

## General Terms and Conditions



August 2024

These GTCs have been drafted in English. In the event of any disputes arising between the two versions the German version shall supersede and replace in its entirety any interpretation or ambiguity.

### **1. General provisions**

- 1.1 Our General Terms and Conditions of Sale apply to entrepreneurs pursuant to sec. 14 of the BGB [Bürgerliches Gesetzbuch – German Civil Code], bodies corporate organised under German public law and German public-law special funds.
- 1.2 Our General Terms and Conditions of Sale apply exclusively; we do not accept any terms and conditions of customers which are contrary to or deviate from our General Terms and Conditions of Sale, unless we expressly agreed to them in writing. There is no need that we object to the Purchaser's deviating terms and conditions. Our General Terms and Conditions of Sale also apply if we made deliveries subject to no conditions despite being aware of the Purchaser's conflicting or deviating terms and conditions.  
Our General Terms and Conditions of Sale also apply to all future business relationships, even if we do not expressly agree upon them again. They particularly apply to contracts on the sale and/or delivery of movable goods, irrespective of whether we manufacture the goods ourselves or acquire them from suppliers.

### **2. Purchase orders; contract conclusion**

- 2.1 Our offers are subject to change. The scope of delivery depends on our written order confirmation, the actual delivery or our calculations. Packaging materials will be invoiced separately.
- 2.2 Unless the purchase order clearly provides otherwise, it shall be deemed a binding offer pursuant to sec. 145 of the BGB. We have the right to accept this offer at our discretion within a period of two weeks. Acceptance is possible either by sending a purchase order confirmation or by us providing for the respective goods to be ready for shipping within that period.
- 2.3 The legal relationship between the Seller and the Purchaser is solely governed by the written sales contract and, if any, the framework contract, including these General Terms and Conditions of Sale. They fully reflect all arrangements between the Parties on the subject matter of the contract. Verbal commitments made by the Seller before concluding the contract are not legally binding, and verbal agreements of the contractual parties are replaced by the written contract documents, unless it is expressly and individually stated that they continue to apply.



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- 2.4 Supplements to and amendments of existing agreements, including these General Terms and Conditions of Supply, shall be made in writing in order to be effective. To fulfil the written form requirement, transmission by telecommunication, in particular by fax or by e-mail, is sufficient.
- 2.5 The prices include standard packaging. Special designs are charged at cost price. Wooden drums and reusable spools are charged, but only credited if returned carriage paid in a reusable condition.

### **3. Payments**

- 3.1 Our invoices are due for payment within 30 days from the invoice date and delivery and/or acceptance of the goods. From the 31st day after the invoice date, interest for delayed payment amounting to 5 % p.a. shall be paid. The right to assert additional damage (sec. 288 IV of the BGB) is not affected by this.
- 3.2 Bills of exchange will only be accepted in exceptional cases and after prior consultation. We accept no guarantee for timely submission and protesting. All costs incurred by accepting bills of exchange shall be borne by the Purchaser. As this is the case with cheques, bills of exchange are only considered full payment once they were irrevocably redeemed.
- 3.3 If there are any doubts regarding the Purchaser's ability to pay or if a payment deadline is exceeded, we are entitled to demand advance payments and to revoke any payment periods we had originally granted.
- 3.5 Offsetting against any of the Purchaser's counterclaims or retaining any payments due to such claims is permissible only if such counterclaims are undisputed, if a court legally confirmed them to exist or if they are based on the same order under which the respective services were provided.

### **4. Delivery**

- 4.1 Delivery deadlines and dates depend on the respective Incoterms included in the purchase order confirmations. For a delivery deadline to start, it is necessary that all technical issues were solved and that the Purchaser properly fulfilled all of its obligations. Agreed delivery dates refer to the dispatch date of the goods. If the delivery deadline is not met, the Purchaser is only entitled to withdraw from the contract if it granted us a minimum grace period of 15 working days (excluding Saturdays) in accordance with sec. 323 of the BGB; the rights under sec. 324 of the BGB remain unaffected by this.



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- 4.2 We have the right to make partial deliveries, unless it is obvious that the Purchaser has no interest in such partial deliveries or if such partial deliveries are unacceptable for it.
- 4.3 Our liability in the event of non-fulfilment or delayed delivery is limited to the invoice value of the quantity of goods that we have not delivered or with the delivery of which we are in default. In all other respects, liability for delayed delivery shall be subject to the condition that this is based on a wilful or grossly negligent breach of contract for which we are responsible. Insofar as the delay in delivery for which we are responsible in this respect is based on the culpable breach of a material contractual obligation, our liability shall be limited to the foreseeable, typically occurring damage.
- 4.4 The Seller shall not be liable for the impossibility of delivery or delays in delivery if they are caused by force majeure or other events not foreseeable at the time of contract conclusion (e. g. operational disruptions of any kind; difficulties in procuring materials or energy; transport delays; strikes; lawful lockouts; lack of manpower, energy or raw materials; difficulties in procuring necessary official permits; official measures; or missing, incorrect or late delivery by suppliers) for which the Seller is not responsible. Insofar as such events substantially impede or render impossible delivery or service by the Seller and the impediment is not only of a temporary nature, the Seller is entitled to withdraw from the contract. In the event of hindrances of a temporary nature, the delivery or service periods will be extended or the delivery or service dates postponed by the period of the hindrance, plus a reasonable starting period. Insofar as the Purchaser cannot be expected to accept the delivery or service as a result of the delay, it may withdraw from the contract by means of an immediate written declaration to the Seller.
- 4.5 If the Seller is in default with any deliveries or services or if a delivery or service becomes impossible for it for whatever reason, the Seller's liability is limited to compensation for damages in accordance with sec. 8 of these General Terms and Conditions of Sale.
- 4.6 Our duty to deliver is suspended for as long as the Purchaser is in arrears with outstanding payments.
- 4.7 If it is in arrears with calling off or accepting any shipments for more than 7 days from delivery, the Purchaser has no claim for subsequent delivery of such quantities; the same applies to quantities which we did not deliver due to the Purchaser being in arrears with any payments. Other rights we have in this regard are not affected by this.
- 4.8 If the goods are to be delivered within a certain period of time, call-offs shall be equally distributed to the entire period, unless the Parties expressly agree otherwise.



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## 5. Shipment; transfer of risks

- 5.1 Shipping means and delivery routes depend on the Incoterms included in the purchase order confirmations. Unless otherwise stated in the order confirmation, delivery "FCA Neidenfels" is agreed.
- 5.2 The risk passes to the Purchaser in no case later than upon the goods being handed over (with the time at which the unloading begins being of the essence) to the forwarding agent, the haulage contractor or any other third parties commissioned for shipping purposes – unless the Parties agree otherwise; this applies also if partial deliveries are made. If shipment or hand-over is delayed as a result of circumstances within the Purchaser's control, the risk passes to the Purchaser on the day on which the goods are ready for shipment and the Seller accordingly notified the Purchaser thereof.
- 5.3 Our staff is prohibited from loading refrigerated transport means. However, in the case where purchasers collecting the goods themselves nevertheless provide refrigerated lorries and insist on the goods being loaded on such lorries, we accept no liability for any contamination of aroma or similar defects; purchasers use refrigerated lorries for pick-up at their own risk.
- 5.4 We would like to point out that we are obliged, vis-à-vis our German customers, to collect and take back any packaging material if necessary in accordance with the German Packaging Act.

## 6. Evaluation (weight and length of the yarn)

- 6.1 We invoice the commercial weight. This means the absolute dry weight (100 % dry) plus additional permitted surcharge for humidity in the height of 15 %, including the tubes. The commercial weight is determined on the basis of the conditioning carried out by us. If the customer requests a test in a public goods testing centre, the sample must be taken before the consignment leaves our premises. All costs of the inspection shall be borne by the buyer, who shall be sent a copy of the results of the goods inspection by the goods inspection office. The result determined by the goods inspection office is to be regarded as final.
- 6.2 In the event of a complaint about the commercial weight determined by us, the buyer has the right to arrange for a subsequent inspection at a public goods inspection office at his own expense. In this case, the buyer must submit a copy of his application in this respect and arrange for the relevant goods inspection office to send a copy of the result of the goods inspection to GarnTec. Should the inspection by the public inspection office result in a difference compared to the determination made by us, the average between the two inspections shall be decisive for the calculation.



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- 6.3 The yarn count (Nm) expresses, how much length (km) the customer obtains per kg with a calculated commercial weight of 15 %, on basis of the absolute dry weight (100 % dry). Deviations of 10 % upwards and downwards are permissible. Deviations within this admissibility limit are not eligible for compensation. The exceeding of the admissibility limit must be verified in the yarn itself, i.e. before processing
- 6.4 Deviations in quality, colour and finish caused by the raw materials used for processing or by the manufacturing process itself are expressly reserved and do not give the purchaser any right to complain. The following excess or short delivery is permissible for each production run:
- 20 % (from hundred) for quantities of less than 500 Kilo
  - 15 % (from hundred) for quantities from 501 – 1000 Kilo
  - 10 % (from hundred) for quantities of over 1000 Kilo

## **7. Acceptance; default of acceptance; duty to inspect**

- 7.1 If the Purchaser is in default of acceptance or if it culpably violates any other duties to cooperate, we are entitled to request compensation for the loss we incur in this respect, including any additional expenses; we also reserve the right to assert additional claims.
- 7.2 If the requirements under para. 7.1 are met, the risk of accidental loss or accidental deterioration regarding the purchased item passes to the Purchaser at the time when the Purchaser is in default of acceptance or payment
- 7.3 Defects with any goods we sold shall be notified to us in writing immediately after their delivery or, in the case of hidden defects, after they were discovered. If necessary, the Purchaser shall check, by means of processing a sample, whether or not the delivered goods are free from defects and fit for the intended purpose. The obligation to inspect and notify us of defects also applies to any patterns.
- 7.4 Complaints regarding quality levels or quantities shall be made by specifying the purchase order data and both the invoice and the shipping number. Clearly visible defects shall be notified within 14 days after receiving the goods; hidden defects shall be notified immediately after their discovery and in no case more than 6 months after delivery of the goods to the shipping location. If we receive a defect notification for any goods, a sample of the defective goods shall be provided to us for inspection at the time of defect or as quickly as possible thereafter.
- 7.5 If defect notifications are not submitted on time, the goods are deemed to be approved and to comply with the contract. The above provisions do not affect the provisions under sec. 377 of the HGB.



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## **8. Warranty**

- 8.1 We will respond to admissible complaints duly filed and substantiated in accordance with sec. 377 of the HGB by means of reducing the purchase price of, repairing, replacing or taking back the goods against reimbursement of the purchase price. The Purchaser shall grant us a reasonable deadline for this, which takes into account the time required for raw materials procurement from suppliers
- 8.2 Goods about which the Purchaser complained may only be returned if we expressly consented to this.
- 8.3 Unless the following states otherwise, any further claims for defects of the Purchaser are shall be excluded. This, however, does not apply if we fraudulently concealed any defect or if we accepted a warranty concerning quality of the goods which applies to that defect.
- 8.4 The warranty period amounts to one year from the time when the risk is transferred. This period does not apply to claims for damages of the Purchaser arising from injuries to life, limb or health or from intentional or grossly negligent breaches of duties by the Seller or its vicarious agents, with all these claims becoming time-barred according to the statutory provisions.

## **9. Liability for damages due to fault**

- 9.1 The Seller's liability for compensation for damage, irrespective of the legal basis, in particular for impossible, delayed, defective or incorrect delivery, breach of contract, breach of obligations during contract negotiations and tort, is limited in accordance with the provisions of this sec. 9 to the extent that such liability depends on fault.
- 9.2 The Seller is not liable in cases of simple negligence committed by its company bodies, legal representatives, employees or other vicarious agents, unless it is a breach of essential contractual obligations. Essential contractual obligations include the obligation to deliver and install the delivery item on time and that to deliver goods free from legal defects and other material defects which impair functionality or fitness for the intended purpose to a significant extent, but also the obligations to provide consultancy service, to protect and to exercise due care so that the Purchaser is able to use the delivery items in accordance with the contract or to protect the life or limb of the Purchaser's personnel or property from considerable damage.



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- 9.3 Insofar as the Seller is generally liable for damages pursuant to para. 9.2, such liability is limited to damage which the Seller foresaw at the time of contract conclusion to be a possible consequence of its breach of contract or which it should have foreseen if he had exercised due care. Furthermore, indirect damage and consequential damage resulting from defects of the delivery item is only eligible for compensation if such damage can typically be expected if the delivery item is used for the intended purpose.
- 9.4 In the event of liability for simple negligence, the Seller's obligation to pay compensation for material defects and any other property damage resulting from this is limited to 50 % of the purchase order value of each case of damage, even if the Seller violated essential contractual obligations.
- 9.5 The above exclusions and limitations of liability apply, to the same extent, in favour of the Seller's company bodies, legal representatives, employees and other vicarious agents.
- 9.6 The limitations of this sec. 9 do not apply to the Seller's liability for intentional conduct, for guaranteed quality features or for injuries to life, limb or health or to liability under the Produkthaftungsgesetz [German Product Liability Act].

## **10. Providing information and advice**

We provide information about processing and application possibilities of our products, technical advice and other information to the best of our knowledge, but without any obligations and without any liability in this regard

## **11. Reservation of ownership**

- 11.1 The goods delivered by the Seller to the Purchaser remain the Seller's property until all secured claims became the property of the Seller. The goods and any other goods replacing the latter pursuant to the below provisions and subject to retention of title are hereinafter referred to as "goods subject to retention of title".
- 11.2 The Purchaser stores the goods subject to retention of title on the Seller's behalf free of charge.
- 11.3 The Purchaser is entitled to process and sell the goods subject to retention of title in the ordinary course of its business until the time of their exploitation. Pledges and transfers by way of security are not permitted.



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- 11.4 If the goods subject to retention of title are processed by the Purchaser, it is agreed that the processing is carried out in the name and for the account of the Seller as the manufacturer and that the Seller directly acquires ownership or – if the processing is carried out from materials of several owners or the value of the processed object is higher than that of the goods subject to retention of title – co-ownership (fractional ownership) of the newly created object in the ratio of the value of the goods subject to retention of title to the value of the newly created goods. In the event that the Seller acquires no such ownership, the Purchaser hereby transfers, right from the beginning, its future ownership or – in the above proportion – its co- ownership of the newly created object to the Seller for securitisation purposes.
- If the goods subject to retention of title are combined or inseparably mixed with other items to form a uniform item and if one of the other items is to be regarded as the main item, the Seller assigns to the Purchaser, to the extent that the main item is the Seller's property, proportionate co-ownership of the uniform item in the ratio stated above.
- 11.5 In the event of resale of the goods subject to retention of title, the Purchaser hereby assigns to the Seller, by way of security, the resulting claim against the Purchaser – in the case of co-ownership of the Seller regarding the goods subject to retention of title in proportion to the share of co-ownership. The same applies to other claims by which the goods subject to retention of title are replaced or which otherwise arise with regard to the goods subject to retention of title, such as insurance claims or claims arising from tort in the event of loss or destruction. The Seller revocably authorises the Purchaser to collect the claims assigned to the Seller in its own name. The Seller may only revoke this direct debit authorisation in the event of exploitation.
- 11.6 If third parties have access to the goods subject to retention of title, in particular by seizure, the Purchaser will immediately inform them of the Seller's ownership and inform the Seller thereof in order to enable the latter to enforce its ownership rights. If such third party is not in a position to reimburse to the Seller any and all judicial or extrajudicial costs incurred in this regard, the Purchaser is liable towards the Seller for this.
- 11.7 The Seller releases the goods subject to retention of title and the items or claims replacing them, provided that the value exceeds the amount of the secured claim by more than 50 %. The Seller is responsible for selecting the items to be released pursuant to the above





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## 12. Trade marks

- 12.1 Many of the products we supply are labelled with a trademark symbol. If such products are subject to further processing or if other substances are added in the form of components or additives, the trademarks may only be used for labelling, description or other purposes related to the newly created products if the owner of the respective trademark separately consented to this in writing. This applies to all processing stages which a product passes through. Delivery of goods subject to a trademark must not be deemed consent to the use by the owner of the trademark for the manufactured products.
- 12.2 Provided that the owner consents to the use of trademarks, such use requires compliance with the conditions established by the trademark owner, in particular any provisions concerning quality.

## 13. Place of performance; choice of law; place of jurisdiction; severability clause

- 13.1 The place of fulfilment for any and all deliveries depends on the Incoterms included in the purchase order confirmation, with the place of fulfilment for payments being Neustadt/Weinstraße.
- 13.2 If the Purchaser is an entrepreneur, the place of jurisdiction is Neustadt/Weinstraße or, in the case where we ourselves bring an action, also the general place of jurisdiction of the Purchaser.
- 13.3 These Terms and Conditions of Sale and all contractual relationships between us and the Purchaser are governed by the laws of the Federal Republic of Germany, to the exclusion of international uniform law, particularly the United Nations Convention on Contracts for the International Sale of Goods.
- 13.4 Insofar as the contract or these General Terms and Conditions of Sale include any gaps, those legally effective provisions are deemed to be agreed upon for filling these gaps which the Parties would have agreed upon based on the economic objectives of the contract and the purpose of these General Terms and Conditions of Sale had they been aware of the gap.