

General Terms of Business

Dated 1 October 2018

Article 1

General; Scope of application

1. All of our offers, deliveries and services shall be governed exclusively by these general terms of business. They shall also apply to future business dealings even where they have not been expressly agreed to.
2. Contrary conditions on the Client's part shall only be valid where we have agreed to them in writing. Delivery by us shall not constitute acceptance.
3. Departures from the general terms of business shall only be valid when they are confirmed in writing. They shall only apply to the contract to which such confirmation refers.
4. The provisions of these general terms of business shall not apply to consumers, as per Article 13 of the German Civil Code. In dealings with such persons the legal provisions shall apply.

Article 2

Offers, orders

1. Our offers are subject to change without notice and are not binding. This shall also apply to additions, amendments and additional agreements. Where an order has been received by us the Client shall be bound four weeks after receipt thereof.
2. Conclusions of contracts and other agreements shall only legally enter into force where we have confirmed them in writing. This shall also apply to orders which we receive through agents. The content of such contracts shall be determined by the content of our written confirmation and these general terms of business. Additional agreements and amendments shall also require our written confirmation.
3. Should we become aware of a significant worsening in the Client's financial situation following the conclusion of a contract, which gives reason to doubt the latter's ability to pay or creditworthiness, we may terminate the contract either in full or in part. In such cases the Client shall have no claim to compensation for damage.
4. Should significant changes occur in relation to our suppliers or other third parties whose services are required in order for the order to be carried out as agreed, e.g. changes in supply capacity, price or quality, we may terminate the contract in full or in part to the extent that performance of the contract becomes impossible or unreasonably difficult for us. In such cases the Client will not be entitled to damages.
5. Paragraph 4 shall also apply where other circumstances occur after the conclusion of a contract which make it impossible or unreasonably difficult for us to carry out an order, in as far as these circumstances are not of our own making. This shall include in particular instances of *force majeure* and unpredictable events.

Reasons for obstruction arising from *force majeure* or unpredictable events are in particular industrial action such as strikes or legal lock-outs as well as the cessation of operations in connection with industrial action, general mobilisation, war, orders by the authorities, interruptions to business for example through fire, floods, damage to equipment, loss of energy supply and similar obstacles.

6. In the cases outlined in Paragraphs 4 and 5 the client shall be informed without delay of the obstacle to or increased difficulty in carrying out the order and, where applicable, termination shall be notified without delay.
7. Descriptions and illustrations of our goods are only intended to be approximate. We reserve the right to make changes up to the time of delivery as long as these do not unreasonably prejudice the Client's interests.

Article 3

Prices

Subject to agreement to the contrary, our prices shall be in EURO ex factory without VAT and carriage costs. These costs shall be borne by the Client, unless otherwise agreed.

Article 4

Payment conditions

1. Payment must be carried out in accordance with the agreements reached either according to the order confirmation or the bill. Unless otherwise agreed, payment must be made in full within 10 days of the invoice date.
2. Payment must be either in cash or without cash to an account indicated by us. Bills of exchange and cheques shall only be accepted by way of provisional performance.
3. Where the Client exceeds the time limit for payment we may demand interest for the delay at the level of 8% over the basic interest rate. This shall be without prejudice to further claims for damages.

4. In the case of delayed payment our claims will fall due and further deliveries will only be made against cash in advance or the provision of securities. We will also be entitled to terminate the contract once we have set a new deadline.

The same shall apply when we become aware of a worsening in the Client's financial situation after the conclusion of a contract which gives reason for doubting the latter's ability to pay or creditworthiness.

5. The Client will only be entitled to set-off where the claims made have been legally upheld or are undisputed. Similarly, the Client may only exercise a right of retention where this claim has been legally upheld or is undisputed.

Article 5 **Deadlines for deliveries and services/ Partial deliveries and services**

1. Where deadlines for delivery have been agreed to, these shall run from the day on which our confirmation of the order is received by the Client. Delivery deadlines shall be deemed to have been observed where the goods in question have been despatched by the deadline or the Client has been notified that they are ready for despatch.
2. In as far as actions on the part of the Client are required for the order to be carried out, the orderly and timely fulfilment of such obligations is a pre-condition for our observance of the delivery deadlines. If the Client does not fulfil such obligations on time, the deadline shall be extended accordingly, at least by the duration of the delay for which the Client is responsible.
3. Should we be prevented from making our delivery by force majeure or unpredictable events, the deadline for delivery shall be automatically extended by an appropriate period, at least for the duration of the obstacle in question. Should such obstacles do more than hinder performance temporarily, we will be entitled to terminate the contract because of the part which has not been performed, either in full or in part. The concept of obstacles constituting force majeure and unpredictable events is defined in Article 2, Paragraph 5 of these general terms of business.

The beginning and end of such obstacles shall be notified to the Client without delay.

4. Should an obstacle arising from force majeure or unpredictable events lead to a delay in delivery of more than 12 weeks, the Client will be entitled to terminate the contract once he has set an appropriate extension for the part of the contract which has not been performed. In such cases, claims for compensation shall be excluded.

Similarly we will also be entitled to terminate a contract where there is a delay of more than 12 weeks arising from force majeure or unpredictable events. Claims for compensation by the Client are equally excluded in this case. The Client may require that we provide a declaration after 12 weeks as to whether we will be terminating the contract or making the delivery within an appropriate period as determined by us.

5. Where the failure to meet a deadline is caused by us, we shall only be considered to be in delay where the Client has set an extension of at least one month and this has expired without being used. Should we be in delay, the Client may terminate the contract. The Client may only claim a failure to meet deadlines on our part where he has fulfilled his own obligations. Claims for compensation by the Client are excluded unless we are guilty of wilful misconduct or gross negligence.
6. We will be entitled to carry out partial deliveries and services at all times.

Article 6 **Transport, transfer of risk**

1. Risk shall be transferred to the Client as soon as the consignment has been made ready for despatch by us ex factory. Should transportation consist of partial deliveries then risk is transferred in each case with the preparation of the relevant part for despatch. This shall also apply where we have agreed to other services.
2. Should despatch be delayed due to the Client's actions or should the Client fail to request delivery in cases where this is necessary then the risk shall be transferred to him upon notification that the goods are ready for dispatch.
3. Should delivery be delayed at the Client's request, should he be responsible for the delay in some other way or should he fail to request delivery in cases where this is necessary, the goods shall be stored at the Client's expense. In such cases the Client must pay the storage fees due, which may not exceed 10% of the value of the goods which are ready for despatch. This shall be without prejudice to the charging of further costs where these may be demonstrated. The Client's duty to pay shall be unaffected by this.

In addition, we will be entitled to demand immediate payment for goods after the setting and fruitless expiry of an appropriate extension or to take possession of the object of delivery and deliver this to the Client after an appropriately extended deadline.

4. Subject to agreement to the contrary, the means of transport and route shall be determined by us. This right does not constitute a guarantee that the transport chosen will be the quickest or cheapest.
5. Goods will be transported in appropriate packaging. The packaging will be calculated as part of our own cost price and shall not be taken back. There shall be no guarantee for damage, theft etc. after the transfer of risk.
6. At the Client's request we will be ready to take out a transport, theft or other insurance policy. There is no obligation to take out insurance without an express agreement. The insurance costs shall be borne by the Client.
7. Delivered goods must be accepted by the Client even where they display minor defects. This shall be without prejudice to the Client's rights under Article 9.

Article 7
Reservation of ownership, assignment of claims

1. Delivered goods shall remain our property until all payment claims have been settled.
2. The processing and other changes to the goods subject to a reservation of ownership shall always occur for us as manufacturers without, however, giving rise to any obligations on our part. Should our property cease to exist due to being bound or mixed with others, it shall be deemed to have been agreed at this stage that we shall be co-owners of the unified object(s) to the extent of our proportion of the calculated value.
3. The Client may sell on the goods delivered by us in the legitimate course of business and may also make changes to and further process the goods as long as he has not delayed or stopped payment and is not refusing to pay. The Client is not entitled to pledge or assign securities in goods subject to a reservation of ownership.
4. Should the Client sell the goods subject to a reservation of ownership, all of the rights arising from the sale as against his purchasers with all collateral rights intact shall be assigned to us. In the case of a sale of the goods after processing or binding they shall be assigned to us to the degree of our co-ownership and in the case of a sale together with other goods for a total price they shall be assigned to us to the calculated value of the goods subject to our reservation of ownership. This assignment of claims shall also include claims on the Client's part to the final balance in a current account, which the Client has agreed upon with his client as well as any other claim relating to the goods subject to a reservation of ownership arising from some other legal basis (e.g. illegal action). There is no need for a separate declaration of assignment. We hereby accept such assignment.
5. The collection of the assigned claims shall be carried out by the Client. The entitlement to collect may be revoked where the Client fails to meet his payment obligations in an orderly manner, in particular where he fails to do so within the deadlines agreed upon. We can discover the assignment of claims or demand that the Client disclose the assignment of claims. At our legitimate request, the Client shall be obliged to provide all information and documents which are necessary for collection.
6. Should the value of our security (including anticipatory assignment) exceed our claim by more than 20% we must at the Client's request release the securities of our choice to the extent to which they exceed our claim.
7. Where the Client's behaviour is such as to vitiate the contract and in particular in the case of delayed payment we are entitled to take back the goods subject to a reservation of ownership or to demand assignment of the Client's restitution claims against third parties. The Client shall be obliged to restore the goods or assign the claims.

Our taking back of the goods subject to a reservation of ownership or demanding restitution claims shall also amount to a termination of the contract in accordance with Article 449, Paragraph 2 of the German Civil Code.

8. Should third parties seize goods subject to a reservation of ownership or in the case of claims affecting our rights, the Client must indicate our rights and inform us without delay of such developments as well as anything else which may prejudice our rights.

Article 8
Reservation of ownership, securities in deliveries abroad

1. The rights and duties of the contracting parties set out in Article 7 shall in principle also apply to deliveries abroad.
2. Should certain measures or actions be necessary in the country of importation in order for the rights listed in Article 7 to be effective, the Client must indicate this and must take such measures at his own expense.
3. If a reservation of ownership is not possible under the law of the country of importation but sellers are allowed to reserve other rights in the object of delivery, then we may exercise any rights of this kind. In as far as an equal securing of our claims as against the Client is not thereby achieved, the Client must provide additional securities to that value at his own expense.

Article 9
Guarantee, Liability

1. In as far as later regulations contain nothing to the contrary, we agree to provide a guarantee for all of our deliveries within 12 months of the transfer of risk.
2. Departures in quality, weight, unit sizes, colour, strength and dimensions which are usual in the trade shall not be regarded as defects and may not form the basis of complaints.
3. There shall be no guarantees for defects arising from the behaviour of the Client or a third party acting on his behalf. This includes the inappropriate use of goods, the erroneous or inappropriate treatment thereof, unsuitable means of production as well as chemical, electro-chemical and other influences. This limitation of liability shall not apply, in as far as damage is due to wilful misconduct or gross negligence on our part or on that of our employees.

We only guarantee quality in as far as the leather remains in the state in which it was delivered, i.e. it contains no marks placed on it by the Client or third parties and has not been further processed nor cut or punched out.

4. Defects in goods delivered by us must be notified no later than eight days after receipt and hidden defects as soon as they are discovered, at any rate no later than eight days after discovery, by the Client in writing.
5. Upon legitimate and timely notification of defects we reserve the right to repair the goods or deliver replacements. The Client must give us the necessary and appropriate time following an agreement with us to take all the measures which are necessary for carrying out repairs or providing replacements. In the case of replacement deliveries the defective goods must be returned in their original condition.
6. Should we fail to provide replacements within an appropriate period as determined by the Client or should the repaired item remain defective, the Client may choose either to reduce the purchase price or terminate the contract and will also retain the right to compensation for any damage he may have suffered.
7. The foregoing provisions constitute a definitive regulation of our obligations to provide a guarantee to the Client in as far as no obligatory legal provisions provide for a more extensive guarantee.
8. Claims for the compensation of any damage that did not occur to the object of delivery are fundamentally excluded. This exclusion shall not apply when the damage named is due to wilful misconduct or gross negligence on our part or on that of our employees. This exclusion of liability shall also not apply where there is obligatory legal liability or culpable injury to life, health or body.

**Article 10
Applicable law**

All legal relations between us and the Client shall be exclusively governed by the law of the Federal Republic of Germany, excluding the unified UN consumer law (CISG), in as far as the agreement does not conflict with any obligatory legal provisions.

**Article 11
Place of performance, legal forum**

1. The place of performance for both parties is D-71540 Murrhardt, Germany.
2. It has been agreed that the legal forum shall be D-71522 Backnang, Germany, i.e. the competent court for D-71540 Murrhardt, in as far as this does not conflict with any obligatory legal provisions. We are also entitled to choose the legal forum in the Client's main location instead.

**Article 12
Statute of Limitations**

All of the Client's claims, whatever their legal basis, shall become statute-barred in twelve months, in as far as the foregoing provisions or obligatory legal rules do not provide for a longer period.

**Article 13
Final provisions**

1. Should any provisions in these general terms of business be or become invalid, this shall not affect the validity of the remaining provisions. The invalid provision shall be replaced by the obligatory statutory one.
2. In exceptional circumstances the contract will become invalid, namely where, taking account of the change named in Article 1, it would cause one of the parties undue hardship.

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