

## **TERMS AND CONDITIONS OF PURCHASE BY HAT WORLD, INC.**

The following terms and conditions shall apply to all purchases of goods by Hat World, Inc. ("Buyer") and shall form an integral and essential part of the contracts of purchase that may be entered into from time to time, as though fully set out on the face of the contract or purchase order. These terms, together with the specific information set forth on the face of a Buyer-generated purchase order (including an order transmitted by electronic data interface or other agreed-upon means), are the entire agreement of the parties, and these terms shall not be modified by any subsequent communication except one in writing, specifically referring to these Terms and Conditions of Purchase and indicating an explicit intent to modify them, signed by an authorized representative of Buyer. Seller shall notify Buyer within 3 business days after receipt of the purchase order of any term or condition of the purchase order to which Seller does not agree, upon which Buyer reserves the right to cancel the purchase order.

### **CONTRACT**

Seller hereby agrees to sell and deliver to Buyer and Buyer agrees to purchase and accept the merchandise as described, in the quantities, at the times and at the prices specified on the face of the purchase order and upon and subject to all the terms and conditions set forth therein that do not conflict herewith except as modified in accordance with the previous paragraph.

### **PURCHASE FOR RESALE**

The merchandise purchased hereunder is purchased for resale in Buyer's retail stores and through direct to consumer mail order and internet channels. Seller hereby grants to Buyer a non-exclusive, worldwide, royalty-free license to use Seller's trademarks and trade names associated with the merchandise in advertising materials, in print catalogs, on internet websites and otherwise in connection with the resale of the products, subject to such reasonable written restrictions on use as Buyer shall have received from Seller prior to or simultaneously with entry into the purchase order pertaining to such merchandise.

### **PACKING, SHIPPING AND BILLING**

Seller shall be responsible for providing adequate packaging, packing, shipping and billing. Seller shall comply with all packaging, packing, shipping and billing requirements reasonably requested by Buyer or established by applicable laws, regulations, carrier tariffs and classifications, including without limitation those set forth in the Routing Guide posted on the internet at <http://www.genescopartners.com>, as it may be amended from time to time (the "Routing Guide").

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## **DELIVERY**

Delivery shall not be deemed to be completed until merchandise shall have been actually received, inspected and accepted by Buyer. Defects are not waived by acceptance of the merchandise or by failure to notify Seller thereof. Seller agrees to cooperate with Buyer if Buyer desires to file a claim against a third party for any loss of or damage to the merchandise in transit.

## **PRODUCTION REQUIREMENTS, LABOR STANDARDS**

Seller represents and warrants that all merchandise sold to Buyer hereunder has been or will be produced in compliance with the applicable requirements of federal (United States or any other national government), state and local laws, including any administrative regulations. Seller shall strictly adhere to all applicable laws and prohibitions of the country in which the merchandise is manufactured and, as applicable, to the laws of the United States with respect to Seller's production facilities, business and labor practices and such merchandise, including laws governing the working conditions, compensation and age of the work force. Seller shall not use or permit to be used illegal child or forced labor in the manufacture of merchandise. Manufacturer will provide with each shipment of merchandise a certification identifying the factory where the merchandise was manufactured and confirming compliance with the standards set forth in this paragraph and will provide such other certifications related to the subject matter of this section as Buyer may request from time to time.

## **LABELING REQUIREMENTS**

All merchandise sold to Buyer hereunder shall be packaged, tagged, labeled and invoiced in compliance with applicable requirements of all federal (United States or any other national government), state and local laws, including any administrative regulations and any Federal Trade Commission rules, guides or orders applicable to the merchandise covered by the purchase order. Without limiting the generality of the foregoing, all merchandise shall be labeled, packaged, tagged and invoiced as provided in the Routing Guide.

## **TRADEMARK**

Buyer's direction to Seller to mark or otherwise label any merchandise produced by Seller with a trade name or a trademark of, or any reference to, Buyer ("Trademark") is expressly limited to merchandise sold to Buyer, and Seller agrees not to sell or otherwise dispose of any merchandise bearing any Trademark to any other person without first removing the Trademark or obtaining Buyer's express written consent.

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## **TAXES**

The prices set forth in the purchase order include all applicable federal (United States or any other government), state and local taxes, if any, whether or not such taxes are set forth separately or invoiced to Buyer, except for state and local sales and use taxes which are levied on the sale of the merchandise at retail and measured by the Contract or sales price to the ultimate consumer.

## **WARRANTY**

Seller represents and warrants that all merchandise sold to Buyer under the purchase order in which these terms and conditions are incorporated shall be merchantable and conform to the specifications set forth herein or otherwise applicable to such merchandise and shall be ready for shipment at the times and in the quantities herein specified. Seller further represents and warrants that no merchandise sold to Buyer hereunder shall infringe any patent, trademark, copyright, or any other proprietary or contractual right of any third party.

## **INDEMNITY**

Seller agrees to protect, defend and hold harmless and indemnify Buyer from and against any and all claims, actions, liabilities, losses, costs and expenses (1) arising out of any actual or alleged infringement or any patent, trademark or copyright by any merchandise sold to Buyer hereunder or any unfair competition involving such merchandise, or (2) arising out of any actual or alleged death of or injury to any person, damage to any property, or any other damage or loss by whomsoever suffered resulting or claimed to result in whole or in part from any actual or alleged defect in such merchandise, whether latent or patent, including actual or alleged improper construction or design of such merchandise or the failure of such merchandise to comply with any specifications or with any expressed or implied warranties of Seller, or (3) arising out of any actual or alleged violation by such merchandise, or its manufacturing, possession, use or sale, of any law, statute or ordinance or any governmental administrative order, rule or regulation, (4) arising out of Seller's assembly or manufacture of merchandise covered by this Contract or (5) arising out of Seller's breach of any of its obligations, representations or warranties hereunder. These agreements and obligations of Seller shall not be affected or limited in any way by Buyer's extension of expressed or implied warranties to its customers.

## **BUYER'S REMEDIES**

All merchandise not merchantable or not in compliance with the specifications hereof, or shipped contrary to instructions, or in excess of the quantities herein provided, or substituted for merchandise described in the purchase order or not shipped in containers or with labels, bar codes and the like conforming to Buyer's specifications (or in the absence of such specifications, in recognized standard

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containers conforming to carriers' specifications), or allegedly violating any statute, ordinance or administrative order, rule or regulation, or not packaged, tagged, labeled, invoiced or stamped in compliance with any federal (United States or any other government), state or local law, rule or regulation, or allegedly infringing any patent, trademark or copyright, or allegedly involving any unfair competition, may be rejected by Buyer and returned or held at Seller's expense and risk. Buyer may charge to Seller all expense of unpacking, examining, repacking, storing and re-shipping of any merchandise rejected as aforesaid. Buyer's right to reject and return or hold merchandise at Seller's expense and risk shall, without limiting such right, extend to merchandise sold to Buyer hereunder which is returned by Buyer's customers for any reason entitling Buyer to reject. Buyer may, at its option, require Seller to grant a full refund or credit to Buyer, in lieu of replacement, with respect to any item which Buyer is entitled to reject hereunder. Buyer shall have the right to cancel this Contract, or any part thereof, or all or any part of its obligations hereunder, if Seller does not have merchandise which is merchantable and conforming to specifications ready for shipment in the quantities and at the times herein set forth, or if it should be alleged that merchandise to be sold to Buyer hereunder infringes any patent, trademark or copyright or is manufactured to be sold to Buyer in violation of any statute, ordinance or administrative order, rule or regulation, or if Seller shall refuse to furnish appropriate guaranties to protect Buyer as permitted by any law, rule or regulation.

### **DEFINITIONS**

The term "merchandise" as used herein shall include all packaging and containers employed in connection therewith and any literature pertaining to such merchandise. The term "specification" as used herein shall mean all, or any part of, the detailed description of merchandise agreed upon by Seller and Buyer. Any such specification shall be in writing. By agreeing to and using any such specification or any design, product, modification or other manufacturing or product suggestion, whether originating with Buyer or otherwise, Seller agrees that it adopts as its own, accepts full responsibility for, and relieves Buyer of all responsibility for such specification, design, modification or suggestion.

### **MISCELLANEOUS**

All rights and remedies are cumulative and the exercise of any right or remedy herein provided shall be without prejudice to the right to exercise any other right or remedy provided herein or by law.

Time is of the essence of this Contract.

This Contract shall be governed by the laws of the State of Indiana, United States of America, without reference to its choice of law rules.