

General Purchasing Conditions of the Perlon Group

including the parent company Perlon GmbH as well as the four following German production sites:
Perlon Nextrusion Monofil GmbH, Bobingen
Perlon-Monofil GmbH, Dormagen
Hahl Filaments GmbH, Munderkingen
Pedex GmbH, Alföllerbach

1. General

These General Purchasing Terms and Conditions of the Perlon Group (hereinafter: PERLON) apply to all – including future – inquiries and orders and for all – including future – supply agreements formed with the Supplier and other agreements made with the Supplier in connection with orders. Any conditions of the Supplier are hereby rejected even in the event that they are shared with PERLON in a confirmation letter or in any other way or PERLON accepts the delivery or performance of the Supplier without objecting to the terms again.

2. Offers and Orders

- 2.1 The inquiries of PERLON are not binding. The order numbers of PERLON and the order date will be stated in all correspondence.
- 2.2 Offers of the Supplier are free of charge and without obligation for PERLON. The Supplier will notify PERLON of any deviations from the inquiry documents in the offer.
- 2.3 Visits and the preparation of plans, drawings, reports and the like will not be remunerated without express written agreement.
- 2.4 Orders must be in writing. Oral side agreements to the order will only be binding if confirmed in writing by PERLON. That also applies to subsequent additions and amendments.
- 2.5 In the case of the order of machines or systems to be produced, PERLON can visit the Supplier and the Supplier's suppliers to check the progress of the order by appointment at any time. The Supplier has to impose such an obligation on its suppliers. The Supplier will provide free of charge the equipment, tools, and services necessary to perform the check.
- 2.6 If the Supplier does not primarily create the subject of the order at its business, it has to inform PERLON forthwith before the start of production and obtain the consent of PERLON.

3. Delivery Time

- 3.1 Agreed delivery or performance dates and deadlines are binding.
- 3.2 Decisive for observing the delivery date or the delivery period is the transfer of contractual overall performance to PERLON. If delivery "free to door" or "free to place of use" is not agreed, the Supplier has to provide the performance in accordance with the customary time for transport or consignment.
- 3.3 Upon passing of the agreed delivery or performance dates, the Supplier is in default even without a reminder by PERLON, unless the delivery or performance is delayed due to circumstances for which the Supplier is not responsible.
- 3.4 As soon as the Supplier has reason to believe that it cannot execute the order in time in whole or in part, it must report this immediately, stating the reasons and the expected duration of the delay. The legal rights of PERLON are not affected by this notification.
- 3.5 If the Supplier for reasons for which it is responsible does not meet the delivery date, then PERLON is entitled without further grace period, at its option, to demand subsequent delivery or damages instead of performance, or to withdraw from the contract. In the event of delayed delivery, a penalty of not more than 0.5% of the net order value for each commenced default period of 7 calendar days, limited to a maximum of 5% of the net remuneration, of the contract value is agreed. The assertion of further rights remains unaffected. The contractual penalty is to be offset against the actually incurred and asserted damages caused by delay. The right to demand payment of the penalty is not waived by unconditional acceptance of the delayed delivery.

4. Prices

- 4.1 Unless expressly agreed otherwise, the prices are fixed prices and are free to PERLON 's receiving plant or free to the receiving station stipulated by PERLON, including packaging, transport insurance from house to house and other expenses.
- 4.2 Net prices must be listed, plus the statutory VAT.

5. Shipping

- 5.1 The shipping instructions from PERLON are to be carefully observed by the Supplier. Unless otherwise specified, the cheapest shipping option for PERLON should be selected.
- 5.2 Partial deliveries are permissible only with the express consent of PERLON. This does not affect the right of PERLON to require the Supplier to make partial deliveries.
- 5.3 The Supplier is liable for the suitability of the packaging used and compliance with statutory labeling requirements.

6. Risk – Place of Performance

- 6.1 The risk with regard to the goods and services of the Supplier will be borne by the Supplier until the arrival of the delivery or service at the place of the supplier.
- 6.2 Place of performance for all reciprocal goods and services is the receiving plant in each case specified by PERLON or another receiving location specified by PERLON.

7. Examination of Defects – Liability for Defects

- 7.1 The notification of defects, which can be detected during routine inspection of the goods after delivery, has to take place within one month after delivery; other defects must be reported by PERLON within two weeks of their discovery. This also applies if goods other than the contractually agreed goods or if the quantity of goods other than the contractually agreed quantity is delivered in so far as the delivered goods do not obviously differ so considerably from the order by PERLON that the Supplier is compelled to regard approval of the goods as being impossible.
- 7.2 PERLON is entitled to the statutory warranty claims in full; in any case, PERLON is entitled to demand from the Supplier, at the option of PERLON, the rectification of the defect or delivery of a new item. The right to claim damages, particularly for damages instead of performance, remains expressly reserved.
- 7.3 The right to repair does not apply if the Supplier does not maintain its own appropriate repair shop. Costs incurred in connection with the repair or replacement will be borne by the Supplier.
- 7.4 PERLON is entitled, at the expense of the Supplier, to remedy the defect itself or have this carried out by a third party if there is imminent danger.
- 7.5 The Supplier also warrants that the specified performance and consumption figures and the specified emission and pollution limits are complied with and that the goods and services meet the latest generally accepted engineering standards, safety and accident prevention regulations applicable to PERLON, and the European Directives (e.g., CE). On request, PERLON will provide the safety and accident prevention regulations applicable to PERLON. Approvals of drawings and calculations of the Supplier granted by PERLON do not restrict its warranty obligations.
- 7.6 The limitation period is 36 months from transfer of risk. This does not affect the statutory five-year warranty period for buildings.

8. Product Liability – Indemnity

- 8.1 If the Supplier is responsible for product damage, it is obliged to indemnify PERLON on first request from claims for damages by third parties to the extent that the cause lies within its sphere of control and organization and it is liable in the external relationship.
- 8.2 As part of its liability for damages within the meaning of paragraph 1, the Supplier is also obligated to reimburse any expenses pursuant to §§ 683, 670 of the BGB (German Civil Code) and §§ 830, 840, 426 of the BGB, arising out of or in connection with any recall campaign implemented by PERLON.
- 8.3 The Supplier undertakes to insure such risks at an appropriate level and will prove this to PERLON on demand in the form of its insurance policy.
- 8.4 Moreover, the Supplier is liable under the statutory provisions.

9. Intellectual Property Rights

- 9.1 The Supplier's fault-based liability includes the obligation that no third party rights are infringed by the supply, use, or operation of the items offered.
- 9.2 If PERLON is sued by a third party, the Supplier is obliged to indemnify PERLON on first written demand against such claims. PERLON is not entitled to form any agreements with the third party – without the Supplier's consent – including but not limited to reaching a settlement.
- 9.3 The indemnification obligation of the Supplier refers to all expenses that PERLON incurs from or in connection with the claim by a third party.
- 9.4 The limitation period for these claims is 10 years, beginning with the formation of the respective contract.

10. Invoices – Payment

- 10.1 The invoice may not be enclosed with the goods; instead, it is to be sent to PERLON immediately after departure of the goods separately for each order in duplicate with complete details of the order data by mail. The invoice copy is to be clearly marked as such.
- 10.2 Unless otherwise agreed, payments are due within 60 days after receipt of invoice and goods. For payment within 30 days of receipt of invoice and goods, PERLON is entitled to a cash discount of 3%.
- 10.3 PERLON is entitled to offset and retention rights to the statutory extent.

11. Confidentiality

- 11.1 All information, drawings, designs, patterns, models, etc. that are available to the Supplier for the manufacture of a delivery item are the – specifically, but not exclusively, intellectual – property of PERLON and may not be used, reproduced, or disclosed to third parties for other purposes. The same applies to drawings that the Supplier creates according to instructions by PERLON. The Supplier will consider the purchase order and the related work as trade secrets and keep them confidential. It will be held responsible for all damages resulting to PERLON from injury to its ownership and intellectual property rights. All documents made available to the Supplier are to be surrendered to PERLON unsolicited together with all copies and / or reproductions within 14 days after termination of the contract. The Supplier may not retain or store any copies, duplicates, etc., unless it is obliged to archive them by law. A right of retention of the Supplier is excluded.
- 11.2 Employees and subcontractors will be bound accordingly.
- 11.3 The confidentiality agreement will survive the dissolution of the contract; it expires if and insofar as the production knowledge contained in the illustrations, drawings, calculations, and other documents has become generally known.

12. Advertising

An evaluation of the existing business relationship with PERLON for advertising purposes is only permitted with prior permission in writing by PERLON.

13. Molds – Tools – Devices

Molds, tools, and the like, which have been wholly or partly provided at the expense of PERLON, are owned by PERLON. These items must be carefully kept by the Suppliers, so that they are usable at any time and can be surrendered to PERLON where appropriate. PERLON's ownership of these items is to be clearly indicated by the Supplier. Before scrapping these objects, PERLON's approval must be obtained.

14. Setoff – Retention – Assignment

- 14.1 The Supplier has a right to setoff only with undisputed or legally established claims. The Supplier has a right of retention only in respect of such undisputed or legally established claims that originate from the same contract with PERLON.
- 14.2 The assignment of the Supplier's claims against PERLON to third parties is excluded; § 354a of the German Commercial Code will remain unaffected.

15. Minimum Wage

- 15.1 The Supplier undertakes to comply with the statutory provisions, including but not limited to the payment of the minimum wage to its employees in accordance with the Minimum Wage Act (MiLoG).
- 15.2 To the extent that during the execution of the underlying contract in whole or in part a work or service within the meaning of § 13 of the MiLoG (in conjunction with § 14 of the AEntG, the German law on the posting of workers) is involved, the Supplier will indemnify PERLON from all possible liability claims in connection with this provision and will prove to PERLON on request the payment of the minimum wage and compliance with required documentation in accordance with § 17 of the MiLoG by an anonymous and confidential personnel list showing the employees used to fulfill the order giving rise to the liability, these hours they worked and the respective wages paid.
- 15.3 The Supplier undertakes for its part to ensure that subcontractors engaged by it and staffing agencies in the case of temporary work assignments (lenders) also contractually agree to comply with the MiLoG equally or to contractually agree to this obligation upon use of other subcontractors or lenders.

16. Labor from Outside Firms

- 16.1 When employees from an outside firm or subcontractors engaged by an outside firm are used on the factory premises of PERLON, the health and safety regulations for outside companies must be observed.
- 16.2 Suppliers will receive these health and safety regulations for outside firms along with the order.
- 16.3 If at the beginning of the order there is no signed confirmation from the outside firm or if the requirements contained in the health and safety conditions are not complied with, PERLON reserves the right to prevent the employment. This includes economic consequences (e.g., claims for damages, compensation), should unplanned shutdowns occur in PERLON's production or other work be delayed.

17. Certification

PERLON is certified according to DIN ISO 9001 and DIN ISO 50001. The safety, environmental, quality and energy policy is available online at the PERLON's website at www.perlon.com. Certified suppliers are preferred in the context of PERLON's purchasing policies.

18. Data Protection

Data of the Supplier are electronically stored by PERLON and processed in so far as this is necessary for the proper performance of the contract.

19. Other Provisions

- 19.1 The law of the Federal Republic of Germany, excluding the provisions of the United Nations Convention on Contracts for the International Sale of Goods (CISG), applies.
- 19.2 If the Supplier is a merchant, legal entity under public law or special fund under public law, the respective headquarters of the purchasing company is the exclusive jurisdiction for all disputes directly or indirectly arising from the contractual relationship. However, PERLON is entitled to appeal to any other court competent under statutory regulations instead of the court of the aforesaid jurisdiction.

- 19.3 Oral side agreements, the exclusion of and changes or additions to these conditions of purchase will only be considered effective if expressly confirmed in writing by PERLON. This also applies to any waiver of this written form requirement. Written means of telecommunication (fax, e-mail) are also sufficient to safeguard the written form requirement.
- 19.4 Should one or more of these purchasing conditions be or become wholly or partially invalid, incomplete or in need of completion, this will not affect the validity of the remaining clauses. The parties undertake in this case to agree to a provision which comes closest to what was economically intended. The same procedure will be applied to deal with gaps in provisions.

Date: September 2016