

## 1. Scope of Application

These Purchase Conditions shall apply to all purchase orders – hereinafter also referred to as Purchase Contracts – placed by any of the companies of KATAG AG, KATAG abz Einkauf GmbH, KATAG Marketing GmbH, or KATAG International Partners GmbH, irrespective of whether such orders are placed by any of the above companies in its own name or in the name and for the account of a member company. Hereinafter, the above-mentioned companies and those member companies in whose name and for whose account the above-mentioned companies may act are jointly referred to as “Buyer”.

These Purchase Conditions shall extend to any and all future Purchase Contracts of Buyer, even if Buyer does not explicitly refer to the Purchase Conditions in such a Purchase Contract.

General terms and conditions of the contractor with whom Buyer has an agreement – hereinafter also referred to as Supplier – shall not be deemed effective even if Buyer, upon entering into any future contract with Supplier, fails to explicitly object to such general terms and conditions of Supplier’s.

## 2. Basis of Contract

All contracts shall be based on the following documents, listed in the order of precedence:

- the Purchase Contract;
- the Incoterms;
- the specifications listed in the Purchase Contract;
- Buyer’s minimum materials requirements ([www.KATAG.net](http://www.KATAG.net));
- Buyer’s general labelling provisions ([www.KATAG.net](http://www.KATAG.net));
- Buyer’s general shipping and packaging provisions ([www.KATAG.net](http://www.KATAG.net));
- these Purchase Conditions;
- the following provisions of the Einheitsbedingungen der Deutschen Textilindustrie (General Terms and Conditions of the German Textile Industry):
  - Article 4 (Interruption of delivery due to force majeure),
  - Article 7 (Payment, discount)
  - Article 10 (Reservation of Ownership) and Article 11 (Applicable law)

## 3. Modifications and amendments

Modifications and amendments of the Agreement shall be subject to the express approval of Buyer.

## 4. Order acknowledgements

Buyer will require immediate forwarding of an acknowledgement of order even if the relevant transaction has already been closed through the signature of an authorised agent of the Supplier.

## 5. Delivery dates and delivery times

Supplier’s compliance with the agreed date of delivery shall be of the essence (material duty). That means that non-compliance with this provision on the part of Supplier will compromise the object of the Contract.

If a delivery date has been specified in the Purchase Contract, delivery shall be effected on the date specified or within a period of 7 calendar days before the delivery date.

Delivery shall be deemed to have been effected as soon as the goods and any documents necessary for

their import or export have been handed over to Buyer or to the service provider appointed by Buyer, as provided in the Purchase Agreement.

Without prejudice to Supplier’s obligation of timely delivery, Supplier shall notify Buyer immediately if circumstances occur or become apparent as a result of which the agreed delivery time cannot be met.

In the event of a delay in delivery Buyer shall be entitled to claim liquidated damages for delay in performance in the amount of 1 % of the order value for each full day of the delay, however not more than a total of 30 % of the order value. Supplier shall be entitled to furnish proof that the damage incurred due to the delay is lower than claimed or that no damage has occurred. Buyer shall be entitled to prove and claim a higher damage caused by the default.

Buyer reserves its right to exercise other legal rights available to Buyer (rescission of contract and claim for damages instead of performance).

Any extension period granted on our part shall be limited to not more than 12 days. The subsequent delivery period for ready-for-shipment stock goods and NOS (never-out-of-stock) goods shall not exceed 5 days. Granting of an extension period does not make good Supplier’s default.

## 6. Part deliveries

Part deliveries shall require your express consent.

## 7. Packaging and shipment

The Incoterms shall apply.

All deliveries shall be shipped strictly in compliance with Buyer’s instructions. Supplier shall be responsible for ensuring sufficient, safe, environmentally compatible and reusable packaging.

Consigned goods and samples shall be identified as such.

Unless specifically otherwise provided in the Purchase Contract, Buyer’s general shipping and packaging provisions ([www.KATAG.net](http://www.KATAG.net)) shall apply.

Incompliance with the packaging provisions results in significant additional expenditure on the part of Buyer. Supplier will take measures to ensure that the packaging provisions are duly observed.

For that reason, Buyer shall be entitled to charge a lump sum compensation in the amount of € 0.50 for each item delivered by Supplier which is not packed in accordance with the packaging instructions set out in the Purchase Contract or forming part of the general packaging provisions. This is without prejudice to other remedies – including without limitation higher damages – that may be available to Buyer. For its part, Supplier shall have the right to prove that the damage incurred is lower than claimed or that no damage has occurred or that the damage occurred does not result from tort or negligence on the part of Supplier.

## 8. Labelling and marking

All goods delivered by the Supplier shall be labelled in accordance with Buyer’s labelling provisions. In any case, all textiles must be furnished with the relevant care information labels (textile care

symbols). All textiles must be marked in accordance with the German Textile Labelling Act.

Supplier shall take the necessary measures to ensure that the labelling and marking provisions are duly complied with in any case, even if Supplier does not carry out the labelling and marking itself. Therefore, Supplier will carry out a 100% outgoing-goods control and will relieve Buyer and/or the recipient of the goods of the duty to inspect the labelling of the goods after receipt.

Supplier undertakes that it will pay a lump sum compensation in the amount of € 0.50 for each item delivered that fails to comply with the marking or labelling provisions set out in the Purchase Contract or the general labelling provisions. This is without prejudice to other remedies available to Buyer. Supplier shall be free to prove that there has been no or less extensive damage, or that the damage, if any, does not result from tort or negligence on the part of Supplier.

## 9. Quality

The quality of the goods to be delivered shall meet the quality specifications set out in the Purchase Contract or, in the absence of such specifications, shall be in compliance with the state of the art.

All items ordered shall be manufactured in compliance with the standards for ecologically harmful materials applicable in the European Community and the Federal Republic of Germany. Sale to end consumers within the EC and EFTA must not be hindered by legal impediments. Supplier's warranty obligation extends to compliance with all legal provisions and other official regulations.

Buyer's minimum materials requirements as amended from time to time and additional specifications, if requested in a given case, shall apply.

Delivery of substitute supplies or deviations in colour and size shall require our express approval.

Unless longer limitation periods are provided by the law, the limitation period for rights resulting from quality defects shall be 36 months.

## 10. Quantity

Deliveries that exceed or fall below ordered quantities require written approval.

## 11. Notice of defects

Buyer shall be allowed a period of not less than 30 days as of receipt of the goods for complaining about obvious defects. In case of hidden defects, Supplier shall be notified immediately after discovery of such defects.

## 12. Invoicing

Supplier shall not be entitled to add freight costs to the invoice for the goods.

Separate invoices shall be issued for deliveries based on separate orders or for deliveries sent to different purchasing units. The purchasing unit must be identified on the invoice.

Invoices for goods originating from the EC/EFTA area must be accompanied by a supplier's declaration on the origin of the goods. In case of goods from third countries, the certificate of origin for the goods

purchased must be enclosed with the invoice.

The invoice date and the shipping date of the goods must be identical.

## 13. Price/setoff/assignment

Unless otherwise specifically provided in the Purchase Contract, payment shall be subject to Article 7 of the General Terms and Conditions of the German Textile Industry. In this case, the discount periods specified in the General Terms and Conditions shall apply.

The time limit for payment of the invoice in accordance with the contractual provisions shall begin on the day on which all documents of origin of the goods have been received, however not earlier than upon receipt of the goods. The same applies to the discount periods.

Offsetting is permitted without limitation in accordance with the relevant legal provisions.

Without the prior consent of Buyer, Supplier is not entitled to assign to third parties any claims against Buyer or claims for which Buyer is responsible in its capacity as settling agent. The above shall not apply to the assignment of claims due to prolonged reservation of ownership on the part of upstream suppliers.

## 14. Industrial Property Rights

Supplier agrees that it will observe all rights of third parties, including but not limited to copyrights, design rights, patent rights, utility models, and rights under the German Law Against Unfair Competition (UWG) with regard to all deliveries and that it will avoid any infringement of such rights. In the event that such an infringement does occur through the fault of Supplier or otherwise, Supplier shall hold harmless Buyer from and against all and any claims of third parties or shall indemnify Buyer for all expenses resulting from claims brought forward by such third parties, including without limitation for lawyers' fees and any damages that may become payable as a result of such infringement. In the event of infringement of third party rights Buyer shall be entitled to terminate the Contract with immediate effect. In addition, Buyer shall be entitled to return goods received against payment of the purchase price plus expenses incurred in connection with the recall and the returning. The right to assert additional claims for damages in accordance with the relevant legal provisions shall remain unaffected.

## 15. Governing law and jurisdiction

The laws of the Federal Republic of Germany shall apply under exclusion of the conflict of laws. The United Nations Convention on Contracts for the International Sale of Goods dated 11.04.1980 (CISG) shall not apply hereto.

Venue shall be Bielefeld in Germany.

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Place / Date

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Signature, company seal ( supplier )