

General Terms and Conditions of Purchase – of LH Bundeswehr Bekleidungsgesellschaft mbH

Section 1 General – Scope of application

- (1) Our Terms and Conditions of Purchase apply exclusively; we will not recognise any terms and conditions of the supplier that are in conflict with or form a departure from our Terms and Conditions unless we have explicitly agreed to their applicability in writing. Our Terms and Conditions of Purchase shall also apply if we accept the delivery of the supplier unconditionally while being aware of terms and conditions of the supplier that are in conflict with or form a departure from our Terms and Conditions of Purchase.
- (2) All agreements concluded between us and the supplier for the purpose of execution of this contract shall be included in the contract in writing.
- (3) Our Terms and Conditions of Purchase only apply to entrepreneurs within the meaning of Section 310 sub-section 1 of the German Civil Code (BGB).

Section 2 Offer – Offer documents

- (1) The supplier is obliged to accept our order in writing within a period of three working days. Otherwise we will consider our order to have been declined and will possibly cover our requirements elsewhere.
- (2) We shall not incur any costs or enter into any obligations as a result of visits, offers, drafts, samples and specimens on the part of the supplier.
- (3) We reserve ownership and copyright in respect of all illustrations, drawings, calculations and other documents; they may not be made accessible to any third party without our explicit written permission. They shall be used entirely for manufacturing on the basis of our order and shall be returned to us voluntarily after the order has been executed. They may not be disclosed to any third party. The confidentiality obligation shall continue after the contract has been executed.

Section 3 Prices – Terms of payment

- (1) The price indicated in the order is binding. Except as otherwise provided in any written agreement, the price includes delivery franco domicile to the delivery address named to us and includes packing. At our discretion, we have the right to return the packing to the supplier at no charge or to dispose of it for our own account.
- (2) All prices are net. Statutory value-added tax is to be shown on the invoice as a separate item.
- (3) We can only process invoices and other documents used in business relations with us provided that they – corresponding to the specifications of our order – quote the order number/reference number named in the order, the date of the order and the address of the supplier; the supplier is responsible for all consequences arising from non-compliance with this obligation unless it is able to show that they occurred for reasons beyond its control.
- (4) We will, unless agreed to the contrary in writing, pay the purchase price within 45 days as of the date of delivery and receipt of the invoice. However, this period shall not begin until the supplier has discharged all its obligations in full, in particular if quality control on the part of the customer reveals substantial defects to the goods and/or the necessary inspection certificates are not furnished.
- (5) We have rights of offsetting and retention to the statutory extent.
- (6) On the basis of authorisation given by LH Dienstbekleidungs GmbH, Ferdinand-Porsche-Straße 1, D-51149 Köln, we have the right to offset all claims that this enterprise has against the supplier against the claims of the latter.
- (7) Counter-claims of the supplier can only be offset provided that they have been established by a court of law with final effect or are not in dispute. The supplier can only assert a right of retention if its counter-claim is based on the same contractual relationship.

- (8) The supplier does not, without prior written consent – which may not be withheld unduly – have the right to assign its claims against us or have them collected by a third party.
- (9) We reserve the right to rescind the contract in full or in part in the event that the supplier discontinues payments or an application is made for insolvency proceedings to be instituted in respect of the assets of the supplier.

Section 4 – Delivery period

- (1) The delivery period indicated in the order is binding.
- (2) The supplier is obliged to inform us in writing without delay if it becomes evident that or circumstances occur as a result of which it will not be possible to comply with the agreed delivery time. We are under no obligation to accept consignments before the agreed delivery date.
- (3) In the event of delays in deliveries we have the right – irrespective of the question of culpability – to rescind the contract after having first set a reasonable period of grace.
- (4) In the event of default in respect of delivery of either the entire consignment or any part thereof, we reserve the right to impose a contractual penalty of 0.5% of the overall delivery value of the order per full week of default; however no more than 5% in total. We reserve the right to impose the contractual penalty in addition to requiring performance; we undertake to declare to the supplier our right to impose the contractual penalty no later than 10 working days as of receipt of the delayed delivery. The right to assert further claims is reserved.
- (5) Our special mandate to supply the German Armed Forces requires us to maintain our ability to supply them to the greatest extent possible. Provided that the supplier remains in a position to supply, our claim to being supplied shall only expire if, at our request, the supplier provides compensation in lieu of performance. Acceptance of a delayed delivery shall not constitute waiver of damages.

- (6) Items delivered that do not comply with the quantities ordered shall be at the expense of the supplier. We are under no obligation to accept such deliveries. Hence no payment is owed by us in this respect. The supplier has the right to obtain permission from us in respect of a consignment that is greater or less than the quantity ordered. A price deduction shall be negotiated in the case of delivery of a quantity greater than the one ordered.
- (7) The supplier undertakes to provide each carton making up the consignment with a label indicating the TS (technical specifications) (not only on the narrow side of the carton but also on the long side, in each case in the left, upper hand corner of the side of the carton in question). The labels must be made of paper and have yellow as their fundamental colour.

Section 5 Passage of risk – Documents

- (1) The passage of risk shall be at the delivery address named by us.
- (2) The goods shall become our property directly and free from encumbrances upon delivery.
- (3) The supplier undertakes to prepare and provide the shipping documents in full pursuant to the “Delivery Note” Annex; in the event that it fails to do so, we will not accept any responsibility for delays in processing.
- (4) In the case of transportation by rail, declaration of the goods in the freight bill shall be in accordance with the official railway rates and, in the case of transportation by road, in accordance with the schedule of goods classes of the long-distance haulage rates (GFT). Costs and damage arising as a result of an incorrect declaration or failure to make a declaration shall be borne by the supplier.
- (5) Parts shipments shall in all cases be designated as such. We are only required to accept their delivery provided that this was not ruled out contractually.

- (6) The supplier shall have receipt of consignments confirmed in writing by the designated recipient.
- (7) Goods ordered by us shall, in particular, be transported in accordance with the provisions of the Act on the Transportation of Hazardous Goods and the Ordinance Regulating the Road Transport of Hazardous Goods including their respective annexes and appendices. We have the right to take the necessary steps, at the expense of the supplier, in order to ensure proper further transport including proper storage (also within the company). We reserve the right to claim damages on the basis of any infringement of this provision.
- (3) In the event that the supplier has failed to provide a replacement delivery or remedy a defect, we have the right to obtain a replacement or remedy the defect ourselves or through a third party at the expense of the supplier. The same shall apply if the matter is one of urgency and the supplier cannot be reached in time or, after having been set an adequate short period of time, is not in a position to remedy the defect or obtain a replacement. within the required time. The supplier shall be notified of this without delay.
- (4) The period of limitation is 36 months as of the passage of risk. The period of limitation shall recommence in the case of replacement of the subject matter of purchase or parts thereof that is not insubstantial. The period of limitation shall recommence in the case of a not insubstantial rectification of a defect insofar as it is a question of the same defect or of the consequences of an unsuccessful rectification.

Section 6 Inspection of goods – Liability for defects

- (1) We are obliged to inspect the goods within a reasonable period of time to establish any deviations in quality and quantity; a complaint is deemed to have been made in time provided that it is received by the supplier within a period of 5 working days as of receipt of the goods or in the case of hidden defects as of the time of discovery of such a defect. We have the right to carry out inspections in the form of sampling in accordance with DIN ISO 2859-1 and, if defects are established, to reject the goods in their entirety or to have them inspected in their entirety at the expense and risk of the supplier and demand replacement of those items found to be defective. Insofar the supplier waives the objection that defects were not reported within the time allowed.
- (2) The statutory warranty claims are due to us without limitation; in all cases we have the right at our discretion to require the supplier to remedy the defect or supply a new item. This shall especially apply in the case of qualities supplied that do not conform to the TS. The right to claim damages, in particular damages in lieu of performance, is explicitly reserved.

Section 7 Product liability – Liability insurance protection

- (1) Insofar as the supplier is responsible for a product defect, it is obliged to indemnify us against the claims to damages by any third party at our first request insofar as the cause lies in its domain/ area of organisation and it is liable itself in relations to third parties.
- (2) In the context of its liability for claims pursuant to sub-section (1), the supplier also has an obligation to reimburse any expenses pursuant to Sections 683, 670 of the German Civil Code (BGB) or pursuant to Sections 830, 840, 426 of the German Civil Code (BGB) that arise from or in connection with a recall initiated by us. We will inform the supplier of the subject matter and scope of recalls that are necessary – to the extent that this is possible and reasonable – and give the supplier the opportunity to state its position. Other statutory claims are not affected.

Section 8 – Protected rights

- (1) The supplier has a statutory obligation to ensure that no rights of any third party are infringed in connection with its supplies.
- (2) If a claim is made against us by a third party for this reason, the supplier is within the meaning of Clause 1 obliged to indemnify us against these claims at our first written request; we are not entitled to enter into any agreements with the third party – without the consent of the supplier – in particular are not entitled to conclude a settlement.
- (3) The indemnification obligation of the supplier applies to all expenses that we incur of necessity from or in connection with a claim made by a third party.
- (4) The period of limitation is 36 months as of the time of passage of risk.

Section 9 – Data protection

All personal data will in all cases be treated as confidential. Data required in order to implement the transaction will be processed and stored electronically and passed on to affiliates or firms commissioned for the purpose of executing the order. In addition, data will be made available to affiliates and, if applicable to the SCHUFA credit investigation agency and other credit rating agencies for the purpose of a credit evaluation and monitoring. The provisions of the Federal Data Protection Act will be observed when data is processed.

Section 10 – Upstream supplier

The supplier undertakes to treat its business relations to its upstream suppliers as confidential in its relations with third parties. It shall impose the same obligation upon such suppliers.

Section 11 – Exclusivity clause

- (1) The supplier undertakes to produce the subject matter of purchase for us exclusively and to offer it to us exclusively.
- (2) In the case of goods that do not comply with the TS and seconds, the supplier is obliged to give us the right of first refusal. In the case of non-acceptance, the supplier shall remove the original labels. In addition, it shall stamp the goods with a label of at least 15x10 cm, stating in bold print that is easily legible in a colour that is resistant to washing and/or dry-cleaning “keine Bundeswehrware” (not goods of the German Armed Forces
- (3) All defective products must be clearly marked and stored separately from the TS-compliant articles in order to prevent unauthorised use, delivery or mingling with products that comply with the quality criteria.

Section 12 – Subrogation right of the Federal Government

- (1) We have given the German Armed Forces an undertaking that soldiers and civilian employees will be equipped in accordance with needs and time schedules.
- (2) With our consent, the Federal Government has the right to become a party to this procurement contract in our stead and to request performance directly to it in return for payment of compensation.

Section 13 – Advertising

The supplier only has the right to use its legal relationship to us in respect of its status as our official partner for advertising purposes or to make it public with our prior written consent.

Section 14 – Loyalty clause

It was not possible at the time that this contract was concluded to anticipate and provide for all possibilities arising from future developments, from changes in statutory provisions of law or other circumstances essential to the contractual relationship. This particularly applies to our contract with the German Armed Forces. Hence, the contracting parties agree that their business collaboration shall be governed by the principles of loyalty in business relations. They give each other a mutual undertaking to perform the contract in this sense and, if applicable, to base any future modifications of their relations on the general principles of good faith.

Section 15 – Final provisions

- (1) The sole place of jurisdiction is our place of business.
- (2) The place of performance for the provision of work is the place of receipt designated by us. The place to which the goods are to be delivered shall be indicated in the order.
- (3) Ousting the United Nations Convention on the International Sale of Goods, all legal relations between us and the supplier shall be governed by the law of the Federal Republic of Germany exclusively.

Section 16 – Separability clause

These Terms and Conditions shall still continue to have full legal effect as a whole even if any parts are without legal effect.