

General Terms and Conditions of Purchase of Spandauer Velours GmbH & Co. KG

Art. 1 General, Scope

(1) The present General Terms and Conditions of Purchase (GTC) shall apply to all business relations with our business partners and suppliers (hereinafter referred to as "Seller"). The GTC only apply when the Seller is an entrepreneur (Sect. 14 BGB (*German Civil Code*)), a legal entity under public law or constitutes a special fund under public law within the meaning of Sect. 310 para. 1 BGB.

(2) The GTC shall apply in particular to contracts for the sale and/or delivery of mobile goods (hereinafter also referred to as Goods) without regard as to whether Seller produces the goods or buys them from suppliers (Sect. 433, 651 BGB). In their respective version, the GTC also serve as a framework agreement for future contracts for the sale and/or delivery of mobile goods with the same seller, without our having to indicate this fact on every single occasion; should any changes be made to our GTC, we will inform the Seller in such a case immediately.

(3) These GTC apply exclusively. Differing, opposing or additional General Terms and Conditions of Seller will only become part of the contract if and to the extent we have expressly agreed to the same in written form. The necessity of this agreement shall apply in every case, such as when we unreservedly accept Seller's deliveries in knowledge of its GTC.

(4) Individual agreements with Seller in a given case (including side collateral agreements, additions and amendments) shall always take precedence over the present GTC. Our written confirmation or a written contract shall be determinative of the content of such agreements.

(5) Legally relevant declarations and notices to be given towards us by Seller after the conclusion of the contract (i.e. deadlines, reminders, notice of rescission) require the written form in order to be valid.

(6) References to the validity of legal requirements are strictly for the avoidance of doubt. Even without such references, legal requirements shall apply, provided that they are not directly modified or explicitly excluded within the framework of the present GTC.

(7) Consignment of goods (including packaging) is to be made in accordance with the regulation (EG) No 1907 / 2016 (REACH regulation), quality agreements, if available, as well as the Code of Conduct of the German textile and fashion industry.

Art. 2 Conclusion of contract

(1) Offers and quotations issued at our request as well as the expenses incurred by Seller shall remain free of charge and non-binding to us. Any documents linked to offers and quotations shall be presented in German language without having to be requested. Correspondence shall only be conducted with the relevant purchasing department.

(2) Our purchase order shall only be legally binding as of the written submission or confirmation thereof. In case of evident mistakes (i.e. spelling or calculation errors) or incompleteness of the order including the pertinent ordering documentation, Seller shall contact us in order to correct or complete the order before it is accepted. Otherwise the contract shall not be considered as having been concluded.

(3) The seller is expected to confirm our order in writing within five working days or especially by delivery of the goods to be executed without reserve (acceptance).

(4) Any late acceptance shall be viewed as a new offer and subject to our acceptance.

Art. 3 Delivery period and default

(1) The delivery period specified by us in the purchase order shall be binding. If no delivery period has been specified in the purchase order or agreed upon in another way, it shall be four weeks after conclusion of the contract. Seller shall inform us in writing whenever they – for whatever reason – are not in a position to abide by the deadline. The date of receipt by us shall be determinative with respect to the delivery date.

(2) Should Seller fail to fulfil its obligation or before the stipulated deadline or defaults, our rights shall be determined by the legal provisions, in particular concerning withdrawal from the contract and compensation for damages. The provisions of paragraph 3 shall remain unaffected.

(3) Should Seller default, we shall be entitled, besides any further legal claim, to demand a flat compensation for damages caused by such default amounting to 1% of the net price for each full week but maximum 5% of the net price of the late goods. We retain the right to prove any higher damage may have been incurred. Seller shall have the right to prove that no or only a significantly lower damage has been incurred by us.

(4) If goods are delivered prematurely, we retain the right to return the goods at Seller's expense or store them until the date of delivery for the Seller's account and at its risk.

Art. 4 Service, Delivery, Scope of delivery, Transfer of risk, Default of acceptance

(1) Seller shall not be entitled to have the service owed rendered by any third party (e.g. sub-contractor) without our prior written consent. Seller shall bear the procurement risk for its services if not agreed otherwise in a given case (e.g. sale of goods in stock).

(2) Delivery shall be free of charge within Germany to the place of delivery specified in the order, that is, DDP according to Incoterms 2010© (Delivered Duty Paid). If no destination has been specified and nothing else has been agreed upon, delivery shall be made to our headquarters at Lichtenstein. The respective destination shall also be the place of performance (obligation to provide).

(3) The delivery shall be accompanied by a delivery note stating the date (date of issue and dispatch), the content of the delivery (item number and quantities along with net and gross weight) as well as our order and material numbers. Should the

delivery note be missing or incomplete, we shall not be liable for any resulting delay in processing and payment.

A separate dispatch note should also be sent with the same content. The respective invoice shall be sent separately as well.

(4) Part deliveries will only be accepted with clear prior written agreement. Unless agreed otherwise, short and over-deliveries shall only be viewed as conforming with the contract if they diverge not more than 10% of the stipulated scope.

(5) The scope of delivery shall include the necessary consulting services, obtaining necessary permits, issue of requirement specifications and product requirements, training and the preparation and handover of final planning documents, documentation, print data, samples or templates and further: all parts comprised within the stipulated scope of performance belonging to a safe and complete installation and that are required for fault-free operation, regardless of whether they are individually listed within the technical specifications or the contract documents, as well as the necessary transport insurance.

(6) Orderly packaging in individual packing units apt at being stacked according to efficient warehousing shall also be due. Seller shall be bound to pick-up re-usable packaging from the place of delivery at our request and at no cost. The proper packaging shall also be part of the Seller's main obligation to perform; it shall be liable for any damage as a result of faulty packaging. Any further liability of Seller based on the provisions as set out below shall remain unaffected.

(7) To the extent the delivered goods are meant for export, Seller shall be obliged to submit a declaration of origin of the goods for customs. This declaration shall be handed over to us unsolicited with the first delivery at the latest. Should the declaration be incomplete or late, Seller shall be liable for any damage incurred by us in accordance with legal regulations, whereby the provisions in this article as well as Art. 7 of the present agreement shall not be affected.

(8) The risk of accidental loss and deterioration of the object shall be transferred to us upon delivery at the place of performance. To the extent an acceptance test has been agreed it shall be decisive for the transfer of risk. As for the rest, the legal provisions of the service contract law shall apply accordingly to an acceptance test. Handover or acceptance shall be considered equal in case we default in acceptance.

(9) As regards the occurrence of our default in acceptance, the relevant legal provisions shall apply. Seller shall also explicitly offer us its service if a certain or determinable calendar date has been set for an act or cooperation by our side (e.g. free issue of material).

(10) Should we find ourselves in default of acceptance, Seller may request compensation for additional expenditures according to legal regulations (Sect. 304 BGB). If the contract concerns non-fungible goods (custom-made items), Seller may only enjoy further rights if we have obligated ourselves to collaborate and are responsible for such collaboration not taking place.

Art. 5 Prices and Terms of payment

(1) The price indicated in the purchase order shall be binding. All prices stated include value added tax at the rate applicable at the time of invoicing if the same is not shown separately.

(2) Unless agreed otherwise in a given case, the price shall include all services and ancillary services of Seller (e.g. assembly, installation) and all incidental costs (e.g. proper packaging, costs of transport including any transport and liability insurance). In addition to that all costs of processing, final planning documents and contract-related resources of Seller and any cost that may arise for fees for required test certificates or similar from inspection organisations or authorities shall be considered satisfied by the prices agreed. Packaging material shall be taken back by Seller at our request.

(3) The agreed price shall become due for payment within 60 (sixty) calendar days from delivery and performance in full (including an acceptance test that may have been agreed) and receipt of a proper invoice. If we make payment within 10 (ten) calendar days, Seller shall grant us a 4% discount on the net amount of the invoice. If payment is made within 30 (thirty) calendar days, Seller shall grant us a 2% discount. If paid within 60 calendar days, payment shall be made strictly net. In case of bank transfer the payment shall be considered made in time if our transfer order has been received by our bank prior to expiry of the payment period. No responsibility shall be assumed by us for any delays caused by banks involved in the payment transaction.

(4) The invoice shall become due for payment upon receipt of the goods but not earlier than 10 days after the date of invoice. If the performance is subject to test and acceptance the term of payment shown in the invoice shall commence after such test or acceptance.

(5) No default interest shall be owed by us. The rate of default interest shall be 5 (five) percentage points per year above the base rate. The legal provisions shall apply to the occurrence of our default where in derogation from the above as the circumstances may require, a written reminder by Seller will be required in each case.

(6) We shall have the right of set-off and retention and defence of non-performance to the extent permitted by law. We shall be in particular entitled to retain payments due as long as claims against Seller from incomplete or poor performance remain unsettled.

(7) Seller's right of set-off and retention shall be limited to counter-claims recognized by declaratory judgment or being undisputed.

Art. 6 Non-disclosure and Reservation of title

(1) We reserve the ownership and copyright in illustrations, drawings, reference samples, plans, drawings, calculations, implementation instructions, product descriptions and other documents. Said documents shall be used solely for contractual performance and returned to us after execution of the contract. The documents shall not be disclosed to any third party. This provision shall survive the expiry of the contract. The non-disclosure obligation shall not end before and insofar as the knowledge contained in the relevant documents has become public domain.

(2) The above provision shall apply accordingly to substances and materials (e.g. software, finished and semi-finished products) as well as tools, models, samples

and other objects Seller receives by us as free issue material for production. As long as not yet processed such items shall be stored separately and insured to a reasonable extent against destruction and loss at Seller's expense.

(3) Any processing, mixing or combining (further processing) of items provided by Seller shall be done for us. The same shall apply to further processing of delivered goods by us so that we are regarded as manufacturer and acquire ownership based on the relevant legal provisions not later than upon further processing.

(4) The assignment of the goods to us shall be made absolutely and with no regard to the payment of the price. Should we accept in a given case an offer for assignment by Seller due to the payment of the purchase price, however, Seller's reservation of title shall expire not later than upon payment of the purchase price for the goods delivered. In the ordinary course of business we shall remain entitled to resell the goods even prior to purchase price payment by advance assignment of the claim arising from it (alternatively application of the simple reservation of title and that extended to resale).

Hence all other forms of reservation of title shall be excluded, in particular the extended transferred reservation of title and that expanded to further processing.

(5) Seller warrants that no intellectual property rights of third parties will be infringed by the manufacture and delivery of the goods, and shall indemnify us from any third party claims based on said infringement.

Art. 7 Defective delivery

(1) Seller guarantees that the goods have the agreed quality in accordance with the testing, product datasheets provided and samples. Unless agreed otherwise below the legal provisions shall apply to our rights concerning material and legal defects of the goods (including false and short delivery as well as improper installation, faulty assembly, installation and operating instructions) and any other breach of duty by Seller.

(2) According to the legal regulations Seller shall in particular be responsible for the goods to have the agreed quality upon the transfer of risk. Agreed quality shall be in any case that given in the product descriptions that are subject matter of the contract concerned, in particular those named or referred to in our purchase order, or are included in the contract in the same way as these GTC. It is of no significance in this respect whether the product description comes from us, Seller or the manufacturer.

(3) In derogation from Sect. 442 para. 1 sent. 2 BGB we shall have the absolute right to assert claims for defect even if the defect remained unknown to us upon contract conclusion due to coarse negligence.

(4) For the commercial obligation to inspect and give notice of defect the legal provisions shall apply (Sect. 377, 381 HGB (*Commercial Code*) with the following proviso: Our obligation to inspect shall be limited to defects coming to light during incoming inspection by external examination including the shipping documents and our quality control by random sampling (transport damage, wrong or short delivery etc.). We shall be entitled to random-check the goods and, notwithstanding any other claims, if quality limits are exceeded, reject the goods in whole or perform a complete inspection at Seller's risk and expense and request replacement of the actually defective parts of the delivery.

To the extent an acceptance test has been agreed upon, there shall be no obligation to inspect. As for the rest it comes down to the question in how far an inspection is reasonable in the ordinary course of business given the circumstances of a certain case.

Our obligation to give notice of any defect discovered later shall remain unaffected. In all cases our notice (notice of defect) shall be considered prompt and timely if received by Seller within 10 working days after detection.

(5) The expenses incurred by Seller for the purpose of testing and rework (incl. any dismantling and installation costs) shall be borne by Seller even if it is found that there was actually no defect. Our liability for damages in case of unjustified request for elimination of defect shall remain unaffected. Insofar we shall only be liable if we had recognized that no defect existed or failed to recognize it due to coarse negligence.

(6) If Seller fails to cure – at our discretion by elimination of defect (rework) or delivery of flawless goods (replacement) – within a reasonable period of time determined by us, we can eliminate the defect ourselves and request Seller to compensate for the necessary expenses or pay an advance. If supplementary performance by Seller comes to nothing or is unreasonable for us (e.g. due to special urgency of the matter, threat to operational safety or impending occurrence of unreasonable damage) no setting of a deadline is required. Such circumstances shall be communicated to Seller in advance if practical.

(7) As for the rest we shall be entitled according to law to reduce the purchase price or withdraw from contract in case of a material or legal defect. According to legal regulations we shall also be entitled to claim damages and reimbursement of expenses.

Art. 8 Supplier recourse

(1) Besides the claims for defect we have the unconditional, legally determined right of recourse within a supply chain (recourse against supplier pursuant to Sect. 478, 479 BGB). In particular we shall be entitled to request from the Seller the exact kind of cure (rework or replacement) that we owe our customer in a given case. Our legally defined right of choice (Sect. 439, para. 1 BGB) shall not be limited by it.

(2) Before we recognize or settle a claim for defect asserted by our customer (incl. compensation of expenses as per Sect. 478 para. 3, 439 para. 2 BGB) we will notify Seller by briefly describing the matter and ask for a written statement. If Seller fails to comment within a reasonable period of time and no amicable solution can be found, the claim for defect actually granted by us shall be considered owed to our customer. Seller shall produce evidence to counter in such case.

(3) Our claims from recourse against supplier shall also apply if the goods had been processed further, e.g. by incorporation into another product, before being sold by us to a consumer or one of our customers.

Art. 9 Manufacturer's liability

(1) If Seller is responsible for the damage of a product, Seller shall hold us harmless against claims by third parties insofar as the cause of damage originates from Seller's sphere of control and organisation and it is liable in the external relationship.

(2) Within the framework of its obligation to indemnify Seller shall refund expenses pursuant to Sect. 683, 670 BGB arising from or in connection with the recourse to third parties including recalls done by us. We shall inform Seller on the content and scope of recalls to the extent possible and reasonable and give him the opportunity to comment. Any further legal claims shall remain unaffected.

(3) Seller shall take out and maintain a product liability insurance with a flat rate cover of minimum EUR 5 million per damage to persons/material.

Art. 10 Statute of limitation

(1) The mutual claims of the contracting parties shall become statute-barred in accordance with the legal provisions unless nothing to the contrary has been determined.

(2) In derogation from Sect. 438 para. 1 No. 3 BGB the general period of limitation for claims for defect shall be three (3) years from the date of transfer of risk. To the extent an acceptance test has been agreed upon, the period of limitation shall commence upon the date of acceptance. The 3-year period of limitation shall also apply to claims for legal defects with legal limitation period for third party material claims for return (Sect. 438 para. 1 No. 1 BGB) remaining unaffected.

Claims for legal defects shall in no case become statute-barred as long as the third party can assert the right against us especially in the absence of statute of limitation.

(3) The periods of limitation of the sale of goods law including the aforementioned extension shall apply as permitted by law to all contractual claims for damages. To the extent we are also entitled to non-contractual damages due to a defect, the regular legal statute of limitation shall apply (Sect. 195, 199 BGB) unless the limitation periods as defined by the sale of goods law permit longer limitation periods in a given case.

Art. 11 Choice of law and Jurisdiction

(1) These GTC and all legal relations between us and Seller shall be governed by the law of the Federal Republic of Germany excluding the international uniform law, in particular the UN Convention on Contracts for the International Sale of Goods. Prerequisites and effects of the reservation of title shall be governed by the law of the relevant location of the matter insofar as the choice of law made in favour German law is inadmissible or ineffective.

(2) Contract language shall be German. Should the contract or these GTC be translated the German version shall prevail.

(3) If Seller is a merchant as defined by the German Commercial Code, a legal entity under public law or special fund under public law, the exclusive – including international – venue for all disputes arising out of this contract shall be our place of business at Lichtenstein. However, we shall also be entitled to take legal action at the place of performance for the delivery.

Lichtenstein, December 2014