

General Terms and Conditions of Business

VOWALON Beschichtung GmbH Treuen
Kunstleder – Folie – Bondings

1. General

All deliveries of our company are performed according to purchase contracts based on these terms and conditions. Any differently worded terms and conditions of the purchaser are obligatory to us only if they are expressly acknowledged by us in writing. This shall also apply if differently worded terms and conditions are added to the purchaser's order or mentioned therein.

2. Place of Performance and Place of Jurisdiction

The place of jurisdiction for all obligations arising from the contractual relationship shall be Treuen. The place of jurisdiction for all legal disputes arising from the contractual relationship and regarding its creation and effectiveness shall be Treuen if the purchaser is a fully qualified merchant.

The contractual relationship is subject to German law.

3. Ordering and Acceptance of Orders

All orders which are placed with the supplier either directly by the purchaser or via field service staff require acceptance by means of a written order confirmation, except if the business is a business on cash terms.

Deviations of the ordered or delivered goods from the order, especially with regard to material and execution, are expressly reserved within the framework of technological progress.

4. Delivery

The delivery of the goods takes place at purchaser's expense and risk. Insurance will be obtained only at the express request and at the expense of the purchaser.

Upon conclusion of the contract, the purchaser shall prescribe the type of dispatch he wishes, as well as the place of destination or the place of the post office. If the purchaser abstains from giving these details or if he fails to give such details, the dispatch will take place at our company's discretion, as in duty bound. In this connection, there will not arise any liability, neither for the choice of the type of dispatch, nor for the arrival on time, unless there is a case of gross negligence or intent.

The packing of the goods will be charged at the cost price.

If the acceptance does not take place in due course through the purchaser's fault, we shall be entitled at our option and after granting an extension of time of 10 days to make out an arrears invoice or to withdraw from the contract or to claim damages.

We are entitled to make partial deliveries, unless a complete delivery has been expressly asked for and confirmed by us.

Orders for yard ware will be confirmed on the basis of approximate quantities. In this connection, excess or short deliveries shall be permitted as follows :

▪ for orders of less than 1,000 m	20%
▪ for orders of 1,000- 5,000 m	15%
▪ for orders of 5,001-10,000 m	10 %

In case of larger orders, excess or short deliveries of up to 5% of the agreed and/or planned quantities shall be admissible.

Orders for goods made to order will also be confirmed on the basis of approximate quantities. In this case, the purchaser shall always accept a short or excess delivery of up to 15%.

The deliveries will be made within the framework of the agreed time limits. If no time of delivery has been agreed, the deliveries will be made after a reasonable period of time and within the framework of our business possibilities.

If a time of delivery is agreed or required, the following shall apply :

The dates of delivery mentioned by the supplier are not binding, unless such dates have been confirmed by the supplier in writing as binding dates of delivery.

The delivery by the supplier is subject to the reservation of self-delivery. The supplier will inform the purchaser immediately if there is no self-delivery. In case of no self-delivery, the purchase contract shall be considered as not concluded. There is no procurement risk accepted by the supplier.

Any hindrance as a result of force majeure, in particular labour dispute, machine damage, shortage of energy and raw materials, government regulations and inevitable plant and transport interruptions having lasted longer than one week or presumably lasting longer than one week, shall extend the time of delivery and/or time of acceptance without more ado by the duration of the hindrance, but at the latest by five weeks plus additional delivery period. The extension shall not enter into force if the other party is not informed immediately about the reason of the hindrance as soon as one can see that the above-mentioned time limits cannot be complied with.

If the hindrance has lasted longer than five weeks and if the other contracting party is not immediately informed upon request that the delivery and/or acceptance will be performed in due course, the other contracting party shall be entitled to immediately withdraw from the contract.

In the above-mentioned cases, claims for damages are excluded.

In case of seller's delay in delivery, the purchaser shall grant an extension of time of at least four weeks for the performance of the service. After the expiration of that extension of time, the purchaser is entitled to withdraw from the contract. Claims for damages on account of delayed delivery may be asserted by the seller only if the seller has delayed the delivery wilfully or by gross negligence.

5. Seller's Right of Withdrawal

The seller has a right of withdrawal if his sub-contractor no longer produces the ordered goods or if, in case of any other reasons for which the seller is not responsible, the sub-contractor does not supply in spite of repeated requests, as well as in case of any other supply deficiencies occurring without seller's wilful or grossly negligent fault. In these cases, damages to the orderer shall be excluded.

In addition, the supplier is entitled to withdraw from the contract for the following reasons :

If, contrary to the assumption existing prior to the conclusion of the contract, it becomes evident that the purchaser is not creditworthy. Credit-unworthiness can be assumed without more ado in a case of bill or cheque protest, in case of cessation of payment by the purchaser or in case of an attempt of enforcement without success at purchaser's end. It is not necessary that this is about the relations between the supplier and the purchaser.

If it turns out that the purchaser has given incorrect information with regard to his creditworthiness and if this information is of considerable importance.

If the goods subject to the supplier's retention of ownership are disposed of other than in the regular course of business of the purchaser, in particular through transfer by way of security or pledge. Exceptions to these cases are admissible only to the extent that the supplier has given his written consent to the disposal.

6. Complaints

The purchaser is obliged to examine the supplied goods immediately after delivery and to notify in writing any existing defects to the supplier without delay (two working days after the delivery at the latest). Any defects notified late, that is, contrary to the above-mentioned obligation, will not be considered by the supplier and are excluded from warranty.

Complaints will be acknowledged by the supplier as such only if they have been notified in writing. Complaints asserted vis-à-vis field service staff or carriers or other third parties are not considered as complaints made in due form and time. After cutting or any other start of processing of the supplied goods, any complaint is excluded.

Deviations according to normal trade practice or minor technical and inevitable deviations regarding quality, colour, width, thickness, weight, finish or design must not be complained about. In case of justified complaints, the purchaser shall be entitled to ask for remedy or delivery of replacement.

Any return shipment of the goods to the supplier, which may be required in case of a defect, shall only be made with the prior consent of the supplier. Any return shipments made without the prior consent of the supplier do not need to be accepted by the supplier. In this case, the purchaser shall bear the costs of the return shipment.

The existence of a defect ascertained as such and notified by means of an effective complaint establishes the following rights of the purchaser :

In case of defects, the purchaser is first of all entitled to ask the supplier for subsequent performance. The supplier is entitled at his own discretion to opt either for replacement or for rectification of the defect.

In addition, in case of failure of an attempt at subsequent performance, the supplier shall be entitled to proceed, again at his own discretion, to a renewed subsequent performance. It is only after the failure of such repeated subsequent performance that the purchaser is entitled to withdraw from the contract or to reduce the purchase price.

If remedy or delivery of a replacement is not at all possible or is not possible within a reasonable period of time, which as a rule is two months after the receipt of the returned rejected goods, the purchaser may at his own choice demand a reduction of the purchase price or the cancellation of the contract.

Only in cases of gross negligence or wilful violation of the obligation to deliver faultless goods shall the purchaser be entitled to claim damages or replacement of futile expenses. He shall prove the damage incurred on the merits and in terms of amount. The same applies to any futile expenses incurred.

The warranty period for new and used goods shall be one year from delivery. At any rate, the purchaser shall prove that the defect existed already upon delivery.

For hidden defects, the statutory provisions shall apply.

The application, use and processing of the offered or ordered goods shall be exclusively subject to the responsibility of the purchaser. Any reference to application technology made by us shall only be deemed as a hint and do not exempt the purchaser from his own examination of the products for their suitability for the intended processes and purposes.

The materials handed over to us with a delivery note for the purpose of job processing will be carefully checked according to the latest state of the art.

The following prerequisites shall be given :

In deliveries of yard ware, the processing side shall be marked at the piece and indicated on the delivery note. Laminating materials shall be delivered on sleeves as follows : straight-edge and broadly rolled out, without doubling or other wrinkles, ready for lamination and fit for lamination.

Any existing weft, warp and/or stitch distortions and differences of tension in the fabric and at the selvages as well as any impurities, lint, threads etc. rolled into the pieces will not be eliminated by us.

The materials to be laminated must not contain any dyes and lubricants resisting lamination and soluble in the lamination compound. In addition, we understand that the materials and lubricants will not be changed during current business relations.

The composition of the basic elements, dyes and lubricants of the materials to be laminated must be suitable for the required process temperatures and chemical reactions.

Notwithstanding any provisions concerning warranty and any other special regulations set forth in these provisions, the following shall apply in cases of violation of obligations by the supplier :

The purchaser shall grant the supplier a reasonable time for subsequent performance of not less than three weeks in order to enable the supplier to eliminate the violation of obligation.

It is only after the expiration without success of the time for subsequent performance that the purchaser is entitled to withdraw from the contract and/or claim damages.

The purchaser is entitled to assert damages only in cases of grossly negligent or wilful violation of obligation by the supplier. Damages instead of performance (in case of non-performance, Section 280 III in conjunction with Section 281 of the German Civil Code (BGB)) as well as damage caused by delay (Section 280 II in conjunction with Section 286 of the German Civil Code (BGB)) shall be limited to the negative interest. Damages on account of non-performance or non-conforming performance (Section 282 of the German Civil Code (BGB)) shall be limited to the amount of the purchase price.

Damages instead of performance with an exclusion of the obligation to perform (impossibility of performance) shall be excluded.

If the purchaser is solely or mainly responsible for any circumstances which would entitle him to withdraw or if the circumstance entitling him to withdraw has occurred during the delay in taking delivery by the purchaser, the withdrawal shall be excluded.

7. Payment

The calculation of the price takes place at the seat of the supplier in Euro plus the prevailing valid turnover tax.

Unless otherwise agreed, invoices shall be payable as follows :

- within 10 days after the date of invoice with 2% discount
- within 30 days net.

Bills of exchange and cheques will be accepted on account of payment after mutual agreement.

Payments will always be used for the settlement of the oldest payable debt items plus interest after due date as accrued.

In case of payment after due date, interest after due date will be charged in the sum of 8% above the prevailing base interest rate.

Before the complete payment of due invoice amounts including interest after due date, we shall not be obliged to make any further deliveries under any current contract.

If the customer is in arrears with a due payment or if there is an essential deterioration of his financial circumstances, we shall be entitled to demand cash payment prior to the delivery of goods of any still outstanding deliveries under any current contract, while cancelling the maturity of payments.

If bills of exchange or cheques are not credited on time by the drawee, all other existing claims of the supplier vis-à-vis the purchaser shall become due and payable at that point of time. Any other existing payment maturities shall lapse. The same shall apply if a claim is not paid at maturity.

With the exception of undisputed or non-appealable claims, any withholding of payment or offsetting on account of any possible counter-claims of the purchaser shall be excluded.

Regardless of the legal relationship, all claims of the supplier vis-à-vis the customer shall be immediately due and payable if a fact comes into existence which entitles the supplier in accordance with legal or contractual provisions to withdraw from the contract.

8. Retention of Ownership

The goods shall remain our property until all claims including any future existing claims are fully paid. The retention of ownership also extends to goods already paid if there are still open claims from previous deliveries.

Retention of ownership shall also exist if any individual claims of the seller are included in a current invoice and if the balance is struck and acknowledged.

The purchaser is entitled to transform, process or sell the goods under retention of ownership in the ordinary course of business. Any attachment or transfer by way of security of the goods under retention of ownership and/or of the assigned claims shall be inadmissible. In case of attachment of these goods by any third parties, the purchaser shall inform us immediately.

The working and processing of the goods delivered by us under retention of ownership shall always be performed on our behalf, without any liabilities arising for us from it. Therefore, the goods under retention of ownership delivered by us shall remain our property in any working or processing condition and even as finished products, excluding the consequences arising from Section 950 of the German Civil Code (BGB). The goods covered by the retention of ownership may be sold by the purchaser only within the framework of his normal course of business.

If the goods under retention of ownership are processed with objects which do not belong to us, we will acquire the co-ownership of the new goods in proportion of the invoice value of the goods under retention of ownership to the other objects processed.

In case of selling the goods or the new product before full settlement, the purchaser herewith assigns us his purchase price claims in the amount of our claim. In this case, the purchase price replaces the goods.

As long as the customer fulfills his payment obligations, we will not collect the separated claims. The customer is also obliged to inform us on request about the third party debtors and to inform them of the assignment. He shall be entitled to collect the claims himself as long as he is given no other instruction by us.

If we exercise our right to take back the goods on account of our retention of ownership, this shall not be deemed as a withdrawal from the purchase contract.

If the value of the securities according to the foregoing sections exceeds the amount of the still unsettled claims secured hereby by more than 20% for a foreseeable period of time, the purchaser shall be entitled to ask the supplier to release securities to the extent of such existing higher amount.

The assertion of the supplier's rights arising from the retention of ownership does not release the purchaser from his obligations under the contract. The value of the goods at the time of taking back shall only be offset against the existing claim of the supplier against the purchaser.

9. General

Any confirmations and conditions of the customers deviating from the foregoing terms and conditions shall not be binding for us even if we do not expressly object to such confirmations and conditions.

Any agreements in derogation of our terms and conditions shall be subject to our express written acknowledgement.

Any customers who do not wish to acknowledge our terms and conditions shall make the conclusion of contract in an express written form.

The terms and conditions forwarded by us at this point of time shall also be binding for all follow-up orders which customers are awarding to us.

Oral arrangements shall be binding only if they are confirmed by us in writing.

In case any individual provisions of these terms and conditions are ineffective, the validity of the other provisions shall not be affected hereby. In this case, the ineffective provision shall be replaced by another provision which comes as close as possible to the intended economic success of the said ineffective provision.