

General Terms and Conditions of Purchase

BADER GmbH & Co. KG, Metzgerstraße 32 – 34, 73033 Göppingen, Germany

1. Relevant conditions

The legal relations between the Supplier and Bader GmbH & Co. KG, Göppingen, - hereinafter referred to as the Purchaser - shall be governed by these Terms and Conditions and any other relevant agreements.

These regulations and provisions of the General Terms and Conditions of Purchase shall also apply accordingly to orders placed by other companies of the BADER Group (Bader Group), provided that the company refers expressly to these General Terms and Conditions of Purchase at the latest when placing the order.

These Terms and Conditions shall also apply to all future business relations, even if no express agreement is made again. Amendments and additions must be made in writing. Other general terms and conditions of business shall not apply even if they have not been objected to expressly in an individual case. If the Purchaser makes reference to a letter that contains terms and conditions of the Supplier or a third party, or refers to such, this does not constitute agreement to the validity of those terms and conditions. The unconditional acceptance of deliveries and services or their payment does not imply consent to the Supplier's terms and conditions of sale.

2. Offers, orders, changes to deliveries

- 2.1 The Supplier shall adhere to the Purchaser's enquiry in the offer and shall expressly point out any deviations from the enquiry. Quotations are free of charge and without obligation for the Purchaser. All rules and regulations referred to in the order are a legally binding part of the delivery contract.
- 2.2 Delivery contracts (order and acceptance) and delivery call-offs, as well as any amendments and additions to them, must be in writing. They are effective without a handwritten signature if this is stated accordingly on the order form. The acceptance of any online orders shall be effected by means of e-mail confirmation. If data transmission to the Supplier exists, the requirement of written orders is waived as a matter of principle. Text form is sufficient if the transmission takes place using an electronic data transmission system.
- 2.3 If the Supplier does not accept the order within three weeks of receipt, the Purchaser shall be entitled to cancel the order. Delivery call-offs become binding at the latest if the Supplier does not object to them within two weeks of receipt.

- 2.4 The Purchaser is entitled to demand changes to the object of the delivery within the bounds of what is reasonable for the Supplier. In this case, the effects of the changes, in particular with regard to additional or reduced costs as well as the delivery dates, are to be agreed appropriately by common consent, whereby the Supplier must inform the Purchaser in writing of any additional or reduced prices and provide evidence thereof.
- 2.5 The Supplier shall regard the order as a trade secret and treat it confidentially. The Supplier shall be liable for all damages arising from a breach of this obligation.
- 2.6 Partial deliveries require the consent of the Purchaser and must be marked as such in the shipping documents.
- 2.7 The Supplier may not transfer its contractual rights or obligations to third parties without the express written consent of the Purchaser.

3. Prices, shipping, packaging, insurance

- 3.1 The agreed prices shall be binding fixed prices and shall always apply as free destination station or ex works of the Purchaser including packaging. In addition, INCOTERMS 2020 shall apply.
- 3.2 If, by way of exception, a price ex works or ex warehouse is agreed, the Purchaser shall only bear the most favourable freight costs. All costs incurred until handover to the carrier, including loading and cartage, shall be borne by the Supplier. The Purchaser's shipping instructions shall be observed.
- 3.3 In all cases (3.1 and 3.2), the passing of risk shall not occur until the goods have been delivered to the agreed unloading point.
- 3.4 Unless otherwise agreed, the goods to be delivered shall be packaged in a proper manner that is customary in the trade. The Supplier shall be liable for damage resulting from inadequate packaging. The packaging must be environmentally friendly and be disposable together with household waste. At the request of the Purchaser, the Supplier shall take back the packaging at its own expense. Any disposal costs incurred for the packaging shall be borne by the Supplier.
- 3.5 The Purchaser shall not bear the costs for transport insurance and packaging.

4. Delivery dates and periods, delay

- 4.1 Agreed dates and deadlines are binding. The decisive factor for compliance with the delivery date or delivery period is the receipt of the goods by the Purchaser at the unloading point specified in the order. If delivery ex works has not been agreed, the Supplier shall make the goods available in good time, taking into account the usual time for loading and dispatch.
- 4.2 If the Supplier is in default with the delivery, the Purchaser shall be entitled, after unsuccessful expiry of a reasonable extension, to demand, at its discretion, subsequent delivery and damages for non-performance, or to withdraw from the contract. The setting of an extension period shall not apply if it is unreasonable for the Purchaser. In all other respects, the statutory provisions on default shall apply. Additional costs, in particular in the case of any necessary covering costs, shall be borne by the Supplier. In the event of repeated default in delivery, the Purchaser shall be entitled, after prior warning, to terminate the outstanding orders in their entirety with immediate effect.
- 4.3 Early deliveries are not permitted. The Supplier is obliged to inform the Purchaser immediately in writing if circumstances arise or become apparent which mean that the delivery time cannot be met. The unconditional acceptance of any delayed deliveries shall not constitute a waiver of claims for compensation. The Purchaser is entitled to return early or late deliveries at the Supplier's expense and risk or to charge storage costs.
- 4.4 The Purchaser reserves the right to pass on to the Supplier all damages, including loss of profit, incurred by the Purchaser or the Purchaser's customer.

5. Payment and invoicing

- 5.1 Unless otherwise agreed, prices are Delivery Duty Paid (DDP), agreed place of delivery (3.), INCOTERMS 2020.
- 5.2 In the event that early deliveries are accepted, the due date shall be based on the agreed delivery date.
- 5.3 Payment shall be made after receipt of the goods in accordance with the contract and receipt of the correct and auditable invoice at the discretion of the Purchaser on the basis of the following terms:

Unless otherwise agreed, 14 days at 3% cash discount, 30 days at 2% cash discount, 60 days net. Payments shall be made using the payment methods chosen by the Purchaser.

- 5.4 In the event of defective delivery, the Purchaser shall be entitled to withhold the payment proportionately to the value until the contract has been duly performed.
- 5.5 The Supplier shall not be entitled to assign its claims against the Purchaser or to have them collected by third parties without the prior written consent of the Purchaser, which consent shall not be unreasonably withheld. In the event of prolonged retention of title, the consent shall be deemed to have been granted. If, however, the Supplier assigns its claims against the Purchaser to a third party without the Purchaser's consent, the assignment shall nevertheless be effective. In this case, the Purchaser may, at its own discretion, make payment to the Supplier or to the third party in satisfaction of the debt.
- 5.6 The invoice shall be transmitted exclusively in electronic form to the e-mail address specified by the Purchaser. The invoice must be issued with precise details of the reference, the order, the order date and the delivery note. The instructions contained in the order (invoice in PDF format to invoices-0100@bader-leather.com) must be observed. Invoices in paper form cannot be accepted or processed and any reminder costs incurred cannot be recognised.
- 5.7 The Supplier is only entitled to offset against claims of the Purchaser or to assert a right of retention if and insofar as its claims are undisputed or its counterclaim has been established as being legally valid. The Purchaser shall also be entitled to offset claims of the Supplier against claims of a company affiliated with the Purchaser within the meaning of § 15 of the German Stock Corporation Act (AktG).

6. Liability for defects, notification of defects

- 6.1 The Supplier shall be responsible for ensuring that objects of delivery are free of material defects and defects of title and comply with the agreed specifications and the state of the art in science and technology and are suitable for the intended purpose.
- 6.2 The Purchaser shall notify the Supplier in writing without undue delay of any defects in the delivery as soon as they are discovered in the ordinary course of business. In this respect the Supplier shall waive objection to a delayed notification of defects. The Purchaser's inspection of incoming goods is limited to checking the identity and quantity of the products delivered as well as for externally recognisable transport damage.

7. Quality and documentation

The following additional agreements apply to deliveries in the respective current edition:

- Quality Assurance Agreement (QAA)
- Chemical Safety Agreement
- List of prohibited and declarable substances and materials / negative list of substances
- Ingredients and Emissions - "BADER Black List"

- 7.1 With regard to its deliveries, the Supplier shall comply with the recognised rules of sound engineering practice, the safety regulations and the agreed technical data. Changes to the object of delivery require the prior written consent of the Purchaser. For

first article inspections, reference is made to the VDA publication "Sicherung der Qualität von Lieferungen – Lieferantenauswahl/-Produktionsprozess – und Produktfreigabe/ Qualitätsleistung in der Serie" (Assuring the quality of deliveries - supplier selection/production process - and product release/quality performance in series), including entry in IMDS in its currently valid form. Irrespective of this, the Supplier shall constantly check the quality of the objects of delivery. The contractual partners shall inform each other about the possibility of quality improvement.

- 7.2 Furthermore, the Supplier must implement the necessary quality assurance measures on its own responsibility by means of an effective quality management system (QM system) pursuant to DIN EN ISO 9001 with the additional requirements of the VDA series of publications and describe in its own quality records for all products when, how and by whom the fault-free production of the deliveries was ensured.

These records must be kept for 30 years and must be presented when required. The Supplier is entitled to shorten the retention period of the records if it can rule out dangers to life and health when the products are being used. Within the limits of the legally permissible, the Supplier shall apply the same obligations to its upstream suppliers. As guidance, reference is made to the VDA publication "Nachweisführung - Leitfaden zur Dokumentation und Archivierung von Qualitätsforderungen" (Furnishing evidence - Guidelines for documenting and archiving quality requirements), in its currently valid form. The Supplier assures that it is in possession of a corresponding certification. (IATF 16949).

- 7.3 For materials which, due to laws, regulations and other provisions or due to their composition and their effect on the environment, require special treatment with regard to packaging, transport, storage, handling and waste disposal, the supplier is obliged to provide the Purchaser with a completed safety data sheet in accordance with 91/155/EEC - 2001/58/EC together with the offer, at the latest with the order confirmation. In the event of changes in the composition of the materials or in the effect on the environment, new updated data and information sheets shall be sent to the Purchaser without delay.

- 7.4 Insofar as chemicals are concerned, they are subject to the labelling obligation by the Supplier. If the chemicals contain environmentally hazardous substances (e.g. chlorinated hydrocarbons, etc.) in accordance with the German Water Resources Act (WHG), the Supplier shall be obliged to inform the Purchaser of this at the latest with the order confirmation and to point out how these substances behave and in what form they have a hazardous effect.

The Bader Black List (see 7. above) S0 4.2 01 must be observed.

- 7.5 Where agreed in special cases, a works test certificate pursuant to EN 10204-3.1 B shall be enclosed with each delivery.

- 7.6 In the case of deliveries of machinery and technical equipment, the regulations of the employers' liability insurance association for the German leather industry shall be decisive. Furthermore, the current accident prevention regulations (UVV), the regulations of the trade supervisory authority as well as the VDE/VDI regulations must be observed. Machines and systems must also be built in accordance with CE

regulations. A declaration of conformity must be enclosed with the documentation of the machines and systems. Upon request, the Supplier must allow inspection of the CE documents. When commissioning machines and systems, a commissioning report shall be completed by the Purchaser and the Supplier. The Supplier must provide all contractually agreed documents with the machine. In addition, the regulations stipulated in the purchase agreement shall apply.

- 7.7 Insofar as authorities or courts require the Purchaser to inspect the production process and the Purchaser's inspection documents for the purpose of verifying certain requirements, the Supplier agrees to grant them the same rights at its premises and to provide all reasonable assistance in this respect. Within the limits of the legally permissible, the Supplier shall apply the same obligations to its upstream suppliers.

8. Warranty

- 8.1 In the event of delivery of defective goods, the Supplier must first be given the opportunity to sort out the defective goods and to repair or redeliver them before production begins, unless this is unreasonable for the Purchaser. If the Supplier is unable to do this or fails to do so immediately, the Purchaser is entitled to withdraw from the contract and return the goods at the Supplier's risk. In urgent cases, the Purchaser may carry out the repair itself or have it carried out by a third party. The Supplier shall bear any costs arising in this context.

- 8.2 Defective goods are also goods with deficiencies, which include non-compliance with guaranteed data and the absence of assured characteristics. Upon request by the Purchaser, the Supplier shall remedy such deficiencies without delay and free of charge, including all ancillary costs, at the Purchaser's option by repair or replacement of the defective parts or by new delivery or new manufacture.

The Supplier shall in particular bear all expenses incurred by the Purchaser in connection with identifying and eliminating the defects, including in particular inspection costs, dismantling and reassembly costs, labour and material costs as well as transport and other costs incurred in replacing defective parts.

This shall also apply insofar as the expenses increase due to the fact that the delivered goods were taken to a place other than the place of fulfilment.

- 8.3 In the event of repeated defective delivery of the same goods, the Purchaser shall be entitled to withdraw from the contract subsequent to written warning after the repeated defective delivery, and also for the unfulfilled scope of delivery. In this case, the Purchaser is entitled to return the goods at the risk and expense of the Supplier.
- 8.4 If the defect is not detected until after the start of production despite compliance with the obligation described in Section 6 (notification of defects), the Purchaser may claim damages for additional expenses in addition to the provisions of Section 8.1 and Section 8.2.
- 8.5 Upon request, the goods to be replaced by the Supplier shall be made available

immediately by the Purchaser at the Supplier's expense.

- 8.6 Unless otherwise agreed, the warranty shall end upon expiry of 24 months from delivery to the Purchaser.
- 8.7 In the event of a replacement delivery of the entire object of delivery or parts thereof for the purpose of rectifying defects, the warranty period shall end after 24 months have elapsed since the replacement delivery or partial delivery to the Purchaser.
- 8.8 The Purchaser shall be entitled to withhold the purchase price plus ancillary costs until the defect has been rectified or, in the case of machinery and technical equipment, until guaranteed measured values have been verified by a publicly recognised engineering firm.
- 8.9 Unless otherwise stipulated above, the warranty shall be governed by the statutory provisions. The Purchaser shall be entitled to the statutory claims for defects in full.

9. Liability / product liability insurance

- 9.1 Unless a different liability provision has been agreed elsewhere in these terms and conditions, the Supplier shall only be obliged to compensate for the damage incurred by the Purchaser directly or indirectly as a result of a defective delivery, due to a breach of official safety regulations or for any other legal reasons attributable to the Supplier under domestic or foreign law in accordance with Sections 9.2 - 9.6.
- 9.2 The obligation to pay damages is generally only given if the Supplier is at fault for the damage that has occurred. It is up to the Supplier to prove that it is not at fault. This also applies to subcontractors of the Supplier.
- 9.3 If a claim is brought against the Purchaser in accordance with mandatory foreign law based on liability regardless of negligence or fault with regard to third parties, the Supplier shall intercede on behalf of the Purchaser to the same extent as if it were directly liable. The principles of § 254 BGB (German Civil Code) shall apply mutatis mutandis to the compensation of damages between the Purchaser and the Supplier. This shall also apply in the case of direct claims on the part of the Supplier.
- 9.4 The Purchaser shall inform and consult the Supplier immediately and comprehensively if it wishes to assert a claim against the Supplier in accordance with the above provisions. The Purchaser shall give the Supplier the opportunity to investigate the damage occurred. The contractual parties shall agree on the measures to be taken, in particular in the case of settlement negotiations.
- 9.5 The Supplier shall be obliged to take out product liability insurance at its own cost, with a total policy value of at least EUR 10 million (ten million euros), which, unless otherwise

agreed in individual cases, does not need to cover the risk of call backs or criminal or other damages. The Supplier shall send the Purchaser a copy of the liability policy at any time upon request.

- 9.6 In the event that a customer or a third party asserts a claim against the Purchaser based on product liability, the Supplier shall be obliged to indemnify the Purchaser against such claims upon first request if and to the extent that the damage was caused by a defective object of delivery. In such cases, the Supplier shall bear all costs and expenses including the costs of legal action and including the use of legal assistance.
- In the event of a recall action that is necessary or ordered by the authorities, the Supplier shall bear all costs and expenses of the recall action.

10. Property rights

- 10.1 The Supplier guarantees that no industrial property rights or copyrights of third parties are infringed in connection with its delivered goods in countries of the EU, North America or other countries in which it manufactures the products or has them manufactured. This also applies to property rights published abroad.
- 10.2 The Supplier is obliged to indemnify the Purchaser against all claims made by third parties against the Purchaser due to the infringement of industrial property rights referred to in 10.1 and to reimburse the Purchaser for all necessary expenses in connection with this claim. This demand is irrespective of any fault on the part of the Supplier.
- 10.3 Documents, data and materials provided by the Purchaser to the Supplier for the execution of an order shall remain the property of the Purchaser and shall be treated with care by the Supplier. All rights thereto are the exclusive property of the Purchaser.
- 10.4 The contractual parties undertake to inform each other without delay of any risks of infringement and alleged cases of infringement which become known to them and to make all reasonable efforts to counteract corresponding claims of infringement by mutual agreement.
- 10.5 The Purchaser shall be granted the right of use required for the contractual use of the delivered goods in respect of any industrial property rights or copyrights existing with the Supplier at the time of conclusion of the contract which are connected with the contractual deliveries.

11. Origin and export control

- 11.1 The Supplier is obliged to provide a declaration of origin for its goods by means of a "long-term supplier's declaration" form in accordance with Regulation (EC) No. 1207/2001. The long-term supplier's declaration must be signed by an authorised representative of the Supplier and sent to the Purchaser regularly by the end of January.
- 11.2 The Supplier shall inform the Purchaser of any export restrictions applicable to the goods in the country of manufacture and/or dispatch. The Supplier shall inform the Purchaser

insofar as the goods are subject to a permit for export/re-export under US law. If the Supplier is located in the European Union, it must inform the Purchaser of existing permit obligations for goods and dual-use goods and armaments in accordance with the European export restrictions and their national implementation. The Supplier must also inform the Purchaser of the relevant classification number (e.g. ECON Export Control Classification Number for US products, the "AL number" of goods listed in the German export list, etc.) as well as possible exemptions for goods. The information should be sent directly to the central transport and logistics department of BADER GmbH & Co. KG.

12. Force majeure

- 12.1 In the event of force majeure, the Purchaser may cancel the contract wholly or in part or demand performance at a later date without this giving rise to any claims by the Supplier against us. Industrial disputes, armed conflicts, riots, official measures and other serious events shall release the Purchaser and the Supplier from their performance obligations for the duration of the disruption and in the scope of its effect.
- 12.2 For the duration of the disruption at the Supplier, the Purchaser shall be entitled to obtain the contractual products from elsewhere and to reduce agreed delivery quantities without any obligations towards the Supplier.

13. Confidentiality

- 13.1 The contractual parties undertake to keep all commercial and technical details which are not in the public domain and which become known to them through the business relationship as trade secrets and not to pass them on to third parties.
The Supplier may use the confidential information disclosed to it by the Purchaser exclusively for the intended purpose.
- 13.2 Subcontractors must be subject to similar confidentiality agreements accordingly.
- 13.3 The confidentiality obligation shall apply beyond the termination of the supply relationship. After termination of the supply relationship, the Supplier undertakes to hand over to the Purchaser all trade secrets of the Purchaser which have become known to it, insofar as they are embodied or stored on electronic storage media. All trade secrets arising from the supply relationship shall be removed from the Supplier's data processing systems. Duplicates are to be destroyed.
- 13.4 The Supplier may only cite the established business relationship for advertising purposes with the prior written consent of the Purchaser.

14. Corporate responsibility and code of conduct

Economically sustainable action with regard to social, economic and ecological aspects is the established practice for BADER out of responsibility towards people, society and the environment and is part of its business policy. In this context, the Purchaser refers to the "Code of Conduct for BADER Group Contractual Partners" applicable within the BADER Group, which can be viewed at [https:// bader-leather.com/agn](https://bader-leather.com/agn). The Purchaser expects the Supplier to commit to compliance with the rules and principles contained therein and to support their observance. In particular, the Supplier undertakes to oblige its subcontractors to the same extent. At the request of the Purchaser, the Supplier shall provide evidence of compliance with the above assurance. In addition, the provisions of the German Supply Chain Act (LkSG) shall apply.

15. Retention of title

The Supplier shall retain title to all goods it delivers until payment has been made in full.

16. Data protection

The Supplier agrees that the Purchaser may digitalise, store and use for its own purposes the data of the Supplier and of the contracts concluded with the Supplier which are required within the scope of the business relationship.

17. Withdrawal, severability clause, choice of law, place of jurisdiction

- 17.2 If one of the contractual parties suspends payment or if insolvency proceedings are instituted against its assets or if judicial or extra-judicial composition proceedings are applied for, the other party shall be entitled to withdraw from the contract for the part not performed.
- 17.2 Should any provision of these terms and conditions and the other relevant agreements be or become invalid, this shall not affect the validity of the remainder of the contract. The contractual parties shall be obliged to replace the invalid provision with a provision which comes as close as possible to it in terms of its economic effect.
- 17.3 The law of the Federal Republic of Germany shall apply exclusively, unless otherwise agreed. The application of the uniform purchase laws in the Hague Sales Convention as well as the UN Convention on Contracts for the International Sale of Goods (CISG) and the conflict of laws and any other conventions is excluded.
- 17.4 The place of fulfilment for the Supplier's delivery obligations shall be the destination or place of use specified by the Purchaser.
- 17.5 The place of fulfilment for the Purchaser's payment obligations shall be the respective registered office of the Purchaser. The place of jurisdiction is Göppingen. If the Supplier has its registered office outside the EU or the European Free Trade Association (EFTA), all disputes arising directly or indirectly from these Terms and Conditions of Purchase or the contractual relationships based thereon shall be settled in accordance with the Rules of Arbitration of the German Institution of Arbitration (DIS) to the exclusion of the ordinary courts of law. German law shall apply to this arbitration agreement. Three arbitrators shall be appointed, one of whom shall be qualified to hold judicial office in Germany. The place

of arbitration is Stuttgart. The language of the arbitration proceedings shall be English.

In addition, the Purchaser shall have the right, at its option, to take legal action against the Supplier at its ordinary place of jurisdiction.

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