

Standard Terms and Conditions for the Sale of Automotive Fabrics

Preamble

These Standard Terms and Conditions for the Sale of goods shall exclusively apply between the parties described in “Appendix 1 Agreement Details” of this agreement, save as varied by express agreement accepted in writing by both parties and should be interpreted according to Section 7.9 of this document.

The offer, order acknowledgement and order acceptance of sale of any products covered herein is conditioned upon the terms contained in this instrument. Any conditional or different terms proposed by the buyer are objected to and will not be binding upon the seller unless assented in writing by the seller.

These conditions shall govern any future individual contract of sale between the seller and the buyer to the exclusion of any other terms and conditions, subject to which any such quotation is accepted or purported to be accepted, or any such order is made or purported to be made, by the buyer. Any typographical, clerical or other error or omission in any sales literature, quotation, price list, acceptance of offer, invoice or other document of information issued by the seller shall be subject to correction without any liability on the part of the seller.

The provisions of these Standard Terms and Conditions extent to standard contract conditions which are used in a contract, with a merchant in the course of business only.

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1 Offers by the seller

1.1 Offers by the seller

Any quotations or offers by the seller are, save as otherwise stated, not binding more than 4 weeks.

2 Contract between the parties

2.1 Closure of Contract

No order submitted by the buyer shall be deemed to be accepted by the seller unless and until confirmed in writing by the seller or the seller's representative within 7 days after submittal.

2.2 Price

The price of the goods shall be the seller's quoted price or, where no price has been quoted, the price listed in the seller's published price list current at the date of acceptance of the order.

2.3 Price fixing

Buyer will be charged gross length minus allowances for spot, length and area defects (net procedure). Save as varied by express agreement accepted in writing by both parties spot defects are calculated with 10 cm per defect, length defects are calculated with 50% of the affected length whereas area defects in warp direction are calculated with the respective affected length. Measurement has to be calculated according to ISO 22198:2006.

2.4 Change of Price

The seller reserves the right, by giving notice to the buyer at any time before delivery, to increase the price of the goods to reflect increase in the cost to the seller which is due to any factor beyond the control of the seller (such as foreign exchange fluctuations, currency regulation, alteration of duties, significant increase in the costs of material or other costs of manufacture) or any change in delivery dates.

2.5 Quantity & Quality

The quantity, quality and description of and any specifications for the goods shall be those set out in the seller's quotation (if accepted by the buyer) or the buyer's order

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(if accepted by the seller). Any such specifications, sales literature, quotation etc. shall be strictly confidential and must not be made available to third parties.

2.6 Additional Costs

Except as otherwise stated under the terms of any quotation or in any price list of the seller, and unless otherwise agreed in writing between buyer and the seller, all prices are given by the seller on an Free Carrier (FCA AUNDE Incoterms 2020) basis, and where the seller agrees to deliver the goods otherwise than at the sellers premises, the buyer shall be liable to pay the seller's charges of transport, packaging and insurance.

2.7 Tax and tariff

The price is exclusive of any applicable value added tax, which the buyer shall be additionally being liable to pay to the seller. The same applies to any tariffs, if applicable.

2.8 Co-operation

The buyer shall be responsible for the seller for ensuring the accuracy of the terms of any order submitted by the buyer, and for giving the seller any necessary information relating to the goods within a sufficient time to enable the seller to perform the contract in accordance with its terms.

2.9 Transfer of the agreement

This agreement and any other agreement or contract between the parties cannot be sold, assigned or transferred without the prior written consent of the other party.

2.10 Irregular termination by the buyer

In case of a run out of delivered goods (products) for whatever reason, buyer shall be obliged to purchase from seller finished goods equivalent to 4 weeks production and raw material equivalent or semi-finished goods for additional 8 weeks production. Such amounts will be registered after run out and paid for by the buyer within a period of 6 months after such run out, respectively.

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3 Production of the goods

3.1 Breakdown of supplier

AUNDE is not responsible for any damages due to delays in production and therefore in delivery in case of default by a supplier of AUNDE. In this case, AUNDE provides information to the buyer as soon as possible.

3.2 Delivery-Calls

3.2.1 *General*

In case buyer and seller agree to set up delivery-calls, it is the buyer's obligation to submit to the seller a schedule of deliveries in advance. The dates of delivery of the goods shall be specified in the production releases notified by the buyer to the seller unless otherwise agreed between buyer and seller. Seller shall give written confirmation to buyer within two working days of receipt of release, that goods will be shipped as requested by buyer. Seller reserves the right to delivery with a tolerance of 15% of quantity in respect of open lead times.

3.2.2 *Purchasing obligation*

If the buyer sets schedules for deliveries for his requirement, these schedules show a firm commitment for:

- the first 4 weeks: finished products
- the following 8 weeks (12 weeks in total): purchase of raw-material and / or production of semi-finished products

If the buyer terminates for whatever reason the agreement between the parties, buyer is obliged to purchase the quantities mentioned above from seller.

3.3 Tolerance in invoiced quantity

The seller reserves the right to deliver up to 1 % more or 1% less (length) than the quantity as stated in the delivery notes without any adjustment in the price, and the quantity so delivered shall be deemed to be the quantity ordered. If the delivered quantity is not within a tolerance of 1%, buyer will be allowed to adjust the price accordingly, however subject to a prior announcement of such deviations to seller without undue delay. Buyer shall enable seller to remeasure total length of uncut roles by table or floor measurement. Based on this measurement buyer and seller

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shall agree on final amount for the adjustment of the invoiced price. In case of plus variations, seller shall receive payment from buyer. In case of minus variations seller will provide credit note for respective amount to buyer. Seller expressly rejects any projection of deviation on total quantity of goods delivered to buyer.

3.4 Certifications

The seller confirms to be equipped with the certifications listed in “Appendix 1 Agreement Details” of this agreement.

3.5 Business Secrets

The buyer and the seller have to guarantee confidentiality and reliability/security in the handling of the specific business information. They are responsible for making sure that no business secrets are passed on to unauthorized third parties in their respective areas of activity.

3.6 Change of Design

The seller reserves the right to make any changes in the specification of the goods which are required to conform to any applicable statutory requirements or, where the goods are to be supplied to the seller’s specification, which do not materially affect their quality of performance.

4 Delivery of the goods

4.1 Delivery

Delivery of the goods shall be made by the buyer collecting the goods at the seller’s premises at any time after the seller has notified the buyer that the goods are ready for collection or, if some other place for delivery is agreed by the seller, by the seller delivering the goods to that place.

4.2 Examination of goods

The buyer shall examine the goods as required by German Law (§§ 377, 378 HGB) and in doing so check every delivery in any respect. The paragraphs mentioned require an examination of the goods by the buyer upon delivery. In case there are any defects on the goods, buyer must inform seller instantly. If buyer fails to do, this is interpreted as consent to the defects of the goods.

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4.3 Labeling of the products

AUNDE's products are marked with an Odette transport label on request of the buyer. However, other transport labels cannot be processed by AUNDE.

4.4 Transfer of Risks

Risk of damage to or loss of the goods shall pass to the buyer as follows: In the case of goods to be delivered otherwise than at the seller's premises, at the time of delivery or, if the buyer wrongfully fails to take delivery of the goods, the time when the seller has tendered delivery of the goods; In the case of goods are delivered at the seller's premises ("Free Carrier ", Incoterms 2020) the seller notifies the buyer at that time when the goods are available for collection.

4.5 Application of Incoterms 2020

Any clause of Incoterms referred to in this agreement is a clause of Incoterms 2020; if the parties individually agree to any other clause using Incoterms this clause is also a clause of Incoterms 2020.

4.6 Date of delivery

If a fixed time for delivery is provided in the contract, and the seller fails to deliver within such time or any extension thereof granted, the buyer shall be entitled, on giving to the seller within a reasonable time notice in writing, to claim a reduction of 3 % per week of the price payable under the contract, unless it can be reasonably concluded from the circumstances of the particular case that the buyer has suffered no loss. This limit shall not apply if the business had to be settled on a fixed date or if the delay was caused negligently or intentionally by the seller, his agents or representatives or if there is any further breach of any essential contractual obligation. If for any reason whatever the seller fails within such time of effect delivery, the buyer shall be entitled by notice in writing to the seller to fix a deadline after the expiry of which the buyer shall be entitled to terminate the contract. He may also recover from the seller any loss suffered by the buyer by reason of the failure of the seller. Damages may only be claimed for by the buyer if the seller (or his representatives) intentionally or negligently failed to fulfil the contract and are limited to the value of the sale price of the goods.

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4.7 Default in acceptance

If the buyer fails to accept delivery on due date, he shall nevertheless make any payment conditional on delivery as if the goods had been delivered. The seller shall arrange for the storage of the goods at the risk and cost of the buyer. If required by the buyer, the seller shall insure the goods at the cost of the buyer.

4.8 Freight costs

Freight is not included in any prices, save as varied by express agreement accepted in writing by both parties. If existing, any agreement on freight-costs between buyer and seller does not include any additional freight costs (for instance airfreight, express etc.) which are due to change of disposition etc. of the buyer.

4.9 Packaging

All AUNDE products are placed in package suitable for domestic truck shipment of regular circumstances. Special package for overseas air or sea shipment is subject to additional costs on request.

4.10 Storage and process-systems

Seller shall use all efforts to provide roles, tubes and packaging in accordance with the specifications of the buyer, however seller reserves the right to use his own specification if it is more cost efficient.

4.11 Disposal of packaging

If there is an obligation by law which commits the seller to take back any packaging of the goods for recycling purposes, the seller will ensure recycling of the packaging shipped with the goods. Therefore the buyer ships the packaging of the goods to the sellers address DDP AUNDE <Postal Address AUNDE plant> (Incoterms 2020). If the buyer does not send back the packaging of the goods, the buyer undertakes all responsibilities required by law for the disposal of the packaging.

5 Deductions & Warranty

5.1 Marked Defects

The buyer acknowledges that AUNDE products cannot be produced free of any defects. Therefore the defects marked by AUNDE are not considered as a “defect” of the product itself. AUNDE distinguishes between marked “spot defects” and

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marked “area defects”. Spot defects are marked red on the product whereas area defects are marked yellow. The marks shall be limited to the exact size. Marked defects are discounted according to clause 2.3 of this agreement.

5.2 Limited Warranty of defects

The seller warrants that all items delivered under this agreement will be free from defects in material and workmanship, conform to applicable specifications, and, to the extent that detailed designs have not been furnished by the buyer, will be free from design defects and suitable for the purposes intended by the buyer.

The above warranty is given by the seller subject to the following conditions:

- the seller shall not be liable in respect of any defect in the goods arising from any design or specification supplied by the buyer,
- the seller shall not be liable under the above warranty if the total price for the goods has not been paid by the due date for payment,
- the above warranty does not extend to parts, materials or equipment manufactured by or on behalf of the buyer unless such warranty is given by the manufacturer to the seller.

Some AUNDE products require very special conditions for stock-keeping or processing. For any claims on warranty the buyer has to prove the seller that these AUNDE products have been dealt with these special conditions. This warranty does not cover defects in or damage to the products which are due to improper installation or maintenance, misuse, neglect or any case other than ordinary commercial application. Any discharge from liability will be void if a defect results from a negligent or intentional breach of contract on the part of the seller. The same applies if the seller may be held responsible for the breach of any further essential contractual obligation.

Any claim by the buyer which is based on any defect in the quality or condition of the goods or their failure to correspond with specification shall be notified to the seller within 3 months from the date of delivery.

The buyer is entitled to demand the delivery of any substitute goods or repair or a reduction of the purchase price as set forth with the terms of each individual contract

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of sale. Where any valid claim in respect of any goods which is based on any defect in the quality or condition of the goods or their failure to meet specification is notified to the seller in accordance with these conditions, the seller shall be entitled at the seller's sole discretion to either replace the goods free of charge or repair the goods. If the seller is neither ready nor able to either repair or replace the goods the buyer shall be entitled at the buyer's sole discretion to claim for a reduction of price or the cancellation of the contract.

Warranty for defects shall be specified as follows:

- Warranty for defects in goods received
- Warranty for defects accrued in the processing of semi-finished goods
- Warranty for defects accrued in the processing of finished goods at assembly line or at functioning tests after installation.

In case of defects, buyer will prepare an examination report and will notify seller accordingly. In case of non-marked defects, buyer has to retain parts of delivered goods at his premises for inspection by the seller which will take place at regular intervals. A (scrap) inspection including defect analysis shall take place at customer location. Buyer and seller shall share the costs for scrap inspection.

Based on the accepted result of either a) the examination report or b) the inspection at the premises of the buyer, seller shall be liable for the following costs:

- Textile rolls and cut pieces: 100% of the purchase price
- Semi-finished and finished goods: In case of marked obvious faults: nothing; in case of non-marked and obvious faults, seller shall assume costs for products at sale price; in case of latent faults, seller shall be liable for 100% of valid series purchase price for textile rolls only.

5.3 Limitation of Liability

AUNDE shall not be liable for any direct, indirect, consequential, or incidental damages resulting from defects in any product, nor for failure of delivery in whole or in part, nor for injuries resulting from its use or for any other causes.

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5.4 Returns

No returns will be accepted by AUNDE without a return authorisation. If buyer and seller do not agree on a return, buyer and seller will check the goods together at the premises of the buyer to decide on the return. Returns without authorisation are considered as default in acceptance with the results according to clause 4.7 of this agreement.

6 Payment

6.1 Terms of payment

The buyer shall pay the net price of the goods without deduction on the 25th of the month following the date of the invoice. The buyer has to transfer the funds to the seller at his risk and costs. Payment shall be effected by interbank payment transaction only; no cheque or bill of exchange will be considered as fulfilment of the payment obligations. Payment is considered to be in effect only at the date of crediting the seller's account.

6.2 Set-off

Legal rights of the buyer to set-off against claims of the seller for payment are excluded, except where the corresponding claim of the buyer has either been finally judicially determined or recognised by the seller in writing.

6.3 Deductions

Any amount in deductions done by the buyer without the prior written consent of the seller is subject to interests according to section 6.8 of this agreement.

6.4 Transaction of payment

Payment shall be effected in EUR by interbank payment transaction only. No cheque or bill of exchange will be considered as fulfilment of the payment obligation. It may be agreed between the parties that the buyer has to deliver a letter of credit by a bank acceptable by the seller. In this individual case it is assumed that any letter of credit will be issued in accordance with the Uniform Customs and Practice for Documentary Credits, 2007 Revision, ICC Publication No. 600.

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6.5 Transaction costs

All charges for the transaction of the funds to the account of beneficiary are debt of the buyer.

6.6 Retention of title

Notwithstanding delivery and the passing of risk in the goods, or any other provisions of these conditions, the property in the goods shall not pass to the buyer until the seller has received payment in full of the price of the goods and all other goods agreed to be sold by the seller to the buyer for which payment is then due.

The seller shall have absolute authority to retake, sell or otherwise deal with or dispose of all or any part of the goods in which title remains vested in the seller; Until such time as the property in the goods passes to the buyer, the buyer shall hold the goods as the seller's fiduciary agent, and shall keep the goods properly stored, protected and insured.

Until that time the buyer shall be entitled to resell or use the goods in the ordinary course of its business, but shall account to the seller for the proceeds of sale or otherwise of the goods including insurance proceeds, and shall keep all such proceeds separate from any monies or properties of the buyer and third parties.

If the goods are processed or reshaped by the buyer and if processing is done with goods that seller has no property in, seller shall become co-owner of the goods. The same shall apply if seller's goods are completely reshaped and mixed with other goods.

If third parties take up steps to pledge or otherwise dispose of the goods, the buyer shall immediately notify the seller in order to enable the seller to seek a court injunction in accordance with § 771 of the German Code of Civil Procedure. If the buyer fails to do so in due time he will be held liable for any damages caused.

The seller shall on demand of the buyer release any part of the collateral if the value of the collateral held in favour of the seller exceeds the value of the claims being secured. It is to the seller's decision to release those parts of the collateral suitable for him.

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6.7 Default of payment

If the buyer fails to make full payment on the due date then, without prejudice to any other right or remedy available to the seller, the seller shall at his discretion be entitled to:

- suspend any further deliveries to the buyer, or
- cancel the contract, or
- charge interests on the amounts outstanding according to section 6.8 of this agreement until full payment is done.

If AUNDE elects to continue to make shipments, AUNDE's action shall not constitute a waiver of any default by buyer or in any way affect AUNDE's legal remedies for any such default.

6.8 Agreement on interests

Regarding the conditions determined in this agreement, buyer agrees to pay the seller interests at the rate of 9 per cent per annum above the German Central Bank key interest rate ('Basiszins'), related to the amount described within in the sections of this agreement taking reference to this section.

6.9 Insolvency of the Buyer

6.9.1 *Payability*

All claims of the seller against the buyer are due immediately. Deliveries still to be done by the seller are payable by the buyer in advance.

6.9.2 *Delivery*

The seller might suspend any further deliveries or cancel the contract, if the buyer fails to pay for the goods in advance.

7 Miscellaneous Clauses

7.1 Priority of this agreement

This agreement supersedes and invalidates all other agreements by the parties which might have been made by the parties either orally or in writing prior the date hereof, and which shall become null and void from the date of this agreement is signed.

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7.2 Change of this agreement

This agreement cannot be changed by the parties except in writing. For changing this clause the parties also have to use the written form.

7.3 Costs of the agreement

Each party shall be responsible for all its legal, accountancy or other costs and expenses incurred in the performance of its obligations hereunder.

7.4 Choice of Law

This agreement shall be governed by and constructed in accordance with the laws of Germany, with exception of the United Nations Convention on Contracts for the International Sale (CISG)

7.5 Place of Jurisdiction

The seller shall have the right to bring a claim before a court at the buyer's principal place of business or at his discretion before any other court being competent according to any national or international law.

7.6 Violation of commercial rights

If the goods are to be manufactured or any process is to be applied to the goods by the seller in accordance with a specification submitted by the buyer, the buyer shall indemnify the seller against all loss, damages, costs and expenses awarded against or incurred by the seller in connection with or paid or agreed to be paid by the seller in settlement of any claim for infringement of any patent, copyright (Design, trade mark or other industrial or intellectual rights or any other person, which results from the seller's use of the buyer's specification).

7.7 Communication

Communication between the parties with legal or contractual implications can be done in writing by using letter or e-mail. Considering that communication by e-mail is not fully reliable, the receipt of any communication with the seller is only confirmed by an e-mail returned to the buyer.

7.8 Invalidity of the agreement

If any provision of this agreement shall be found by any court or administrative body of any competent jurisdiction to be invalid or unenforceable, the invalidity or

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unenforceability of such provision shall not affect the other provisions of this agreement and all provisions not affected by such invalidity or unenforceability shall remain in full force and effect.

7.9 Force Majeure

Neither party shall be liable for failure to perform its obligations under the agreement or any purchase order issued thereunder to the extent such failure results from any act of god, war, fire, earthquake, labour dispute, accident, commotion, epidemic, act of government or any cause beyond such party's reasonable control.

7.10 Definition of terms used in this agreement

The meaning of the following terms used within this agreement is described as followed below, unless otherwise expressly stated, or within another context:

- agreement: this paper
- seller: AUNDE Group as mentioned in Appendix 1 No. 2
- buyer: customer as mentioned in Appendix 1 No. 3
- parties: seller and buyer

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Appendix 1 Agreement Details

1. Effective Date

2. AUNDE Group

Name:

Postal Address:

Physical Address:

Contact Person:

Certifications:

3. Buyer

Name:

Postal Address:

Physical Address:

Contact Person:

4. Products