General Terms and Conditions of Purchase of Mattes & Ammann GmbH & Co. KG

1. Applicable law

Unless otherwise agreed on a case-by-case basis, German law shall apply to contracts concluded with reference to the following conditions of contract, their establishment, interpretation and execution, and all other legal relationships between the parties. The United Nations Convention on Contracts for the International Sale of Goods [CISG] shall not apply.

2. Definitions

Parties to contracts with Mattes & Ammann are referred to hereinbelow as “the Supplier”.

3. Validity

The elements of the contract are, in the following sequence:

- The order by Mattes & Ammann issued in writing or in text form containing a description of the deliverable under the contract;
- The minutes of the negotiations, in their chronological sequence;
- These Terms and Conditions of Purchase.

Any terms and conditions of business on the part of the Supplier shall not form part of the Contract, even if there is no express objection to an agreement on such terms when the Contract is concluded.

Conflicting terms and conditions of business shall not affect the establishment of the Contract if the parties have reached agreement on all essential points. In this case, the terms and conditions of business of both parties shall apply to the interpretation of the matching provisions, and the relevant provisions of the law shall apply in all other respects.

4. The Supplier’s obligations to check

If Mattes & Ammann provide the Supplier with a request for performance or a performance description, the Supplier is obliged to check the details that they contain for accuracy and completeness and to point out any contradictions, uncertainties or omissions promptly.

The Supplier is obliged as a matter of course to subject goods to appropriate quality checking prior to delivery to Mattes & Ammann and to check whether the goods are of the agreed quality and are suitable for their customary use or use as set down by the contract. The Supplier shall draw up a declaration of conformity at the request of Mattes & Ammann. The details and scope of the quality checking shall be based on a contractual agreement entered into on a case-by-case basis, and also based on the nature and significance of the goods, the function of the Supplier (manufacturer or distributor) and the reasonable costs of quality checking.

5. Obligations upon Mattes & Ammann to check

Mattes & Ammann shall visually check the goods within a reasonable time for any deviations in terms of quality or quantity.

6. Manufacture of the deliverable; changes in performance

When so requested by Mattes & Ammann, the Supplier shall be obliged to identify third parties from which it obtains the goods or the materials, raw materials, etc., needed for their manufacture, for the purposes of quality

assurance. Where there are substantive grounds for doing so, Mattes & Ammann shall be entitled to demand the replacement of such third parties, following a reasonable period of advance notice.

If it becomes evident while executing the contract that deviations from the agreed quality are needed for technical or other reasons, the parties to the contract are obliged to advise each other accordingly without delay.

Mattes & Ammann is entitled to demand changes to the deliverable even after conclusion of the contract if and insofar as the operations of the Supplier or approved subcontractor are capable of dealing with such changes and the changes to the deliverable can be reasonably expected of the Supplier or its subcontractor.

If the change has repercussions on the agreed price, the parties shall agree on a new price, taking any additional or reduced costs into account, as well as the repercussions of the change on the required time.

If the change to the service impacts on the time involved to the extent that it is not possible to observe the originally agreed deadline, or that doing so would involve an unreasonable effort or expense, the agreed deadline shall lapse and the parties to the contract shall undertake to agree upon a new and reasonable deadline that takes the interests of both parties into account.

Before any change is made to the method of production, manufacturing procedure or procurement source, the supplier must obtain written agreement from Mattes & Ammann. Mattes & Ammann may make its agreement conditional on the Supplier assuming the costs of additional testing procedures incurred by Mattes & Ammann or its customer as a result of the change.

7. REACh

With regard to REACh, Mattes & Ammann draws attention to the fact that, with effect from 1 June 2007, the handling of substances, mixtures and products is subject to new rules under Regulation (EC) no. 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACh). All manufacturers and importers who have concluded or intend to conclude contracts with M&A on the handling or delivery of substances, mixtures and products are subject to this Regulation as a matter of course. The obligation to provide notification applies to all manufacturers and importers whose products contain a concentration in excess of 0.1% of substances in the candidate list of December 2010.

Mattes & Ammann expects Suppliers to ensure that the samples and products that they supply comply with the law and, if necessary, have been registered directly by the Supplier or previously by its upstream supplier. Mattes & Ammann also requires Suppliers to be able to provide evidence in respect of the substances that they supply that these satisfy the requirements in terms of SVHC in the version valid at the time.

8. Performance

Mattes & Ammann is not obliged to accept goods that are not free from defects as performance. “Goods that are not free from defects” include goods that differ from those required, or the delivery of insufficient quantities.

The yarns, products and materials ordered by Mattes & Ammann must satisfy the regulations set down by law or the authorities as applicable at any time.

Mattes & Ammann reserves the right to accept goods despite defects, without prejudice to its contractually agreed rights and other rights under the law in respect of defective goods.

9. Place of performance / transfer of risk

The place of performance is the headquarters of Mattes & Ammann.

Unless otherwise agreed, transport and consignment of the goods ordered shall be for the Supplier’s account and risk.

Risk is transferred with the delivery of the goods to a representative of Mattes & Ammann who is authorised to take delivery.

The handover shall be confirmed by a representative of Mattes & Ammann who is authorised for the purpose on a consignment note to be provided by the Supplier.

10. Delivery period, default

The delivery date stated in the individual contract or order shall be binding.

In the case of call-off orders, the Supplier shall be in default when the appropriate warning is issued by Mattes & Ammann.

The Supplier is obliged to advise Mattes & Ammann immediately if it wishes to deliver early or is unable to observe the agreed delivery deadline. The contractual and legal rights of Mattes & Ammann in respect of default or late performance shall remain unaffected.

If the Supplier is in default with delivery, it shall pay 0.1% of the net order value as a contractual penalty for each working day of delay, subject to a maximum of 5%. If part-deliveries have been agreed upon, or if the order is an individual contract or order based on a framework agreement, the net order value for the part-delivery or the individual contract or order in question shall be taken as a basis. Application of the contractual penalty shall not affect the right to assert legal claims on account of default or late performance. The contractual penalty must be applied against any losses incurred as a result of default.

11. Supplier liability for defects

If the Supplier has assumed a warranty in accordance with s. 443 of the German Civil Code [BGB] for the quality of the goods or the fact that the goods will retain a particular quality for a particular period, the Supplier shall be liable toward Mattes & Ammann, regardless of fault, for all losses incurred as a result of violation of the warranty, unless the parties have agreed on differing legal consequences. Third-party warranties shall remain unaffected.

In addition to the rights arising from any warranty regarding quality or shelf life, Mattes and Ammann shall also be entitled to make full use of the claims allowed under the law for defects. In all cases, Mattes & Ammann shall be entitled to demand rectification or delivery of a new object by the Supplier, at Mattes & Ammann's option. The right to compensation, particularly compensation in lieu of performance, is expressly reserved.

If the object owed is defined only by its class, the Supplier shall be liable for the quality of the goods owed, regardless of fault, unless class-based performance is deemed to be generally impossible and unless the Supplier is prevented from procuring the required objects as a result of *force majeure*.

If Mattes & Ammann sets a deadline for the Supplier without defining the nature of supplementary performance (i.e. rectification or delivery of an object that is defect-free), for the avoidance of doubt the declaration shall be interpreted as meaning that Mattes & Ammann leaves the choice as to the form of supplementary performance to the Supplier.

If a reasonable deadline set by Mattes & Ammann for supplementary performance by the Supplier should lapse without performance, Mattes & Ammann shall be entitled to rectify any defect itself or arrange for such rectification by a third party for account of the Supplier and to demand reimbursement of reasonable and necessary expenses incurred, instead of withdrawal or a cost reduction, unless the procurement of a substitute service would involve unreasonable cost. The importance of the defect to Mattes & Ammann as evident to the Supplier and the constraint on the customary use of the goods or their use as per the contract, and the value of the goods in defect-free condition, must be taken into account in this connection.

In exceptional cases, Mattes & Ammann shall be entitled to rectify a defect itself or arrange such rectification by a third party for account of the Supplier without waiting for an appropriate deadline set for the Supplier to lapse without performance, in cases where the defect constitutes a specific risk to health or a risk of physical injury or death, or other risk to legal interests protected in accordance with s. 823 BGB, and it would not be reasonable to wait for the Supplier to rectify the situation on account of the risk thus posed. As far as possible, the Supplier must be advised of the risk and the imminent rectification, to give it the opportunity to rectify the defect and the associated situation of risk immediately.

The above provisions also apply, *mutatis mutandis*, to work services, particularly those in the area of textile finishing.

12. Performance warranty for the Automotive field

Mattes & Ammann shall advise the Supplier if bought-in parts for the automobile industry will be made from the goods that it manufactures, supplies or finishes. Mattes & Ammann shall also advise the Supplier of the vehicle model for which the deliverables / work services are intended. The Supplier undertakes to supply or maintain supplies of these goods or work services for 15 years following the sale of the last new vehicle of the model in question containing such parts.

13. Product liability insurance

If the Supplier is liable for any product damage, it shall be obliged to hold Mattes & Ammann free from third-party compensation claims at first request in cases where the cause lies within its territory and organisational area and it is itself liable in its third-party relations.

In this context the Supplier shall also be obliged to reimburse Mattes & Ammann for any outgoings arising from or in connection with any recall campaign instituted by Mattes & Ammann. Mattes & Ammann shall advise the Supplier of the detail and scope of any recall measures to be carried out, if it is possible and reasonable to do so, and provide it with the opportunity to comment.

The Supplier undertakes to take out and maintain product liability insurance for all risks with cover of at least EUR 5.0 million for personal injury and EUR 5.0 million for damage to property, subject to a maximum (overall) of twice these amounts per insurance year. These shall not be affected by any right of Mattes & Ammann to make further-reaching claims for compensation. Proof of insurance cover must be provided when requested by Mattes & Ammann.

14. Invoicing

Single copies of invoices must be submitted to Mattes & Ammann, quoting the order number, in a form compliant with audit requirements.

15. No assignment

No claims may be assigned, regardless of their nature, without the agreement of Mattes & Ammann. Assignments made without the necessary agreement shall be invalid.

If the assignment of a pecuniary claim is still valid in accordance with s. 354a of the German Commercial Code [HGB] even though Mattes & Ammann has refused to give approval, the assignor must compensate Mattes & Ammann for any additional costs that may be incurred in connection with such assignment.

16. Right to withhold and offset

Limitations on the rights of Mattes & Ammann to exercise a right to withhold in respect of claims by the Supplier or to offset with claims against the Supplier shall be invalid.

Mattes & Ammann may offset its claims against those of the Supplier.

17. Obligation to secrecy

The Supplier undertakes not to use or disclose to third parties any business or operational secrets on the part of Mattes & Ammann that are entrusted to it or of which it learns during their co-operation, for the duration of their co-operation and following its expiry, and to treat such secrets as strictly confidential. This also applies to everything of which the Supplier learns regarding the specific project and the customers of Mattes & Ammann. This obligation shall survive until five years following the last delivery of the material in question or following the final provision of the service or work performance.

18. Severability

If one or more of these contract provisions or other contract provisions to which reference is made by them should be or become invalid, this shall not affect the validity of the remaining provisions or the validity of the contract as a whole.

If any loopholes are discovered in the execution of the contract, these shall be resolved by provisions that most closely approximate the practical purpose of the contract.

19. Jurisdiction

The jurisdiction shall be Messstetten or the courts with competence for the domicile of Mattes & Ammann.