

**General Terms and Conditions of Purchase**  
**Status: August 2010**  
**of TAG Composites & Carpets GmbH, 47805 Krefeld - hereinafter referred to as TAG -**

**1. Conclusion of contracts, declaration of intent and validity of the General Terms and Conditions of Purchase**

- 1.1 These general terms and conditions apply to all transactions - also future transactions - on the basis of which TAG places orders for deliveries and/or services. This shall apply irrespective of whether these are sales contracts, contracts for work and services, contracts for work and materials or other contracts.
- 1.2 General terms and conditions of the supplier which TAG does not expressly acknowledge in writing shall not be binding for TAG, even if TAG does not contradict them.
- 1.3 These General Terms and Conditions of Purchase shall be deemed accepted at the latest when execution of TAG's order begins.
- 1.4 Orders by TAG, collateral agreements, amendments and modifications shall only be valid when placed or made in writing or confirmed in writing by TAG. An order or confirmation in text form shall meet this requirement.

**2. Preparation of projects**

- 2.1 The preparation of projects by the supplier shall be free of charge for TAG.

**3. Production, deliveries and services by the supplier**

- 3.1 The supplier shall ensure that its deliveries and services
- are fully operational and can be used fully for the purpose of the contract;
  - are of highest quality and durability;
  - fulfil statutory provisions, regulations and guidelines, safety regulations, state-of-the-art principles, VDI and DIN regulations, health and safety regulations, accident prevention regulations, safety standards and occupational health regulations valid at the time of delivery and execution;
  - comply with the agreed technical data.
- 3.2 The supplier shall supply and provide the parts and services necessary to fulfil the requirements of 3.1, even if they are not specified in the order.
- 3.3 If the supplier lacks technical data to fulfil the scope of its deliveries and services, it shall request such data from TAG.
- 3.4 Before commencing production, the supplier shall submit the relevant drawings to TAG. By approving the drawings, TAG shall not assume any co-responsibility.

**4. Objects provided to the supplier by TAG and confidentiality**

- 4.1 The supplier shall keep with due care the parts for the object of delivery / object of service provided to it by TAG and the documents, drawings, models, tools and other objects provided to it by TAG. The supplier shall insure them against fire, theft and other damage at its own expense. They shall remain the property of TAG, irrespective of the stipulation in 5.2.
- 4.2 If an object provided to the supplier by TAG is attached or otherwise impaired, the supplier shall notify TAG immediately, irrespective of its obligation to assert TAG's rights itself on behalf of TAG where there is imminent risk.
- 4.3 The supplier shall keep the objects specified in 4.1 and the knowledge gained therefrom confidential. The supplier shall not copy or modify them unless, in the case of parts provided, a modification forms an integral part of the contract.

**5. Retention of title and parts provided by TAG**

- 5.1 If the supplier retains title, an extended and enlarged retention of title shall be excluded.
- 5.2 If the supplier processes parts provided by TAG for the object of delivery into a new movable item, they shall be processed on behalf of TAG. TAG shall as a result acquire co-ownership of the new item at the time of processing. If the parts provided are connected, mixed or combined with parts that do not belong to TAG pursuant to §§ 947, 948 BGB [German Civil Code], TAG shall become co-owner in accordance with statutory provisions. If TAG does not acquire, as a result of processing, connecting, mixing or combining, the co-ownership share provided for in these terms and conditions, the supplier shall herewith now transfer co-ownership to TAG in the ratio of the invoice value for the provided parts to the value of the new item at the time of processing, connecting, mixing or combining. The supplier shall hold these items in safekeeping free of charge for TAG, and shall handle them with care.

**6. Place and time of deliveries and services, shipment of goods**

- 6.1 Place of performance for deliveries and services is, unless otherwise agreed, the TAG works for which the deliveries and services are ordered.
- 6.2 The supplier shall give notice of the shipment of goods immediately in a written dispatch note. A delivery note must be included with the goods. If delivery is not made to a TAG works, a certified delivery note must be sent to the address of TAG's head office.
- 6.3 Default in delivery and/or default in providing services shall not require a reminder from TAG, if the supplier is a trader and the contract forms part of its business operations or the supplier is a public law entity or a special fund under public law.
- 6.4 Notwithstanding TAG's rights resulting from default in delivery or default in providing services according to statutory provisions, TAG can, where the time of delivery/provision of services is exceeded, claim 2 % of the invoice amount as contractual penalty for each full week of default or part thereof, but a maximum of 4 % of the invoice amount in total. The contractual penalty shall be set off against any damage caused by default. The contractual penalty is only the minimum value of the damages. If TAG accepts a late delivery/provision of services, a reservation, which shall be declared until TAG makes the final payment, shall suffice to maintain the right to the contractual penalty.
- 6.5 If TAG is entitled to damages for non-performance according to statutory provisions, TAG can claim 15 % of the purchase price without proof of damage unless the supplier proves that TAG has not incurred any damage or not in this amount. This shall not affect the assertion of further damage by TAG. 9.4 shall apply to claims for damages for non-performance under the warranty.
- 6.6 TAG reserves the right to rescind a contract and assert damages instead of performance as soon as a reasonable period of grace has expired without result. This shall not affect TAG's rights under statutory provisions.
- 6.7 The transport risk shall be borne by the supplier. This shall not apply when TAG transports the goods itself or engages the carrier itself.
- 6.8 The supplier may only engage sub-contractors to provide services with the written consent of TAG.

**7. Prices and payment**

- 7.1 The price is a fixed price which includes insurance charges, freight, costs of unloading, packing costs, incidental services and other charges. The turnover tax (value-added tax) included in the fixed price shall be specified separately on the invoice.
- 7.2 The supplier shall pay all freight and insurance charges when the goods are dispatched. For returned packaging, TAG shall be credited the full amount charged; freight for returned goods shall be borne by the supplier.
- 7.3 Unless otherwise agreed, TAG shall at its option deduct a 3 % discount for payment within 14 working days, a 2 % discount for payment within 30 calendar days, and shall pay the net amount within 60 calendar days. The term of payment shall begin upon receipt of the invoice but in the case of deliveries on no account before the goods are received and in the case of services on no account before they are accepted. In the case of partial deliveries or partial services, the payment term shall not commence before the last delivery and service under the contract has been made unless it is a contract for successive deliveries.

- 7.4 Payment shall be subject to the quantities, parts etc. determined upon arrival at the TAG works. TAG shall grant the supplier a reasonable period to verify TAG's findings.

- 7.5 The date of payment is deemed to be
- a) the date of dispatch in the case of payment instruments (cash, cheques or bills of exchange)
  - b) the date of receipt at the financial institution in the case of transfers.

**8. Prohibition of assignment, exclusion of set-off, exclusion of right of retention**

- 8.1 The supplier shall require the written consent of TAG to assign its claims against TAG to third parties.
- 8.2 The supplier cannot set off claims against any counterclaims unless such counterclaims are undisputed by TAG, accepted by TAG or recognised by declaratory judgement.
- 8.3 If the supplier is a trader and the contract forms part of its business operations or the supplier is a public law entity or a special fund under public law, the supplier cannot withhold its performance because of any counterclaims unless such counterclaims are undisputed by TAG, accepted by TAG or recognised by declaratory judgement.

**9. Warranty**

- 9.1 TAG must notify the supplier immediately in writing of any defects in the delivery as soon as they are determined according to the specific situation in the ordinary course of business. In this respect, the supplier waives the objection of late notice of defects.
- 9.2 The supplier also warrants that the delivery and services are of the highest quality, durability and can be used according to the terms of the contract.
- 9.3 TAG is entitled, notwithstanding its legal rights, to require the defects to be remedied free of charge or the defective delivery or service replaced free of charge. TAG can set the supplier a reasonable period to do so. After this period expires, TAG shall be authorised to have the defects otherwise remedied or have the defects otherwise replaced at the supplier's expense. In urgent cases, TAG does not have to set a time limit but the supplier must be heard first.
- 9.4 If TAG is entitled to a damage claim for non-performance due to defects, TAG can claim 15 % of the invoice amount as minimum amount for the damage unless the supplier proves that the damage incurred by TAG was lower or TAG incurred no damage at all.
- 9.5 TAG shall not lose its warranty claims by accepting a delivery or by paying an invoice amount without reservation despite being aware of a defect.
- 9.6 The limitation period for TAG's warranty claims is 36 months unless a longer limitation period can be considered under statutory provisions.
- 9.7 The limitation period for repaired parts and for replacements and substituted services shall begin anew when these measures are accepted.
- 9.8 The supplier can request that the goods subject to complaint, which it is supposed to repair, replace or take back, be sent back to the supplier at its expense. If the supplier fails to avail itself of this right within 14 days of the complaint, TAG shall be liable only for gross negligence. This shall not affect any right of retention of TAG.

**10. Product liability and recall**

- 10.1 If TAG is liable for damages towards a third party due to manufacturer's liability, the supplier shall indemnify TAG if the reason for the damage is the responsibility of the supplier.
- 10.2 If no-fault liability is imposed on TAG, the supplier shall also be obliged to indemnify regardless of fault. The provision of § 254 BGB shall also apply in this case and in the same manner.
- 10.3 The supplier's obligation to refund recall costs shall be determined according to statutory provisions and any agreements concluded for this purpose.
- 10.4 The supplier undertakes to take out insurance against corresponding risks at an adequate level and shall prove this at our request by presenting its insurance policy.

**11. Industrial property rights**

- 11.1 The supplier shall bear the fees for industrial property rights and applications for property rights (hereinafter referred to as "property rights") with respect to the deliveries it makes. The supplier shall indemnify TAG for an unlimited period against all claims arising from the infringement of such rights (also third-party rights) and costs incurred in connection therewith.
- 11.2 The supplier shall grant TAG a right to use jointly and free of charge all objects of delivery and service protected for the supplier, if this is necessary in the interest of TAG.

**12. Assignment of the supplier's insurance claims**

- If the supplier maintains or concludes insurances in the interest of TAG, the supplier herewith now assigns its insurance claim to TAG in the event of damage.

**13. Compliance with the written form**

- The written form shall be deemed to be complied with for all statements to be made by TAG - in addition to the cases in 1.4 - when made by telex, teletex, telecopy or telegram where the names of two authorised signatories are printed, in the case of a telecopy by photocopying these signatures, unless obligatory statutory provisions provide otherwise.

**14. TAG's legal rights**

- These General Terms and Conditions of Purchase shall not cancel or limit any legal rights to which TAG is entitled.

**15. Burden of proof**

- These General Terms and Conditions of Purchase shall not amend the burden of proof.

**16. Applicable law, place of performance and jurisdiction**

- 16.1 German law shall apply. Application of the United Nations Convention on Contracts for the International Sale of Goods of 11 April 1980 (UN Sales Convention, CISG) shall be excluded.**
- 16.2 All legal relations between the supplier and TAG in the context of entering into, implementing and executing the contract, whether on a contractual, tortious or other legal basis, shall be judged according to the law of the Federal Republic of Germany in force at the time the contract is concluded.
- 16.3 Place of performance for the obligations of both parties is Krefeld.
- 16.4 All disputes, also actions concerning cheques and bills of exchange, arising hereunder shall be settled exclusively before a Krefeld court of law but subject to the proviso that TAG shall also have the right to seek redress in an otherwise competent court of jurisdiction. This provision shall only apply if the supplier is a trader or a public law entity or a special fund under public law.