

Purchasing Conditions of the Pöppelmann Group

Version: January 2014

1. Definitive conditions

These conditions shall form the exclusive basis of legal relations between the Supplier and Pöppelmann. The Supplier's general terms of supply or other divergent agreements shall only be deemed to have been accepted if they have been expressly confirmed in writing as a supplement to the Pöppelmann purchasing conditions. The application of other General Terms of Business is excluded, even if their application has not been expressly rejected. Our purchasing conditions shall only apply with regard to entrepreneurs within the meaning of Section 310, Para. 1, of the Civil Code [Bürgerliches Gesetzbuch, BGB].

2. Prices

Prices stated in the Pöppelmann order and confirmed by the Supplier shall be valid unless otherwise agreed in writing. Prices are quoted net, are fixed, and are understood to mean carriage paid to the place of delivery nominated by us.

3. Invoicing

Separate invoices quoting our order number must be issued for each order promptly after dispatch of the goods.

Computations shall be based on the item numbers and weights ascertained by our goods inward personnel. Improperly prepared invoices shall be deemed not to have been issued.

4. Terms of payment

Unless otherwise agreed, payment shall be made, at Pöppelmann's discretion, either within 14 days with the deduction of a 3% discount or after 60 days net. The payment period shall run from receipt of the invoice, or from receipt of the supply if later. We may exercise offset and retention rights to the extent prescribed by law.

5. Dispatch

A delivery note indicating our order details as well as the descriptions and batch numbers of the materials supplied, as well as a precise indication of quantity, is to be enclosed with all dispatches. In the event of part-deliveries, the quantity remaining to be delivered is to be indicated.

6. Delivery dates and deadlines

The delivery deadlines and delivery dates stated in the order are binding and are understood to mean supply to the place of delivery nominated by us.

7. Regular scheduled orders

Where we work with regular scheduled orders, the terms used in relation therewith mean the following:

Delivery go-ahead

The dates and quantities are deemed to be a definitive order. The dates represent dates of supply to us.

Materials go-ahead

The dates and quantities entitle the Supplier to procure the materials in question.

Forecast

The dates and quantities are of a non-binding informative nature.

Backlog

Backlog notifications indicate the delay in supply that has occurred.

8. Delay in supply

In the event of a delay in supply, Pöppelmann may exercise its statutory claims. Pöppelmann shall in particular have the right, after the lapse of an appropriate notice period, to demand damages in lieu of performance and rescind the contract. If Pöppelmann demands damages, the Supplier shall have the right to demonstrate to us that it is not liable for the breach of obligation.

Our subsequent regular scheduled orders shall, where appropriate, make reference to the relevant backlog quantities.

9. Quality

The Supplier guarantees that its products shall have the agreed appearance and workmanship, and specifically that they meet the specifications stipulated by the person placing the order, comply with the relevant statutory provisions in force and conform to the state of the art.

Amendments and variations shall strictly require prior agreement.

10. Notification of faults

Pöppelmann shall check the goods promptly upon receipt for identity and quantity and for obvious defects (such as, e.g., externally apparent transport damage) and shall promptly make a complaint. Complaints in relation to any other faults shall be made promptly after their discovery later on.

11. Warranty

We may exercise our statutory claims without restriction in relation to faulty goods; in all cases, we shall be entitled to demand, at our discretion, either remediation of the fault or the supply of a new item from the supplier. The right to claim damages, in particular damages in lieu of performance, is expressly reserved.

We shall have the right to remedy the fault ourselves at the Supplier's cost in the event that the Supplier delays performance.

The limitation period shall be 36 months, reckoned from the point at which risk is transferred, except insofar as the mandatory provisions of Sections 478 and 479 of the Civil Code intervene.

12. Product liability

Where the Supplier is liable for a loss in relation to a product, it shall be obliged upon first request to hold Pöppelmann harmless against third-party claims for damages, insofar as the cause is determined to fall within its sphere of control and organization and it itself bears liability towards third parties.

In the context of its liability for losses within the meaning of paragraph 1, the Supplier shall also be obliged to reimburse any expenses that arise from or in relation to a product recall undertaken by Pöppelmann. We shall inform the Supplier of the content and scope of the recall measures to be undertaken. Other statutory claims shall remain unaffected. The Supplier undertakes to maintain product liability insurance with cover of at least EUR 10 million per loss to persons or property (all-inclusive), without prejudice to any claims to damages in excess of this amount to which we may be entitled.

13. Industrial property rights

The Supplier shall be liable for claims that arise from the breach of industrial property rights and pending industrial property rights through the contractually compliant use

of the items supplied. The Supplier shall hold Pöppelmann and our customers harmless against all claims arising from the use of such industrial property rights.

14. Reservation of title, provision of parts

Where we provide parts to the Supplier, we shall reserve title to them. Transformation or alteration by the Supplier shall be undertaken on our behalf. Should the goods to which we reserve title be transformed together with other objects which do not belong to us, we shall acquire co-ownership of the new item in proportion to the value of our item (purchase price plus VAT) relative to the other transformed objects at the time of transformation.

If the item provided by us is mixed indivisibly with other objects which do not belong to us, we shall acquire co-ownership of the new item in proportion to the value of the item to which we retain title (purchase price plus VAT) relative to the other mixed objects at the time of mixing. If mixing takes place in such a way that the Supplier's item is to be regarded as the principal item, then it shall be deemed to have been agreed that the Supplier transfers a proportionate share of ownership to us; the Supplier shall hold sole ownership or co-ownership on our behalf free of charge.

Where our surety rights exceed the purchase price of all of the unpaid goods to which we reserve title by over 10%, we shall have a duty to release the surety rights, at our discretion, upon request by the Supplier.

Title to goods that the Supplier manufactures for us on our account shall pass to us upon their completion. This shall also apply specifically in respect of molds and other tooling which the Supplier requires for the manufacture of the goods that are to be supplied to Pöppelmann. The handover of the goods, molds and other tooling in the Supplier's possession shall be replaced by the Supplier's undertaking to hold them for Pöppelmann with due commercial care free of charge.

15. Use of molds and tooling

Molds, other tooling, confidential information and manufacturing data that have been made available to the Supplier by Pöppelmann or paid for by Pöppelmann may only be used for supplies to third parties with our prior written consent.

The Supplier undertakes to insure molds and tooling which it keeps for Pöppelmann for its replacement value, at its own cost, against losses from fire, water and theft. The Supplier simultaneously assigns all claims to indemnity under the said insurance to us; we hereby accept the assignment.

The Supplier shall be obliged to carry out any necessary maintenance and inspection work, as well as all repair and overhaul work on the said molds and tooling on a timely basis and at its own cost. The Supplier must notify us immediately of any faults that occur; if it negligently fails to do so, any claims to compensation shall remain unaffected.

16. Secrecy

The Supplier shall have a duty to keep any diagrams, drawings, calculations and other documents and information strictly secret. Such material may only be disclosed to third parties with our express written consent. The duty of secrecy shall not apply, however, in relation to any confidential diagrams and information within the meaning of sentence 1 that were already known to the Supplier prior to their disclosure. In such a case, the Supplier shall be obliged promptly to declare its prior knowledge to Pöppelmann in writing, at the latest within a period of one month, following disclosure by Pöppelmann. If the Supplier fails to do so, it shall be incontrovertibly assumed that the secret information and diagrams within the meaning of sentence 1 were not known to it. The duty of secrecy shall remain in force after the completion of a contract; it shall lapse if and to the extent that the information provided becomes generally known or is made known to the Supplier by a third party, provided, however, that this does not result from the breach of a duty of secrecy.

17. Social responsibility and environmental protection

The Supplier undertakes to comply with legal regulations concerning the treatment of employees, environmental protection and safety at work and to work towards the reduction of any harmful effects of its activities on humanity and the environment. In this regard, the Supplier shall provide, insofar as it is able, for the implementation and ongoing development of a management system in accordance with ISO 14001. The Supplier shall respect principles concerning the protection of international human rights, the right to collective bargaining, the abolition of forced labor and child labor, the eradication of discrimination in hiring and employment, responsibility toward the environment and the prevention of corruption.

18. General provisions

Where the Supplier is a merchant as defined under German law, the location of our registered office shall be the place of jurisdiction. We also retain the right, however, to bring legal proceedings against the Supplier before the courts in its place of residence.

These purchasing conditions and the entire legal relationship between us and the Supplier shall be governed exclusively by German law; application of the United Nations Convention on Contracts for the International Sale of Goods is excluded.

19. Data protection

The Supplier acknowledges that we shall store data arising from the contractual relationship for the purposes of data processing in accordance with Section 28 of the Federal Data Protection Act [Bundesdatenschutzgesetz], and we reserve the right to transmit the said data to third parties (e.g. insurers) insofar as this is necessary for the performance of the contract.

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