

General Terms and Conditions - Philipp Bazlen GmbH

1. Scope of the General Terms and Conditions

- 1.1** These General Terms and Conditions of Philipp Bazlen GmbH (called BAZLEN below) apply to all current and future deliveries and services to companies, legal persons governed by public law or separate legal entities under public law.
- 1.2** The CUSTOMER's general terms and conditions do not apply, even if BAZLEN has not protested them. Any deviating general terms and conditions apply only if expressly agreed upon in writing.
- 1.3** The commercial resale of goods by BAZLEN by making the goods available on the internet and/or entering into a contract for distribution via the internet (in particular internet shops) is not permitted unless a different agreement has been made in writing.

2. Prices, due dates, payment, cash before delivery, security provided by the CUSTOMER, rights of offsetting and retention upon the part of the CUSTOMER

- 2.1** Unless otherwise agreed in writing, the agreed prices shall be in accordance with the BAZLEN price list prevailing at the time of acceptance of the order. The prices apply ex works Metzingen plus value-added tax. For deliveries to the CUSTOMER's domicile as well as for deliveries to destinations given by CUSTOMER the relevant carriage costs are borne by the CUSTOMER.
- 2.2** BAZLEN's claims are due in full 30 days after the invoice date. In the case of payment within 10 days of the invoice date a 3% discount is granted.
- 2.3** If advance payment or security deposits have been agreed with the CUSTOMER, or if BAZLEN can request the provision of security for other reasons, BAZLEN can make the procurement of goods, start of production and the delivery subject to an advance payment or the provision of a security payment. This shall also be the case if after the conclusion of the contract doubt arises as to the creditworthiness of the CUSTOMER or the CUSTOMER's financial situation deteriorates to such an extent that the CUSTOMER's solvency appears to be in doubt. Such doubts shall be justified in particular in the case of an application for the initiation of insolvency proceedings, an initiation of insolvency proceedings, compulsory enforcement proceedings, credit note or cheque complaints, uncovered cheques, false information by the CUSTOMER about his creditworthiness or unfavourable information provided by approved credit agencies. Delivery performance as a result of late advance payments or securities will be affected by time delays accordingly. For as long as payments in advance or security payments by the CUSTOMER are delayed, BAZLEN shall have the right of retention of goods.
- 2.4** BAZLEN's right to withhold performance (paragraph 2.3) ceases when the CUSTOMER renders counter performance or offers security. BAZLEN can determine an appropriate time period within which the CUSTOMER required to provide advance payment or security must render counter performance or provide security. Upon the expiry of this time limit, BAZLEN may withdraw from the contract.
- 2.5** In case of payment through transfer to a bank account, the relevant payment date is the date of credit to BAZLEN's account.
- 2.6** The CUSTOMER is only entitled to set-offs if his counterclaims are legally effective, uncontested or recognized by BAZLEN.
- 2.7** All outstanding invoices are due for payment immediately and without further notice if the CUSTOMER is in arrears of at least 10% of the payment owed to BAZLEN or cheques due or other rights are not honoured or he files a petition to commence insolvency proceedings or if such insolvency proceedings are opened or his financial circumstances significantly deteriorate.

3. Place of Fulfilment and Delivery

Unless otherwise stated in the order confirmation by BAZLEN, delivery is ex works Metzingen. On transfer of the goods to the haulage operator, carrier or other options, including carriage by one of its own employees, the risk of loss or deterioration shall be transferred to the CUSTOMER. This also applies to franco domicile deliveries to the CUSTOMER's. If shipment is delayed due to circumstances that are attributable to the CUSTOMER, the risk is borne by the CUSTOMER as soon as notification of readiness for shipment is provided.

4. Delivery Periods, Dates and Delays

- 4.1** Delivery periods and dates are non-binding estimates, unless a delivery date or period has been agreed on explicitly and in writing as binding for the delivery.
- 4.2** For delivery periods and dates agreed on as binding, in the case of late deliveries, the CUSTOMER grants BAZLEN an appropriate additional period of 18 days, except in cases where this would be an unreasonable expectation.
- 4.3** BAZLEN may make partial deliveries unless the CUSTOMER cannot be reasonably expected to accept such deliveries.

4.4 The delivery commitment by BAZLEN is under the proviso of correct, complete and timely prior delivery on the part of its suppliers. This proviso shall not apply in the event of non-delivery or delay being the fault of BAZLEN.

4.5 The delivery period shall be deemed to have been fulfilled if the goods leave the BAZLEN factory or the dispatch station at the agreed point in time or the CUSTOMER has been notified that the product is ready for delivery and the consignment is not sent due to reasons for which the CUSTOMER is responsible.

4.6 Failure on the part of the CUSTOMER to fulfil its contractual obligations will entail a corresponding delay to the delivery period and postponement of the delivery date. Delivery dates shall likewise be extended in the event of labour disputes as well as the occurrence of unforeseeable obstacles, which are beyond the control of BAZLEN. This also applies when such circumstances arise for upstream suppliers. After the longest period for a reasonable delay has elapsed, but at the latest after two months, each contractual party shall be entitled to withdraw from the contract.

5. Impact of the Variable Nature of Leather on the Agreed Specifications of the Goods

5.1 Leather as a non-standardised natural product: Leather hides are a unique natural product with irregular pores, scars and uneven surface structure. Hides contain irregularities such as pigmentation, moles, veins, insect bites, thorn marks and bite wounds. Colour differences due to variable fat deposits in the skin can also be present (more often with aniline dyed leather). The following variations in leather cannot be classed as defects as long as they remain within generally accepted tolerances:

- Different shades and colour variations due to the natural characteristics of leather. These can vary from batch to batch for production reasons.
- Variations in the thickness of leather, the formation of folds and scars can occur as a result of the product being used, such as changes to the shape due to impact from external forces and exposure to heat or moisture.

5.2 Changes to leather caused by external influences: High temperature and high humidity levels can cause chemical reactions. Damp items of clothing should not come into contact with leather parts. Exposure to perspiration from the wearer can lead to chemical changes in the leather.

6. Defects and Complaints

6.1 Standard variations customary in the trade or typical of the material (in particular in the sense of section 5.1 and 5.2) do not constitute a defect. The CUSTOMER cannot derive any rights or claims from such variations.

6.2 Notifications of defects in the event of obvious defects are to be sent to BAZLEN at the latest within 20 calendar days after receipt of goods. The CUSTOMER must inspect the goods for defects before they are released for further processing or sale.

6.3 If defects are found, the CUSTOMER must refrain from bringing the goods to market and from further processing the goods if he wants BAZLEN to accept their return and where such return would put BAZLEN at an economic disadvantage.

6.4 The CUSTOMER must report hidden defects to BAZLEN immediately after their discovery.

6.5 In the event of justified complaints about obvious or hidden defects, the CUSTOMER shall be entitled, according to BAZLEN's choice, to a subsequent improvement or a delivery of faultless replacement goods.

6.6 BAZLEN shall rectify the defects as soon as possible, but at the latest within 30 calendar days after receipt of the goods.

6.7 If this supplementary performance fails, the CUSTOMER has the right to reduce the sales price or withdraw from the contract and in this case to demand compensation within the boundaries set out in the General Terms and Conditions.

7. Claims for Damages

7.1 CUSTOMER damage claims are limited to the following cases.

- liability under the Product Liability Law,
- claims based on wilful intent, gross negligence on the part of BAZLEN. However, this does not apply in cases of culpable injury to life, limb or health or due to culpable breaches of cardinal obligations. Cardinal obligations are those which must be executed to fulfil the contract and which the CUSTOMER can trust that they will be performed. Compensation due to breach of cardinal obligations is limited to typical contractual and foreseeable damage. The limitation with regard to wilful intent and gross negligence does not apply in the case of delays;
- due to fraud on BAZLEN's part,
- breach of warranty.

7.2 The provisions in section 7.1. do not have the effect of changing the burden of proof to the detriment of the CUSTOMER.

8. Reservation of proprietary rights

8.1 Until completion of full settlement of all outstanding claims by BAZLEN against the CUSTOMER the delivered goods remain BAZLEN's. The reservation of proprietary rights remains in force until all of BAZLEN's claims have been settled by the CUSTOMER.

8.2 The CUSTOMER assigns his claims against his CUSTOMERS, including all ancillary rights, from the sale of the BAZLEN reserved goods to BAZLEN, as security for all claims due to BAZLEN by the CUSTOMER at the time of the resale as soon as the contract with his CUSTOMER is made.

8.3 If the value of the claims assigned to BAZLEN for security exceeds the realisable value of BAZLEN's claims against the CUSTOMER by more than 10%, BAZLEN must, at the request of the CUSTOMER, provide additional security in a manner BAZLEN deems appropriate.

8.4 The CUSTOMER is entitled and obligated to collect the receivables assigned to BAZLEN on behalf of BAZLEN. If the CUSTOMER defaults on his payments to BAZLEN with respect to payment of receivables by more than 10%, BAZLEN is entitled to, in the name of the CUSTOMER, inform the CUSTOMER'S clients of the assignment of those receivables. The CUSTOMER is then obligated to provide BAZLEN with the information required to execute those rights with regard to the clients. In particular to provide the name of the clients, the claim amount and the reason for the claim and to provide BAZLEN with the necessary records and documents. At BAZLEN's request and discretion the CUSTOMER must collect the receivables at the expense of the CUSTOMER or must condone enforcement by BAZLEN and reimburse BAZLEN the cost in connection with the enforcement.

8.5 The CUSTOMER may only sell goods reserved by BAZLEN in the ordinary course of business and only under the condition that the purchase price claim from the resale is passed on to BAZLEN in accordance with section 8.2. This authorization shall expire if the CUSTOMER is in default with respect to payment of receivables to BAZLEN by more than 10%. The CUSTOMER has no other rights with regard to the reserved goods and in particular is not entitled to the pledge of goods or transfer of security.

8.6 The CUSTOMER must ensure goods reserved by BAZLEN are sufficiently insured against loss and damage as a result of fire, theft, water and other similar dangers and to provide BAZLEN with proof of this insurance cover on request. The CUSTOMER shall transfer his rights to compensation by the insurance company or other obligated parties (if applicable on a pro rata basis) to BAZLEN. This transfer of rights only applies insofar as it does not extinguish the CUSTOMER's rights to the insurer. BAZLEN must be informed of any damage or impairment to BAZLEN's reserved goods immediately and, in particular, in cases of any third-party seizure.

8.7 As BAZLEN's request the CUSTOMER must provide information on the state and whereabouts of reserved goods on inventory and those sold. To execute a claim for restitution BAZLEN may enter the CUSTOMER's premises and seize the reserved goods provided this is notified in advance within sufficient time.

9. Industrial property rights and product descriptions

9.1 BAZLEN retains all property and intellectual property rights over diagrams, drawings, layouts, calculations, catalogues, order books and other documents. These must not be made accessible to third parties, unless BAZLEN has expressly agreed to this or the nature of the material requires that it be provided to a third party (e.g. advertising material for end CUSTOMERS).

9.2 Product numbers, trademarks, brands, furnishings, part numbers, fixed EAN codes etc. may not be changed or removed and products altered in this manner may not be sold.

10. Jurisdiction and applicable law

10.1 Place of jurisdiction for all legal disputes arising from contracts between the CUSTOMER and BAZLEN is the headquarters of BAZLEN. However, BAZLEN reserves the right to take legal action at the CUSTOMER'S place of general jurisdiction.

10.2 German law applies exclusively to the entire legal relationships between BAZLEN and the CUSTOMER, however excluding the UN Convention on the International Sale of Goods (CISG).