

General Terms and Conditions of Purchase
of
Wollsdorf Leder Schmidt & Co GesmbH

1. General – Range of application

- 1.1 The present Terms and Conditions of Purchase of Wollsdorf Leder Schmidt & Co GesmbH (hereafter “*Wollsdorf*”) shall apply to all orders placed by Wollsdorf unless the order expressly states otherwise. The Terms and Conditions of Purchase shall be valid until their revision or modification, and shall automatically extend to all further orders, even if not individually referred to. The application of any general terms of business of the supplier, and especially of any provisions listed in the offer or confirmation of order made by the supplier shall be excluded in any case, even if these do not contradict the present Terms and Conditions of Purchase, or if they have not been expressly contradicted, the only exception being that they were expressly recognised by Wollsdorf in the first place.
- 1.2 Acts of fulfilment or acts of silence on the part of Wollsdorf shall not constitute a recognition of the general terms of business of the supplier. Any deviating or ancillary agreements, assurances or modifications to these Terms and Conditions of Purchase shall be in writing and can only be agreed individually.
- 1.3 Working days under the present General Terms and Conditions of Purchase shall be defined as all the days from Monday till Saturday.

2. Placement and confirmation of orders, changes, and specification of goods

- 2.1 All orders submitted to Wollsdorf shall be binding for the offeror or supplier for a duration of at least 12 weeks from the day of receipt by Wollsdorf. However, irrespective of the preliminary work required in establishing these offers, any claim in terms of obtaining the order itself or, for that matter, of obtaining any reimbursement shall herewith be excluded.
- 2.2 Only written orders and assignments that have been officially signed by Wollsdorf on the respective order forms shall have a legally binding character for the latter. This shall equally apply to delivery schedules, additional or follow-up orders, as well as to any alterations to orders or assignments that have already been placed.
- 2.3 Every order placed shall be reconfirmed to Wollsdorf within 12 working days in writing by mail, facsimile or e-mail; failing that, Wollsdorf shall be entitled to cancel the contract. In the case of orders placed by mail, the supplier shall confirm the order on a photocopy of the mail order, and shall subsequently send this photocopy to Wollsdorf either by mail, or by fax. In the case of orders placed by fax, the telefax copy of the order together with an endorsement of reconfirmation shall be sent to Wollsdorf either by mail or by fax. In the case of orders placed by e-mail, the reconfirmation of order shall be made in terms of an e-mail reply together with an attachment of the relevant e-mail sent out originally by Wollsdorf.
- 2.4 In the case that the supplier originates from Austria and is a member of ARA, the order confirmation shall contain his licensing number.
- 2.5 A contract shall only then be deemed concluded if the order placed by Wollsdorf is reconfirmed by the supplier in due time. In the case that the confirmation of order is only issued after 12 working days have elapsed, the contract shall only be deemed concluded on the proviso that Wollsdorf has not cancelled it in the meantime.
- 2.6 Any oral agreements made prior to or after the conclusion of contract (placement and acceptance through reconfirmation of order), and especially any changes or supplements to these Terms and Conditions of Purchase (including any deviations from the requirement as to written form itself), as well as ancillary agreements of whatever nature shall require the written approval of Wollsdorf in order to be binding.

- 2.7 Wollsdorf may, within what can be deemed reasonably acceptable to the supplier, demand modifications concerning the design or model of the delivery item. In such cases, any resulting effects, and especially any additional or reduced costs, as well as the delivery date shall be negotiated appropriately and mutually agreed.
- 2.8 Placing sub-orders, partially or in full, of purchase contracts to sub-suppliers shall only be permissible following the written consent from Wollsdorf to be obtained in each case individually; failing which Wollsdorf shall be entitled to cancel the respective contract.
- 2.9 Cost estimates submitted by the supplier shall be binding for the latter without, however, this entailing an obligation to reimbursement on the part of Wollsdorf unless expressly agreed otherwise in writing.
- 2.10 The supplier and Wollsdorf jointly specify the goods to be delivered by the supplier. In the course of this process, rawhides and skins, Wet Blue, Wet White, crust leathers and finished leathers shall be handed to the supplier by Wollsdorf in the form of samples, drawings and/or photographs/slides. The raw leather in terms of the sample, as well as any drawings and/or slides in the original shall be returned to Wollsdorf by the supplier in an officially signed manner upon the placement of the order by Wollsdorf, or earlier; these sample items shall serve as their mutually legally binding basis for the goods to be supplied to Wollsdorf.

3. Delivery, takeover, acceptance

- 3.1 Unless agreed otherwise in writing, deliveries shall be effected to Wollsdorf, or to a place of delivery other than that to be specified by Wollsdorf, in compliance with the DDP Incoterms 2010. In the case of deliveries under the DDP Incoterms 2010, or in the case that Wollsdorf takes over the transport costs, the latter shall have the right, at any point in time, to change over to delivery in compliance with FCA or CIF Incoterms 2010, with the transport costs having to be subtracted from the delivery price accordingly.

In the case that Wollsdorf covers the transport costs, the supplier is obliged to single out the most favourable and suitable dispatch and packaging possibilities for Wollsdorf as are customary in the trade unless Wollsdorf makes use of its right, in the case of taking over the forwarding costs, to prescribe the shipping method and transport costs. If, in this case, the supplier carries out the dispatch contrary to the shipping instructions specified by Wollsdorf, he shall be liable vis-à-vis Wollsdorf for any disadvantage originating in this way, this including any loss of profit.

In any case, the supplier shall notify Wollsdorf in good time before the arrival of the goods in writing by mail, e-mail or telefax.

- 3.2 The delivery date, delivery period or delivery time specified in the order shall be binding and refers to the arrival of the shipment at Wollsdorf at the place of delivery specified in the order. In the case that the place of delivery has not been stated, the registered office of Wollsdorf with the business address in Wollsdorf 80, A-8181 Wollsdorf, Austria shall be deemed the place of delivery.
- 3.3 Wollsdorf is not obliged to accept the goods before the agreed delivery date or delivery time or for that matter, before the beginning of the agreed period or delivery. Unless expressly agreed otherwise in writing, the supplier shall not be entitled to carry out partial deliveries or deliveries before the agreed time. In the case of such untimely deliveries, the payment period shall only start as of the agreed delivery date, or as of the beginning of the delivery period, or as of the agreed delivery time.
- 3.4 Furthermore, in the case of over- or underdeliveries, respectively, of the originally ordered amounts, Wollsdorf herewith reserves the right to refuse the acceptance of such a shipment at the expense of the supplier, or to value or adjust the relevant invoice accordingly.
- 3.5 In the case that the shipment does not at all, or not in a complete manner, arrive on or within the agreed delivery date, delivery time or delivery period, Wollsdorf shall be entitled to assert its legal rights without setting a period of grace.
- 3.6 Any envisaged delays in delivery shall be communicated by the supplier to Wollsdorf immediately by stating the cause and communicating the anticipated delay. This shall equally apply to any partial shipments. In the case of untimely delivery of this kind, Wollsdorf shall have

the right, even if the supplier has fulfilled his duty of notification, to either rescind the contract, or to insist on the delivery. In such a case, Wollsdorf shall be entitled to a full or partial recession of the consignment, irrespective of any deliveries already made. In such an instance, the supplier shall not be entitled to any claims towards Wollsdorf.

Furthermore, Wollsdorf shall be entitled, in cases of untimely delivery, to effect covering purchases at the cost of the supplier. However, any further claims on the part of Wollsdorf, and especially any claims for compensation, shall remain unaffected.

- 3.7 As far as the adherence to delivery dates or delivery periods under DDP Incoterms 2010 is concerned, the arrival of the goods and shipping documents at Wollsdorf, or at a place of delivery other than that to be specified by Wollsdorf shall be authoritative for the supplier. This shall expressly also apply to FCA und CIF deliveries under the Incoterms 2010, i.e. the supplier has to provide the goods in consideration of the time usually required for loading and dispatching the goods, and to manage these times accordingly.
- 3.8 In the case of call orders, Wollsdorf shall specify the exact amounts of the individual delivery schedules together with the dates for the partial deliveries. However, notifications on the expected demands or on the anticipated amounts shall not establish an obligation of purchase. Call orders may be placed via electronic transmission, by telefax, or by e-mail.
- 3.9 Deliveries shall be made together with the attached proper accompanying documents, and shall contain the complete order codes from Wollsdorf. Without these aforementioned accompanying documents, the delivery shall not be deemed fulfilled in compliance with the order, and shall therefore not be accepted; rather, it shall be up to Wollsdorf to either store these goods at the risk and cost of the supplier, or to return them to the supplier. The consignment shall be appropriately packed, and shall be dispatched in compliance with the regulations specified by Wollsdorf, if any. Any damage occurring on the grounds of non-compliance with such instructions or specifications shall be borne by the supplier.
- 3.10 The goods shall be packaged in a customary manner, and in any case sufficiently, so that they are protected from any detrimental influences of whichever kind. In the case that Wollsdorf specifies particular labelling regulations, these shall be accurately adhered to. Wollsdorf herewith reserves the right to return to the supplier any packaging materials that cannot be easily disposed of, or which are not environmentally sound, at the expense of the latter.
- 3.11 In the case that the supplier is in arrears with his performance, the legal stipulations shall apply.

4. Prices

- 4.1 The agreed prices shall be deemed fixed prices. Any fluctuations in the exchange rate or foreign currency as well as any bank charges shall be covered by the supplier.
- 4.2 In as far as prices and conditions have not been laid down by Wollsdorf in the order, but are only specified at a later date, they shall only become applicable upon the express written approval from Wollsdorf.
- 4.3 All additional delivery costs (customs, packaging, transport and insurance) shall be itemised separately by the supplier in the context of his offer with the exemption of the legally prescribed value added tax and shall, unless otherwise specified in writing, be borne by the supplier. Increases in prices concerning the goods to be delivered including raised additional delivery costs shall require the prior written consent from Wollsdorf.

5. Payment

- 5.1 Unless otherwise agreed in writing, Wollsdorf shall effect payment following the receipt of a fully itemised invoice, namely within 30 days from receipt of the goods or receipt of the invoice, respectively, subject to 3% discount, or net after 60 days. However, effecting payment does not mean full recognition of the dueeness of the delivery made and shall therefore have no bearing whatsoever on any claims asserted by Wollsdorf in the context of a fulfilment of contract (e.g. claims for replacement, right to resign, etc.).
- 5.2 The supplier herewith agrees to a compensation of claims and/ or liabilities of whichever kind.

- 5.3 Any deposits made by Wollsdorf shall be deemed value linked, and shall therefore always represent the proportional payment of the overall order value with reference to the date when the order was placed.
- 5.4 Any cession of claims on the part of the supplier vis-à-vis Wollsdorf without the explicit written consent from Wollsdorf shall not be permissible. If, however, the supplier cedes his claims vis-à-vis Wollsdorf without the prior written consent from the latter, Wollsdorf shall continue to be entitled to make its payments directly to the supplier with debt-discharging effect.
- 5.5 Inadequate deliveries and performances on the part of the supplier shall entitle Wollsdorf to retain payment of the respective agreed prices until these defects or inadequacies have been duly remedied or corrected. In any case, any sums of money invoiced by the supplier to Wollsdorf shall not be due before the complete and appropriate delivery of the goods without any defects or inadequacies whatsoever at the place of fulfilment.
- 5.6 In the case that, for whatever reason, a delay in payment occurs on the part of Wollsdorf, a payment of interest in arrears to the amount of 5% p.a. shall be deemed agreed from the first day of the due date of payment stated on the invoice. Asserting any further than the aforementioned claims, such as interests payable from the title of claims for compensation, or any costs for reminders or encashment charges shall herewith be explicitly excluded.

6. Warranty and defects

- 6.1 The supplier shall be fully liable for the execution of the delivery in compliance with the order as well as the adherence to all relevant legal provisions and standards. In the same way, he shall be fully liable for any goods and/ or components or performances, respectively, not delivered or processed or manufactured by himself. All deliveries made and performances rendered shall bear the usually required and agreed characteristics, and shall show the properties contained in any descriptions, brochures, advertising materials, samples and any other information tools that are publicly accessible or made available by Wollsdorf and shall be of such a nature that they can be used and exploited business-wise on the basis of the mutually established agreement.
- 6.2 In cases of inadequate delivery – this including the lack of any assured or customary characteristics, or wrong delivery – the warranty period of the supplier shall, unless otherwise agreed, terminate two years after the acceptance of the goods, or two years after the discovery of any hidden defects, respectively. However, in the case of goods that are processed or further processed by Wollsdorf, the warranty period shall only start upon the point in time of processing or further processing of the relevant delivered goods.

In no way is Wollsdorf obliged to examine the deliveries and/ or performances of the vendor immediately upon their arrival, nor to launch complaints about any defects immediately. The supplier shall waive any right as to a delayed notification of defect. The legal provisions concerning notifications of defect in accordance with Section “§ 377 UGB” (entrepreneurial code) shall therefore be excluded.

In the case of goods that usually remain packaged or unprocessed until their use or application, any defects discovered upon unpacking or processing shall be deemed hidden defects. Both in the course of replacement or repair, respectively, the warranty period shall start anew from the beginning.

- 6.3 In the case of defects, irrespective of whichever kind or scope, Wollsdorf shall be entitled, upon its own discretion to demand from the supplier a conversion, price reduction or, in the case of defects that can be remedied, the remedy of these defects. Furthermore, Wollsdorf shall be entitled, at the expense of the supplier, to carry out such improvements itself, or to have them executed by third parties, as well as to make covering purchases. Any costs in the context of improvements, additional deliveries, covering purchases or the return of defective goods with all associated risks shall be borne by the supplier.

In the case of a request for improvement issued by Wollsdorf to the supplier, a maximum period of time of 3 weeks shall be deemed appropriate unless explicitly stated otherwise by Wollsdorf. The supplier shall be liable for any subsequent damage resulting from a defect regardless of fault. Should the set deadline for remedying the defect not be met, Wollsdorf shall be entitled, upon its own discretion, to opt either for a conversion of the relevant goods, or for a reduction in price. In urgent cases, or if the supplier is in arrears with eliminating his shortcomings, Wollsdorf

shall have the right, without setting a period of grace, to either eliminate the defects at the expense of the supplier itself or to have them remedied by a third party (replacement), or to effect covering purchases.

- 6.4 Should the supplier repeatedly not be in a position to meet the quality or design requirements of Wollsdorf, Wollsdorf shall in any case be entitled to rescind the contract after having given warnings to the supplier. Any other rights appertaining to Wollsdorf, and especially claims for compensation shall remain unaffected thereof.
- 6.5 The supplier shall attach any storage and/ or operating instructions to the goods to be delivered without any specific request. If required, he shall point out any necessary measures to be taken in the context of handling the delivered goods, in a comprehensive manner.
- 6.6 The supplier shall be liable for the complete and correct details and/ or statements contained in any certificates or test results. The supplier herewith confirms to be familiar with all relevant corporate Wollsdorf standards (company standards) as well as all legislation and/ or other stipulations concerning delivery and services.
- 6.7 Upon request, the supplier shall cede any existing warranty claims towards the latter's predecessors on the proviso that the defects discovered amongst the deliveries are based on such inadequate or defective preliminary performances. However, any warranty claims against the supplier himself shall remain unaffected.

7. Liability

- 7.1 The supplier shall be liable for all damage and consequences thereof.
- 7.2 In the case that Wollsdorf, due to inadequate deliveries or performances on the part of the supplier, is not in a position to meet its contractual obligations, the supplier shall indemnify Wollsdorf in this respect.
- 7.3 Should defects not have been discovered by Wollsdorf before its delivery of the relevant goods to one of its customers despite random sample checks having been carried out, and should Wollsdorf only become aware of such defects following the complaint of one of its customers, and should Wollsdorf become liable towards its customer as a result thereof, the supplier is obliged to indemnify Wollsdorf in this respect.
- 7.4 The supplier herewith guarantees that the ordered product – product here comprising a basic material or partial product – is free from defects under the stipulations of the product liability law regarding construction, production and instructions. In particular, he shall guarantee that, at the point in time of launching the product in the market, no defects whatsoever were able to be found concerning the product according to the state of the scientific and technical knowledge.
- 7.5 Should claims be asserted vis-à-vis Wollsdorf on the basis of product liability, the supplier is obliged to indemnify Wollsdorf if, and in so far as, the damage caused is due to a defect or inadequacy of the goods delivered by the supplier. In so far as the cause for the damage lies within the field of competence and organisation of the supplier, he shall bear the onus of proof accordingly.

Moreover, the supplier is obliged, in the aforementioned case, to reimburse Wollsdorf for any expenditures or costs, this including the costs for legal prosecution or product recalls.
- 7.6 The supplier is obliged to make available to Wollsdorf any details as might be useful to the latter in supplying a product free from any defects or inadequacies under the product liability legislation, such as operating instructions, warning indications, approval regulations, etc. In the case that the supplier becomes aware in retrospect of any circumstances that might be the reasons for any product defects under the product liability legislation, he is obliged to communicate notice thereof to Wollsdorf immediately and, if necessary, to cover the costs for any recalls of the defective products. In the case of a product recall, the supplier is obliged to return any already paid purchase price sums to Wollsdorf and, additionally reimburse the latter for any loss in profit as well as for any other costs accruing on the part of Wollsdorf for reasons of non-availability of the ordered goods.
- 7.7 Restrictions of any kind on the part of the supplier resulting from product liability legislation, and restrictions or obligations of whatever kind resulting from any other applicable foreign product

liability regulations or any other stipulations regarding claims appertaining to Wollsdorf shall not be recognised.

- 7.8 Upon the request from Wollsdorf, the supplier shall prove, when accepting the order, that he has taken out an appropriate liability insurance suited to cover liability for consequences to a sufficient extent. In the case that the supplier does not produce such proof, Wollsdorf shall be entitled to fully, or partially, rescind the order without setting a period of grace.

8. Manufacturing documents, drawings, templates, tools and moulds

- 8.1 All patterns or designs, models, drawings, moulds, templates, tools, plans, samples or any other aids shall remain the intellectual and material property of Wollsdorf which the latter can freely dispose of. All these aids shall be used by the supplier exclusively for the execution of orders placed by Wollsdorf, and shall not be made accessible, nor passed on, to external companies or third persons. The supplier shall take all measures possible whatsoever to be able to comply with these obligations to secrecy.
- 8.2 All patterns or designs, models, drawings, moulds, templates, tools, plans, samples or any other aids which the supplier establishes or has established in connection with a delivery order placed by Wollsdorf shall equally remain the property of Wollsdorf. All the processing, or further processing, steps carried out by the supplier shall be undertaken in the name of Wollsdorf, and the supplier herewith declares that he shall keep all these items of Wollsdorf for the latter until returning them to Wollsdorf. The supplier is obliged to hand over to Wollsdorf all documents and materials required for a proof of ownership without request.
- 8.3 Unless otherwise specified in writing, all patterns or designs, models, drawings, moulds, templates, tools, plans, samples as well as any other aids, especially those under items Fehler! Verweisquelle konnte nicht gefunden werden. and Fehler! Verweisquelle konnte nicht gefunden werden. hereunder shall be returned to Wollsdorf after completion of the relevant delivery or service rendered at the cost and risk of the supplier. In the case of the opening of insolvency procedures (bankruptcy, settlement or the like), and in the case of a rejection of initiating insolvency proceedings due to a lack of assets, the supplier is obliged to notify Wollsdorf thereof immediately. He is then obliged to take all measures as are deemed necessary and helpful to assert the separation of property belonging to Wollsdorf from the bankrupt's estate.

9. Obligation to secrecy

The supplier is obliged to maintain secrecy concerning all data and information made known to him by way of his business relationship with Wollsdorf during the validity of these business relations and beyond, i.e. to keep any knowledge of these a business secret even after the termination of the business relationship.

The supplier is obliged to pass on to and impose on his auxiliary persons or vicarious agents, or any other third parties employed or commissioned by him this obligation to secrecy, and to guarantee compliance therewith.

10. Advertising

The use of enquiries, orders, or order confirmations made or placed by Wollsdorf, respectively, as well as any associated correspondence shall not be permitted to be used for advertising purposes.

Only following the prior written consent from Wollsdorf may the supplier use his business connection with Wollsdorf for advertising purposes.

11. Commercial property rights

- 11.1 The supplier shall be liable towards Wollsdorf should he not ensure that his delivery performance does not infringe any commercial property or other rights by third parties. The supplier is obliged to fully indemnify Wollsdorf concerning any legal disputes in connection with a violation of commercial property rights or any other rights of third parties.

The supplier shall indemnify Wollsdorf concerning any legal disputes in the context of the infringement of commercial property rights, or of other rights regardless of fault. Furthermore, he shall reimburse Wollsdorf for any costs, expenditure or other disadvantages that the latter may have suffered due to the limited use of the delivered goods.

- 11.2 The delivery shall comply with its intended purpose of use, meet the latest technical requirements, valid legal provisions and required standards as well as the corresponding regulations made by the competent authorities and trade associations. The supplier shall guarantee that the goods can be purchased and subsequently marketed in good faith without any commercial or other property rights, or any rules or laws of competition of third parties, such as, especially, trademark rights, design rights, patent rights or (industrial) copyrights. The supplier is obliged to fend off any such claims asserted by third parties at his own cost, reimburse Wollsdorf for any associated costs and indemnify Wollsdorf in this context whatsoever.

12. Place of fulfilment, applicable law and legal venue

- 12.1 The place of fulfilment of the delivery and transfer of perils for any takeover without objection shall be the place of delivery specified by Wollsdorf. The place of delivery shall be precisely defined in the delivery address contained on the order form. The place of fulfillment of payment shall be the registered office of Wollsdorf.
- 12.2 For any disputes arising from this contract, of for any infringement, dissolution or nullity in regard thereof, the exclusive legal venue shall herewith be agreed to be Graz; however, Wollsdorf herewith reserves the right to sue the supplier at his place of legal venue alternatively, or to address itself to the Vienna International Arbitral Centre of the Austrian Federal Economic Chamber (VIAC) instead. In the case that either Wollsdorf or the supplier address themselves to the International Arbitral Centre of the Austrian Federal Economic Chamber, any disputes arising from this contract, or any infringement, dissolution or nullity in regard thereof, shall be finally ruled and settled in compliance with the Arbitration and Mediation Ordinance of the Vienna International Arbitral Centre of the Austrian Federal Economic Chamber (VIAC) (Vienna Rules) by one or more arbitrators to be appointed on the basis of these aforementioned Rules. The language to be used for the arbitration proceedings shall be German or English
- 12.3 However, irrespective of whether Wollsdorf or the supplier address themselves to an ordinary court or to the Vienna International Arbitral Centre of the Austrian Federal Economic Chamber (VIAC), these General Terms and Conditions of Purchase shall be exclusively subject to Austrian law with the exclusion of the UN Purchasing Agreement regulations concerning the international purchase of goods, as well as with the exclusion of the conflict of law rules under private international law.

13. Final clauses

- 13.1 In the case that one provision hereunder proves to be ineffective or inapplicable, this shall have no bearing on the effectiveness or applicability of the remaining clauses hereunder. Rather, the provision that has been rendered ineffective or inapplicable shall be replaced by an effective and applicable one, whose economic purpose and content comes as close as possible to the one that has been rendered ineffective or inapplicable.
- 13.2 Wollsdorf herewith reserves the right to correct, at any point in time, any obvious errors, such as clerical mistakes, or computing or calculation errors contained in orders, accepted offers, or similar documents.
- 13.3 These General Terms and Conditions of Purchase are drawn up in German and in English. In case of doubt only the wording in the German language of these General Terms and Conditions shall be decisive and valid.

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