

GENERAL PURCHASING TERMS

I. General remarks

1. The following purchasing terms form part of the purchasing contract without the need for us to repudiate any of our suppliers' terms of supply or any other restrictions imposed by our suppliers. Otherwise, statutory provisions apply.
2. These purchasing terms apply to Derin-Holzapfel & Co. Grundbesitz- und Beteiligungs-KG, friedola Gebr. Holzapfel GmbH, Friedola Italia srl and MKT-Mode- und Konfektions- GmbH.
3. Other agreements, side-letters and amendments must be specifically agreed in writing. Similarly, all declarations to be made to us in the course of processing purchasing contracts or in accordance with these provisions must also be in writing. This requirement of written form and other agreements on specific forms may only be suspended in particular cases and only by express written agreement. The formal requirements are not suspended even if they are not actually applied in practice.

II. Orders

Orders and all agreements made in connection with them are only legally binding on us if they are made on our order forms and are signed by us.

III. Delivery times

1. The delivery time starts on the date of the order. Punctual delivery in accordance with the delivery date or delivery time is determined by reference to reception of the goods at our premises. If the delivery has not been agreed as delivered at place, the supplier is to provide us with the goods taking the usual time for loading and dispatch into account.
2. If the supplier does not fulfil the contract by the agreed date or within the agreed time their liability is determined by statutory provisions.
3. In the event of force majeure, such as industrial action, unrest or other unavoidable events, the supplier is liable to us for damages if he was already delayed at the time the force majeure occurred or if he did not notify us without further ado that such circumstances were imminent.

IV. Invoicing and payments

1. Invoices are to be sent in duplicate by post, whereby the second copy should be clearly marked as such. Under no circumstances are invoices to be attached to the goods.
2. Payment deadlines begin on the agreed delivery date, but not before the date on which goods and invoice are received.
3. Unless otherwise agreed we are entitled at our discretion either to deduct 3% and pay within 14 days or to pay the invoiced amount within 60 days, starting from the later of reception of goods at our premises and reception of the invoice in each case.
4. If the delivery is faulty we are entitled to withhold the corresponding portion of our payment until the contract has been properly fulfilled.
5. Without our prior written consent – which we may not withhold unreasonably –the supplier is not entitled to assign receivables owed by us or appoint a third party to collect them. If the supplier appoints a third party to collect the receivables with our consent this must not result in any expense to us.

V. Freight and carriage costs

1. Unless otherwise agreed the price includes the cost of freight and carriage. The same applies to packaging costs. If delivery is free of charge we are responsible for unloading. If special staff or particular equipment is required for unloading, the supplier bears the ensuing costs, unless agreed otherwise.
2. All deliveries within the Federal Republic of Germany are insured by us. We will therefore not reimburse the cost of insurance. Insurance costs for the carriage of goods outside the Federal Republic of Germany are considered to be included in the price.

VI. Quality Management (QM) System

1. Our current QM guidelines apply to the delivery. The supplier can download them from our website (www.friedola.de). We will also send suppliers a printed copy of these guidelines on request.
2. We expect suppliers to have their own functioning QM system and to provide evidence that the inspections required under this system have been carried out for all deliveries.
3. The supplier is responsible for ensuring that all goods intended for us are inspected before dispatch. The supplier therefore agrees that we do not inspect incoming goods and accepts that goods are only inspected for defects immediately before production or processing. To this extent suppliers cannot invoke Section 377 German Commercial Code, even if they do not have a QM system or the goods are defective despite their QM system.
4. Notwithstanding the above, the obligation to inspect and notify defects only arises when a proper dispatch note or delivery note have been received. For deliveries that involve assembly, these obligations begin at the earliest when the goods have been accepted.

VII. Freedom from defects

1. The supplier guarantees for a period of two years from the date of use or operation that the goods delivered have no defects affecting their use or operation and that they have the characteristics stated or guaranteed by the supplier.
2. If defective goods are supplied we give the supplier one opportunity before production or processing begins to remove them and to rectify them or supply a replacement, unless this cannot reasonably be expected of us for reasons of time. If this subsequent performance is not successful or the supplier cannot carry it out or does not try to do so without delay, we are entitled to revoke the contract, to send the goods back to the supplier at their own risk and to procure the necessary goods elsewhere. If the same goods are repeatedly delivered with defects we are entitled to revoke the contract after a written warning if the delivery is defective again, even if the volume of the delivery has not been met at that point.
3. If a defect is notified, the deadline for notification of defects is extended by the period between the date of notification and the final rectification of the defect.
4. We reserve the right to charge a flat fee of €150 for each defect notified to cover our processing costs. This processing fee will be deducted directly from the invoiced amount.
5. In addition, the supplier is liable to us for damages in accordance with statutory regulations, in particular Sections 437, 440, 280 et seq. German Civil Code (BGB). We expressly reserve the right to claim for damages in addition to our other statutory rights in the event of defective deliveries. We are entitled to deduct directly from the invoiced amount the amount of damages determined by the causal analysis and those resulting subsequently from the defects.

VIII. Freedom from legal defects

The supplier is liable for ensuring that third-party rights, in particular patent rights and other third-party industrial property rights, are not infringed by the delivery of the goods to us nor their use by us. If any such rights are infringed, the supplier bears any licensing costs, indemnifies us against all claims for damages and bears the costs incurred by us.

IX. Working materials

1. Process descriptions, drawings and other information that we give to the supplier to produce the goods, as well as drawings and other documents created by the supplier on our specific instructions may not be used by the supplier for other purposes, copied or made available to third parties. On request they are to be released to us including all reproductions and copies. If no delivery is made, the supplier is to give them to us of their own accord. The supplier is to consider our order and the work based on it as a commercial secret and to treat them in confidence. The supplier is liable for all damages arising from a breach of this obligation.

2. Lithographic prints, photographs, printer rolls, tools, models, moulds etc. produced by the supplier to carry out our order become our property on payment, even though they remain in the supplier's possession. The items are to be released to us at our request. The same applies to the relevant data records. Subject to our express written approval, the supplier is not entitled to use the aforementioned data records for their own purposes or for third parties.

X. Environmental protection and sector-specific provisions

1. The statutory or regulatory environmental specifications and limits are understood to be minimum standards. If the statutory or regulatory specifications are amended, suppliers are to comply with these of their own accord, without being required by us to do so.

2. Furthermore, all sector-specific standards, especially those of the automotive industry and the packaging industry, are to be respected of the supplier's own accord.

3. If environmental or sector-specific regulations are inconsistent with our requirements or if there is any doubt or uncertainty in this respect, the supplier is obliged to notify us accordingly in writing and to await our written instructions.

XI. Special conditions for subcontracting

1. The original goods provided by us are insured at our expense.

2. Without our express written approval our original goods may not be mixed with other goods belong to the subcontractor or their customers.

XII. Place of performance and jurisdiction, applicable law

1. The place of performance for all goods and services is our company headquarters in Meinhard Frieda, unless agreed otherwise. The place of jurisdiction is the court responsible for our headquarters.

2. Unless agreed otherwise in any individual case, only the law of the Federal Republic of Germany applies. The Hague Conventions Relating to a Uniform Law on the International Sale of Goods and the United Nations Convention on Contracts for the International Sale of Goods do not apply.

3. If one or more of the provisions in these purchasing conditions are or should become invalid, this does not affect the validity of the remaining provisions or purchasing conditions. The invalid clause is rather to be replaced by a valid provision which corresponds as closely as possible to the intended aim of the invalid provision.

37276 Meinhard-Frieda, 1 October 2008