General Terms and Conditions of Sale and Delivery

Hans Reinke Handelsgesellschaft mbH is a wholesaler for leather, artificial leather and microfibre fabrics as well as upholstery material and related accessories in Germany and abroad.

§ 1 General, Scope

- (1) These General Terms and Conditions of Sale and Delivery ("GSC") apply to all our business relations with our customers (hereinafter: "Purchaser").
- (2) The GSC shall apply, in particular, to contracts for the sale and/or delivery of goods (hereinafter also referred to as "Goods"), regardless of whether we produce the Goods ourselves or buy from suppliers. The GSC apply in their most recent version as a framework agreement for potential future contracts for the sale and/or delivery of movable Goods to the same Purchaser, whether or not they are explicitly referenced in each individual case. In the case of changes to our GSC, we will immediately inform any relevant Purchasers.
- (3) Our GSC apply exclusively. Any differing, conflicting or additional Purchaser general terms and conditions apply to any contract only if we have expressly agreed to the same. This requirement of consent shall apply in every eventuality, for example also if we agree without reservation to make a delivery in full knowledge of the Purchaser's GSC.
- (4) Legally relevant declarations and notifications that are provided to us by the Purchaser after conclusion of contract (e.g., deadlines, notice of defects, declaration of withdrawal or reduction in volume) are not effective unless made in writing.
- (5) Claims of the Purchaser against us can be assigned with our written consent.

§ 2 Conclusion of contract

- (1) Our offers are subject to change and non-binding. This also applies if we have provided the Purchaser with catalogues, technical documentations (e.g. drawings, plans, evaluations calculations, references to DIN standards), other product descriptions or documents (also in electronic form) to which we reserve ownership rights and copyrights.
- (2) The Purchaser's order of the Goods is considered a binding contractual offer. Unless otherwise stated in the order, we are entitled to accept this offer within two weeks of receipt.
- (3) Acceptance can be made either in writing (e.g. with an order confirmation) or by delivery of the goods. Before accepting the offer, we reserve the right to check the creditworthiness of the Purchaser.

§3 Delivery time and delays

- (1) The delivery period is stated by us upon acceptance of the order.
- (2) Deliveries are subject to correct and punctual delivery to us by our suppliers.

- (3) Government measures, riots, strikes, lockouts, fire, machine breakdowns, bottlenecks in material or energy supply, transport obstructions and other reasons beyond our control which delay normal production, collection or dispatch are considered "force majeure" and entitle us to postpone the delivery date accordingly. We are obliged to inform the Purchaser immediately of such circumstances if we become aware of them. If a delayed performance is unreasonable for one party due to the aforementioned events, this party is entitled to withdraw from the contract.
- (4) If reasonable for the Purchaser, we are entitled to make partial deliveries.

§ 4 Delivery, transfer of risk, inspection, failure to accept delivery, cancellation fees

- (1) Place of performance is the warehouse of Hans Reinke Handelsgesellschaft mbH, 22549 Hamburg, Brandstücken 20. At the Purchaser's request and expense, the Goods may be dispatched (sales shipment) to another destination at the Purchaser's discretion. We are entitled to determine the type of dispatch (in particular transport company, dispatch route, packaging) ourselves. Irrespective of the Purchaser's cost burden for the shipment, we always act unless otherwise agreed as a supplier within the meaning of the Value Added Tax Act.
- (2) The risk of accidental loss and accidental deterioration of the Goods shall pass to the Purchaser when the Goods are transferred to the Purchaser. However, for sales of Goods to be shipped to the Purchaser, the risk of accidental loss and accidental deterioration of the goods and the risk of delay passes to the Purchaser once the goods are handed over to the forwarder, carrier or other person or organisation carrying out the shipping.

If an acceptance according to § 640 BGB has been agreed, this is decisive for the transfer of risk. For the rest, the statutory provisions of work contract law shall apply as an agreed inspection of the Goods. The handover or inspection shall be deemed rendered even if the Purchaser fails to accept delivery.

(3) If the Purchaser is in default of acceptance, fails to cooperate or if our delivery is delayed for other reasons for which the Purchaser is responsible, we shall be entitled to demand compensation for the resulting damage including additional expenses (e.g. storage costs).

§ 5 Pricing and Payment Terms

- (1) Unless otherwise specifically agreed, our current prices in Euro (€) in effect at the time the contract is signed shall apply, ex works, plus statutory VAT.
- (2) In the case of the sales shipment (§ 4 section 1) The Purchaser bears the transport costs ex warehouse and the costs of any transport insurance requested by the Purchaser. Any duties, fees, taxes and other government levies are payable by the Purchaser. Delivery within the Community territory is made as tax-free intra-Community delivery if a valid VAT identification number is presented at the time of conclusion of the contract.
- (3) The purchase price is due and payable within 30 days from invoicing and delivery or acceptance of the Goods. The Purchaser agrees to invoices being sent exclusively by e-mail to an e-mail address of the Purchaser known to us.

- (4) Payments by the Purchaser shall, at our dutiful discretion, first be made on the claim due, under several claims due on the one which offers us lower security, under several equally secure on the older debt and at the same age each claim shall be repaid proportionately. § 366 section 1 BGB shall not apply.
- (5) If the payment deadline passes without receipt of payment, the Purchaser shall be in default. The purchase price shall bear interest at 9% points above the base interest rate applicable at the time of default. Furthermore, a lump-sum fee of EUR 40.00 will be charged. We reserve the right to claim further delay damages. Our right to claim to the commercial maturity interest (§ 353 HGB) remains unaffected.
- (6) The Purchaser shall only have the rights of offsetting and retention if and insofar as their counterclaims are either reciprocal (§ 320 BGB) to the claims asserted by us or are legally established, undisputed or acknowledged by us. Moreover the Purchaser is only entitled to exercise a right of retention if their counterclaim is based on the same contractual relationship.
- (7) In the event that we are obliged to perform in advance, we may refuse the performance incumbent on us if it becomes apparent after conclusion of the contract that our claim to the consideration is endangered by the Purchaser's inability to perform. The right to refuse performance shall lapse if the consideration is rendered or security is provided for it. Further details are regulated in § 321 BGB.

§ 6 Retention of title

- (1) We shall retain title on all Goods sold until full payment of all present and future claims under the present purchase agreement and all ongoing business transactions (secured claims).
- (2) The Goods, subject to retention of title, may not be pledged or assigned as collateral to third parties until full payment of the secured claims is received. The Purchaser must notify us immediately in writing if and to the extent third parties have access to the goods belonging to us.
- (3) If the Purchaser acts in breach of contract, in particular if the purchase price due is not paid, we are entitled to withdraw from the contract and to demand the return of the Goods on the basis of the retention of title and withdrawal. If the Purchaser does not pay the purchase price due, we may assert these rights only if we have previously set the Purchaser an appropriate deadline for payment to no avail or if setting such a deadline may be waived according to the provisions of law.
- (4) The Purchaser is authorised to resell and/or process the goods subject to retention of title in the normal course of business. In this case, the following provisions also apply:
- (a) The retention of title extends to the full value of the products resulting from the processing, mixing or combination of our products, whereby we shall be deemed manufacturer. If, in the case of processing, mixing or connection with Goods of third parties, their ownership rights persist, we acquire co-ownership in the ratio of the invoice values of the processed, mixed or connected Goods. In all other cases, the same shall applies to the resulting product as to the Goods delivered subject to retention of title.
- (b) The Purchaser hereby assigns to us the claims arising from the resale of the Goods or the product against third parties as a whole or in the amount of our possible co-ownership share in accordance

with the preceding paragraph. We herewith accept this assignment. The obligations of the Purchaser mentioned in section 2 above shall also apply in respect of the assigned claims.

- (c) In addition to us, the Purchaser shall remain entitled to collect these claims. We undertake not to collect the debt as long as the Purchaser fulfils its payment obligations to us, does not fall into arrears, has not made any application to open insolvency proceedings, or there is no other fact preventing it from making its payments. If this is the case, we can demand that the Purchaser inform us of the assigned claims and their debtors, provide all information necessary for collection, hand over the relevant documents, and inform the debtors (third parties) of the assignment.
- (d) If the realisable value of the securities exceeds our claims by more than 10%, we may at our discretion release the securities at the Purchaser's request.

§ 7 Defect claims of the Purchaser

- (1) The statutory provisions shall apply to the Purchaser's rights regarding material defects and deficiencies, unless otherwise stipulated below.
- (2) The product descriptions designated as such, in particular the price lists in the most current version in each case, which were made available to the Purchaser up to the conclusion of the contract, are regarded as an agreement on the quality of the goods. The Goods shown as "special items" are considered to be of the lowest quality, irrespective of their actual condition.
- (a) No guarantee is given that the Goods are suitable for the use for which they are intended or used.
- (b) In principle, the Goods shall only be delivered as individual items and not of an average type and quality ("Tel Quel"). Hand and collection samples do not constitute a master sample. Customary commercial deviations in colour and surface are possible and do not constitute a defect.
- (3) The ability of the Purchaser to make warranty claims requires its compliance with its statutory obligation (per §§371, 381 HGB) to examine the Goods and give notice of any non-conformity. If a defect is identified during the inspection or at a later point, we must be notified in writing immediately after its discovery. The notification is deemed immediate if it is made within 8 days of receipt of the goods, whereby the timely dispatch of the notification will be sufficient to meet the deadline. Irrespective of this obligation of immediate examination and notification, the Purchaser shall send the Seller written notice of all apparent defects (including wrong deliveries and short deliveries) within two weeks of receipt of delivery. If the Purchaser fails to carry out the proper inspection and/or provide proper notification of such defects, our liability for all other defects is excluded.
- (4) If the delivered item is defective, the Purchaser may demand as remedial performance (rectification) either remedy of the defect (rectification) or delivery of a flawless item (replacement), at its discretion.
- (5) The Purchaser shall allow us the necessary time and opportunity to make any remedy required and shall in particular hand over the defective Good in question for our own inspection. In the case of a replacement delivery, the Purchaser shall return the defective Goods as required by law.

- (6) We shall bear the expenses necessary for the purpose of the inspection and remedy, in particular transport, logistics, work and material costs, if a defect actually exists. However, if the Purchaser's request to remedy a defect turns out to be unjustified, we can demand compensation from the Purchaser for the resulting costs, unless the Purchaser is not responsible for the miscalculation.
- (7) If the item is defective and the Purchaser has incorporated the item and its intended use into another item or attached it to another item, we can choose within a reasonable period of time if a claim is made against us for subsequent performance, whether we reimburse to the Purchaser the necessary expenses for removing the defective and the installation or attachment of the repaired or delivered defect-free replacement item (work) or whether we instead carry out this work ourselves or have it carried out at our own expense (self-performance). If we do not exercise this option within a reasonable period of time, it expires. If we decide to do it ourselves, the Purchaser can set us a reasonable deadline for performance. If this period expires without result, the Purchaser is entitled to carry out the work themselves or to have it carried out. In this case our right of self-execution expires and the Purchaser can carry out this work at our expense. We shall then be obliged to reimburse the necessary expenses incurred by the Purchaser as a result of the work. Our right to determine the type of subsequent performance in accordance with § 439 section 4 BGB for reason of disproportionality remains unaffected. If the Purchaser carries out the work themselves or commissions a contractor for this purpose, they must note that they only have a claim to reimbursement of the "necessary" expenses. It is therefore in their own interest to keep costs as low as possible and to look for a costeffective solution.
- (8) The Purchaser may withdraw from the contract or reduce the purchase price if the remedy fails or if a reasonable deadline for the remedy set by the Purchaser expires unsuccessfully or is not required according to the statutory provisions. There shall, however, be no right to withdraw if the defect is negligible.
- (9) Any claims from the Purchaser for damages or reimbursement of expenses incurred shall only be asserted in accordance with §8 and are otherwise excluded.

§ 8 Other liabilities

- (1) Insofar as not otherwise stipulated in these GSC, including the following provisions, we assume liability according to the relevant statutory regulations in case of a breach of our contractual and non-contractual duties.
- (2) We shall only be liable for damages or reimbursement of expenses irrespective of their legal grounds in case of intent or gross negligence. In case of simple negligence, we shall only be liable
- a) for damages arising from injury to life, body or health,
- b) damage resulting from the breach of material contractual obligations (obligation the proper fulfilment of which constitutes a condition sine qua non and on the fulfilment of which the contractual party regularly relies and may rely); in this case our liability is however limited to the reimbursement of the foreseeable, typically occurring damages.

These provisions do not change the legally prescribed distribution of the burden of proof.

(3) The limitations of liability arising from section 2 shall not apply if we have fraudulently concealed a defect or a guarantee for the quality of the Goods. The same applies to claims of the Purchaser made under the Product Liability Act.

§ 9 Statue of limitations

(1) Notwithstanding § 438 section 1 No. 3 BGB, the general limitation period for claims arising from

material defects and defects of title shall be one (1) year.

(2) The above limitation period, shortened to (1) year, shall also apply to contractual and noncontractual claims for damages by the Purchaser based on a defect in the goods or the breach of a

subsequent performance obligation. The regulations regarding the recourse against an entrepreneur

(§§ 478, 479 as well as § 445 a, b BGB) remain unaffected by this.

(3) Contrary to section 1 and section 2, however, the shortened limitation period shall not apply to

claims for damages or claims for expenses - even if they are attributable to a defect or the breach of a

subsequent performance obligation - which are based on injury to life, limb, body or health or on

grossly negligent or intentional conduct on our part.

(4) The limitation periods of the Product Liability Act remain unaffected by the above provisions in any

case.

§ 10 Notes on data processing

With regard to the data to be collected, we refer to our separate data protection declaration (link).

§ 11 Applicable law and place of jurisdiction

(1) Place of performance for the delivery and for the fulfilment of warranty claims is the warehouse of

Hans Reinke Handelsgesellschaft mbH, 22549 Hamburg, Brandstücken 20, unless otherwise stated in

the contract.

The laws of the Federal Republic of Germany, excluding international uniform law, in particular the UN

Sales Convention, shall apply to these GSC and all transactions between us and the Purchaser.

(2) The prerequisites for and the effects of the retention of title according to § 6 herein shall be subject

to the laws applicable at the respective location of the goods, if opting for German law is inadmissible

or ineffective at said location.

(3) If the Purchaser is a merchant within the meaning of the German Commercial Code, a legal entity

under public law or a special fund under public law or if it does not have its general place of jurisdiction

in Germany, the exclusive - including international - place of jurisdiction for all disputes arising directly

or indirectly from the contractual relationship shall be our place of business in Hamburg, Germany.

However, we are also entitled to seek remedy from the courts holding general jurisdiction over the

Purchaser.

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