

**General Terms and Conditions (GTC) of Schallplattenfabrik PALLAS GmbH, Auf dem Esch 8, 49356 Diepholz / Germany and of P+O COMPACT DISC GmbH & Co. KG, Auf dem Esch 51, 49356 Diepholz / Germany**

## **§ 1 GENERAL | SCOPE OF APPLICATION**

1. Our terms and conditions of sale apply exclusively; we do not recognize any terms and conditions of the customer that conflict with or deviate from our said terms and conditions of sale unless we have expressly agreed to their validity in writing. Our Terms and Conditions of Sale shall also apply if we carry out the delivery to the customer without any reservation whatsoever in the knowledge that the customer's terms and conditions may conflict with or deviate from our Terms and Conditions of Sale.
2. Our terms and conditions of sale shall also apply to all future transactions with the customer.

## **§ 2 OFFER | OFFER DOCUMENTS | PRODUCTION MATERIAL**

1. We are bound to our offers for 30 days.
2. We reserve the property rights and copyrights to illustrations, drawings, calculations and other documents; they may not be made accessible to third parties. This applies in particular to written documents that are designated as "confidential".

The customer requires our express written consent before passing any of the above on to third parties.

3. Production material and tools produced by us in the course of fulfilling the order, in particular glass masters, fathers, mothers, stampers, film and tape material and print templates, are not part of the order but are (and remain at all times) our property, even if the customer is charged production costs. The customer therefore has no right of property or return for these said production materials and tools even after completion of the order.

## **§ 3 PRICES | TERMS OF PAYMENT**

1. Unless otherwise stated in our offer, our prices are "ex works".
2. The statutory value added tax is not included in our prices; it will be shown separately in the invoice at the statutory rate on the day of invoicing.
3. The deduction of a cash discount requires a special written agreement.
4. Unless otherwise stated in our offer, the net purchase price (without any further deduction, such as cash discounts, for example) is due for payment within 8 days of the invoice date. If the customer is in default of payment, we shall be entitled to demand statutory default interest.

## **§ 4 DELIVERY TIME | SHIPMENT**

1. The commencement of the delivery time specified by us is subject to the customer having duly provided us with all documents required for production, insofar as these are to be provided by the customer. The relevant requirements can be found at <https://www.pallasgroup.de/de/specifications/>.

2. If we are in default of delivery for reasons for which we are responsible, the statutory provisions on default shall apply. If the delay is due to intent or gross negligence or if there is a breach of a material contractual obligation, statutory liability shall apply. In the event of a merely negligent breach of a material contractual obligation, our liability shall be limited to the amount of foreseeable damage and excluded in all other cases other than the above. A material" contractual obligation within the meaning of these GTC shall always be deemed to exist if we culpably breach such material obligations, the proper fulfillment of which the customer relies and may also rely as they characterize the contract.

3. If the customer sets us a reasonable grace period after we are already in default, the customer shall be entitled to withdraw from the contract if this grace period expires without result; the customer shall only be entitled to claims for damages instead of performance if the default is based on intent or gross negligence or on a material breach of duty; in the event of a merely negligent breach of a material contractual obligation, claims for damages shall be limited to the foreseeable damage and excluded in other cases.

4. Compliance with our delivery obligation presupposes the timely and proper fulfillment of the customer's obligations.

5. If the customer is in default of acceptance or violates other obligations to cooperate, we shall be entitled to demand compensation for the damage incurred by us, including any additional expenses. In this case, the risk of accidental loss or accidental deterioration of the purchased item shall also pass to the customer at the time at which the customer defaults on acceptance.

6. Partial deliveries are permissible.

7. Due to the production processes, there may be surpluses or rejects of materials. As a result, the order quantities cannot always be met exactly. We are therefore entitled to adjust the order quantity upwards or downwards within reasonable limits.

Excess or short deliveries within the following tolerances are reasonable:

up to 500 pieces Tolerance +/- 20

500 - 2,999 pieces Tolerance +/- 10%

3000 - 4,999 pieces Tolerance +/- 5%

5000 - 9,999 pieces Tolerance +/- 300 pieces

10,000 - 19,999 pieces Tolerance +/- 400 pieces

from 20,000 pieces Tolerance +/- 500 pieces

The actual delivered quantity will to be invoiced.

## **§ 5 TRANSFER OF RISK**

1. Unless otherwise stated in the order confirmation, delivery is agreed "ex works" in accordance with Incoterms by making the packaged goods available on the loading ramp.

2. If the customer so wishes, we shall arrange for the shipment on behalf of the customer. We shall determine the means of transportation at our reasonable discretion. At the customer's request, we will cover the delivery with transport insurance; the customer shall bear all the costs incurred in this respect.

#### **§ 6 WARRANTY FOR DEFECTS**

1. If there is a defect in the purchased item for which we are responsible, we shall be entitled, at our discretion, to subsequent performance in the form of rectification of the defect or a replacement delivery. In the event of rectification of the defect, we shall be obliged to bear all expenses necessary for the purpose of rectifying the defect, in particular transport, travel, labor and material costs, insofar as these are not increased by the fact that the purchased item has been taken to a place other than the place of performance.

2. If the subsequent performance fails, the customer is entitled, at its discretion, to declare its withdrawal or to demand a corresponding reduction of the purchase price (reduction).

3. If further damages occur in the event of a defect and the cause of the damage is based on intent or gross negligence or there is a breach of a material contractual obligation, the statutory liability shall apply. In the event of a merely negligent breach of a material contractual obligation, our liability shall be limited in amount to the foreseeable damage in each case and excluded in other cases. This shall also apply if the customer claims damages instead of performance due to the absence of a quality guaranteed by us.

4. The warranty period is 12 months, calculated from the transfer of risk.

#### **§ 7 TOTAL LIABILITY, LIABILITY FOR DOCUMENTS SUPPLIED BY THE CUSTOMER**

1. The following shall apply to any liability for damages going beyond § 6: If the cause of damage is based on intent or gross negligence or if there is a breach of a material contractual obligation, statutory liability shall apply. The same applies to damages in the event of injury to life, limb or health. In the event of a merely negligent breach of a material contractual obligation, our liability shall be limited in amount to the foreseeable damage and in other cases other than the above - regardless of the legal nature of the asserted claim - excluded.

2. The regulation according to paragraph 1 does not apply to claims made according to §§ 1, 4 of the Product Liability Act (ProdHaftG).

3. Insofar as our liability is excluded or limited, this shall also apply to the personal liability of our employees, workers, staff, representatives and vicarious agents.

4. The documents and materials supplied by or produced on behalf of the customer which we require for the fulfillment of the contract, such as masters, printed matter, wrappings, inserts, etc., shall remain the property of the customer. Insofar as digital data is involved, the customer is obliged to provide us with copies of this data. We are not obliged to make backup copies of this data. We shall take these items into safekeeping free of charge. In doing so, we shall only be liable for our own customary care. The items are not insured by us. The customer is obliged to reclaim these items from us immediately after completion of the last order for a particular product. If he does not make use of this reclaim within a period of one year, calculated from the delivery of the last order of the respective product, this shall be deemed to be consent to the destruction of the relevant materials by us. We shall then be entitled to destroy these materials at the customer's expense without being obliged to ask the

customer to collect them again. We recommend that the customer insure the items at his own risk. In the event of any overproduction of printed materials within the scope of an order (cf. § 4 clause 7), these shall be destroyed immediately after completion of the order for quantities of up to 500 units, unless otherwise agreed when the order was placed.

## **§ 8 RETENTION OF TITLE**

1. We reserve title to the purchased item until receipt of all payments due from the delivery contract.
2. The customer is obliged to treat the purchased item with care; in particular, he is obliged to insure it sufficiently at his own expense against fire, water damage and theft at replacement value.
3. In the event of seizure or other interventions by third parties, the customer must inform us immediately in writing so that we can take legal action in accordance with § 771 ZPO. If the third party is not in a position to reimburse us for the judicial and extrajudicial costs of an action pursuant to § 771 ZPO, the customer shall be liable for the loss incurred by us.
4. The customer is entitled to resell the purchased item in the ordinary course of business; however, the customer hereby assigns to us all claims in the amount of the final invoice amount agreed with us (including any value added tax) which accrue to him from the resale to his customers or third parties, irrespective of whether the purchased item has been resold without or after processing the said purchased item. The customer shall remain authorized to collect this claim even after the assignment. Our authorization to collect the claim ourselves remains unaffected by this. However, we undertake not to collect the claim as long as the customer meets his payment obligations from the proceeds received, is not in default of payment and, in particular, no application for the opening of insolvency or composition proceedings has been filed and payments have not been suspended. If this is the case, however, we may demand that the customer informs us of the assigned claims and their debtors, provides all information necessary for collection, hands over the relevant documents and informs the debtor (third party) of the assignment.
5. We undertake to release the securities in this article 8 to which we are entitled at the customer's request to the extent that the realizable value of our securities exceeds the claims to be secured by more than 10% or the nominal amount by more than 50%; we shall be responsible for selecting the securities to be released.

## **§ 9 WARRANTY OF THE CUSTOMER IN THE EVENT OF INFRINGEMENT OF COPYRIGHTS, TRADEMARK RIGHTS, ANCILLARY COPYRIGHTS AND OTHER INDUSTRIAL PROPERTY RIGHTS**

If we produce on behalf of the customer (records, CDs, DVDs or other sound carriers or data carriers), the customer guarantees to have the right to mechanical reproduction and also the right to use certain film, sound, data and other recordings or recordings in whole or in part (for example, samples or remixes or film excerpts or combinations of works) and guarantees to pay all copyright or other licenses to the competent authorities. The customer further guarantees that all presentations (photographs, artwork, texts and the like) do not violate the property rights of third parties, such as copyrights, ancillary copyrights, design rights, trademark rights and the like or other legal prohibitions and/or bans.

The customer is obliged to indemnify us in all respects against claims by third parties, for example, but not limited to, claims by collecting societies (e.g. GEMA, GVL, GWVR, etc.) of authors, producers, performing artists, producers of sound recordings, photographers, copywriters, graphic designers and

all other holders of rights to the manufactured products, including any legal fees or court costs incurred by us and/or third parties in this connection, on first demand. We are not obliged to check whether the claims asserted in this respect actually exist or not.

## **§ 10 GENERAL PROVISIONS**

1. Amendments and supplements to the contract and/or these General Terms and Conditions as well as ancillary agreements must be made in writing to be effective. This shall also apply to any amendment to this written form requirement.

2 If a provision of the contract and/or these General Terms and Conditions is invalid or unenforceable in whole or in part, this shall not affect the validity of the remaining provisions. In this case, the parties undertake to replace the invalid or unenforceable provision with a valid or enforceable provision that comes closest to the economic purpose of the invalid or unenforceable provision.

3. If the customer is a merchant, a legal entity under public law or a special fund under public law, the exclusive place of jurisdiction for all disputes arising from the contractual relationship shall be the court responsible for our registered office. This shall also apply if the customer has no general place of jurisdiction in the Federal Republic of Germany or has relocated his usual place of residence abroad after conclusion of the contract. However, we are entitled to sue the customer at any other legal place of jurisdiction. The law of the Federal Republic of Germany shall apply to the exclusion of the UN Convention on Contracts for the International Sale of Goods (CISG).

Diepholz, April 23, 2024