight, the weight established by the Purchaser during the determination of the weight is valid unless the Supplier proves that the weight it calculated at the time of risk transfer was correctly ascertained by a generally accepted method; the same also applies to quantities.

VI. Notification of defects and liability for defects

1. The Purchaser shall notify the Supplier immediately of defects of the delivery in writing, as soon as they are determined according to the conditions of a proper business process. A period of ten working days shall be deemed to be immediate. In this respect, the Supplier waives the objection of the delayed notification of defects.
2. The statutory claims for defects are valid without restriction. At its own discretion, the Purchaser may demand from the Supplier removal of the defects or the delivery of a new item. The right to compensation for damages, in particular the right to compensation in place of performance, is expressly reserved.
3. In urgent cases, the Purchaser shall be entitled to remedy the defect itself at the expense of the Supplier if the Supplier is in default with the retrospective fulfilment.
4. The period of limitations shall be 36 months from the date of the transfer of risks insofar as the mandatory provisions of §§ 478, 479 BGB do not interfere.
5. The Purchaser must formally accept work service contracts. The Supplier must inform the Purchaser in due time in writing about the readiness for acceptance. Conclusive and fictitious assumptions are excluded.

SCHWARZWÄLDER TEXTIL-WERKE HEINRICH KAUTZMANN GMBH

TERMS OF PURCHASE

VII. Retention of title

1. The Supplier reserves the right to ownership of all goods it supplies up to full payment; in this case, all deliveries shall be deemed to be a contingent supply transaction. In the case of current invoices, the reserved property shall be used as collateral for his balance claim.
2. If the goods are combined with other goods into a uniform item by the Purchaser, or crushed or otherwise processed, and the other item is to be regarded as the main item, the Purchaser shall be obligated to transfer joint ownership to the Supplier insofar as the principal item belongs to him. If the Purchaser sells the goods delivered according to the terms of the contract, it herewith assigns all claims arising from the sale against his customers with all additional rights to the Supplier, including all subsidiary claims, until complete repayment of all these claims.
3. Upon justified grounds, the Purchaser is obliged, at the request of the Supplier, to announce the assignment to the third-party purchasers, and to provide the Supplier with the information necessary for the enforcement of its rights and to hand over the documents.
4. The Supplier shall release the securities held by him insofar as the value exceeds the receivables to be secured by more than 20% in total.

VIII. Quality and documentation

1. The Supplier shall comply with the recognised technical rules, safety regulations and agreed technical data for its deliveries. Changes to the delivery item require the prior written consent of the Purchaser. Irrespective of this, the Supplier must consistently check the quality of the delivery items. The contracting parties will inform each other about the possibilities for quality improvement.
2. If the type and scope of tests and the test equipment and methods have not been firmly agreed between the Supplier and the Purchaser, the Purchaser is prepared, at the request of the Supplier, and within the limits of the Purchaser's knowledge, experience and possibilities, to discuss the tests with the Supplier in order to determine the desired standard of testing technology. In addition, the Purchaser will, upon request, inform the Supplier of the relevant safety regulations.

IX. Information on hazardous substances, product information

1. The items to be delivered must be labelled in accordance with the regulations of the German Ordinance on Hazardous Substances and the EC/EU Directives for Hazardous Materials/Preparations.
2. The Supplier undertakes to provide the Purchaser with all necessary product information, in particular composition and durability, e.g. safety data sheets, processing instructions, labelling instructions, assembly instructions, work safety measures, etc., including possible modifications thereof in good time before delivery/performance.
3. The Supplier shall ensure that the items supplied do not contain gold, tin, tantalum, tungsten or compounds of the substances mentioned originating from the Democratic Republic of Congo or neighbouring countries of the Democratic Republic of Congo. The Supplier shall, upon request, provide the Purchaser with information on the origin of the substances and/or compounds mentioned.

X. Compliance / Energiemanagement

1. The Supplier undertakes to comply with the respective legal regulations regarding the treatment of employees, environmental protection and occupational safety, and to work to reduce the adverse effects on humans and the environment in its activities. In particular, the energy efficiency of the products, facilities and services offered is, in addition to economic aspects, decisive for the procurement process by the Purchaser. In order to adequately observe environmental protection and, in particular, energy efficiency aspects, the following requirements are to be taken into account:

- The Ecolabel ("EU label", Directive 2010/30/EU of the European Parliament and of the Council of 19 May 2010 on the indication by labelling and standard product information of the consumption of energy and other resources by energy-related products)
- The eco-label Blue Angel,
- The EU Ecolabel (Regulation (EC) No 66/2010 of the European Parliament and of the Council of 25 November 2009 on the EU Ecolabel),
- Energy Star (Regulation (EC) No 106/2008 of the European Parliament and of the Council of 15 January 2008 on a Community energy-efficiency labelling programme for office equipment and Regulation (EC) No 174/2013 of the European Parliament and of the Council of 5 February 2013 amending Regulation (EC) No 106/2008 on a Community energy-efficiency labelling programme for office equipment) or
- Comparable energy and environmental labelling as well as the implementation measures of the ErP Directive (Directive 2009/125/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for the setting of ecodesign requirements for energy-related products, as amended by the Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012).

XI. Product liability

1. If the Supplier is responsible for a product defect, the Supplier is obliged to, upon first demand, release the Purchaser from claims for damages on the part of third parties, to the extent that the cause is within the Supplier's sphere of authority and organisational area, and the Supplier is individually liable to third parties.
2. Within the scope of the Supplier's liability for damages as defined in Paragraph 1 above, the Supplier shall also be obliged to reimburse any expenses arising from or in connection with a legal recall action carried out by the Purchaser or by a customer of the Purchaser. The Purchaser shall inform the Supplier of the content and extent of the recall measures to be carried out - as far as possible and reasonable - and give the Supplier the opportunity to comment. Other statutory claims remain unaffected.

XII. Protection rights

1. The Supplier shall be liable for claims concerning violation of patents and patent applications (intellectual property rights) resulting from contractual use of the supplied products, if at least one of the family of intellectual property rights is published in the home country of the Supplier, by the European Patents Office or in one of the following states: Federal Republic of Germany, France, United Kingdom, Austria or the USA. This shall not apply if the Supplier is not responsible for the infringement of the rights of third parties.
2. The Supplier shall release the Purchaser and its customers from all claims arising from the use of such proprietary rights; this shall not apply if the Supplier is not responsible for the breach of the rights of third parties. In the case of an exemption, the Purchaser is not entitled to make any agreements with the third party without the consent of the Supplier, in particular to enter into a settlement.
3. This shall not apply insofar as the Supplier has manufactured the delivery items according to drawings, models, or similar descriptions or information provided by the Purchaser, and does not know or was not able to know that industrial property rights were thereby being violated.
4. The period of limitation shall be 36 months, calculated from the transfer of risk.
5. The parties to the contract undertake to inform themselves without undue delay of the risks of injury and alleged infringement, and to give themselves the opportunity to counteract any such claims by mutual agreement.

SCHWARZWÄLDER TEXTIL-WERKE HEINRICH KAUTZMANN GMBH

TERMS OF PURCHASE

6. Upon request of the Purchaser, the Supplier shall inform the Purchaser of the use of published and unpublished proprietary rights, as well as of copyrights and industrial property rights.

XIII. Confidentiality

1. Each contracting party undertakes to treat all non-public commercial and technical information, which they become aware of through the business relationship with the other contract partner, as operational and business secrets.
2. Drawings, samples and similar items may not be left or made accessible to unauthorized third parties. The copying of such items is only permissible within the scope of operational requirements and copyrights.
3. Subcontractors must be accordingly bound by confidentiality.
4. The contractual partners may only advertise their business relationship with prior written consent.

XIV. Minimum wage

1. The Supplier is obliged to pay at least the minimum wage according to the German Minimum Wage Law of 11 August 2014 to the employees the Supplier employs for the execution of the contracted deliveries according to the basic contract. The Supplier shall indemnify the Purchaser from all claims which are asserted against the provisions of the German Minimum Wage Law in the event of a breach of the Supplier or its subcontractor.
2. Irrespective of any other right of cancellation and withdrawal, the Purchaser is entitled to withdraw from the contract with immediate effect or to terminate the contract if the Supplier and/or its subcontractors are culpably in breach of the above provisions or the German Minimum Wage Law of 11 August 2014. The Supplier shall be obliged to compensate the Purchaser for damages incurred as a result of the withdrawal or termination. Claims of the Supplier due to non-fulfilment are excluded. Otherwise, the consequences of the rescission and termination are governed by the statutory provisions.

3. The Purchaser is entitled, at any time, to demand a written confirmation of the payment of the minimum wage from the Supplier, as well as to verify the compliance with the provisions of this present Paragraph XIV from the Supplier supplemented by suitable documents, such as the minimum wage agreement for the Supplier's employees, confirmations of the Supplier's tax consultant or auditor, etc.

XV. General provisions

1. If a provision of these Terms and additional agreements reached are or become invalid, the validity of the contract shall remain unaffected. The parties to the contract shall be obliged to replace the invalid provision with a provision which achieves the commercial purpose of the invalid provision as closely as possible.
2. The law of the Federal Republic of Germany shall apply to these Terms of Purchase and all legal relations between the Purchaser and Supplier. The application of the United Nations Convention of 11 April 1980 on Contracts for the International Sale of Goods is excluded.
3. Unless otherwise agreed between the parties to the contract, the place of performance for the deliveries shall be the Purchaser's place of business (Schenkenzell).
4. If the Supplier is a merchant, a legal person of public law or a special-purpose entity organised under public law, exclusive jurisdiction for all disputes arising from the contractual relationship is the place of business of the Purchaser. The Purchaser is, however, also entitled to bring an action at the place of performance of the delivery or service obligation or at the Supplier's place of business at its discretion.