

## **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, and the provisions of the Routing Guide, as defined below, all in the forms posted at [www.genescopartners.com](http://www.genescopartners.com) on the date of the purchase order, 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 course of dealing or performance or 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.

### **CONTRACT**

Buyer's commitment to purchase merchandise shall arise only at such time as Buyer issues a purchase order for specified quantities of merchandise and Buyer's obligation to purchase merchandise shall be limited to the quantities contained in the purchase order issued. All shipments against a valid purchase order shall be considered acceptance of the purchase order. Any estimate or forecast of Buyer's future needs for merchandise is for long range planning purposes only and shall in no way represent a commitment of Buyer, which shall have no responsibility or liability for any actions taken by Seller based on such estimates or forecasts.

### **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. Time is of the essence. All merchandise must be delivered to Buyer's designated carrier on or before the "Cancellation Date" specified in the purchase order for merchandise or services, but not before earliest ship date specified. Buyer may regard the purchase order as having lapsed if merchandise is delivered to the designated carrier after the "Cancellation Date."

Unless other terms are specified on the face of the purchase order, the price specified in the purchase order shall include all costs of packing merchandise and all costs of delivery of merchandise to the "F.O.B. point" or other delivery point specified in the purchase order, including (a) all duties and taxes (including excise and withholding taxes) payable in any country where production or delivery takes place; (b) any commissions to selling agents; and (c) other incidental charges, whether or not such charges are itemized separately on invoices to Buyer. Seller shall ship only the quantities of merchandise ordered by Buyer in the application purchase order. Seller shall not make any substitutions without Buyer's prior written approval. Seller shall bill Buyer for the merchandise at the price specified in the applicable purchase order.

## **SELLER SHIPMENTS AND RETURNS**

Seller waives any claim related to alleged underpayments, chargebacks, return authorizations, offsets or other payment disputes if detailed written notice of the claim and supporting documentation establishing its validity to Buyer's reasonable satisfaction have not been furnished to Buyer within one year after the earlier of the original invoice date or the date of delivery to Buyer of the goods subject to the dispute. Refunds for returns may be credited against pending or future orders only with Buyer's express consent. In any event, refunds for returns will be paid to Buyer not more than 120 days after the return date.

## **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 AND CONTENT 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. Further, without limiting the generality of the foregoing, any merchandise sold to Buyer hereunder that incorporates substances or materials for which a warning must be provided under the California Safe Drinking Water and Toxic Enforcement Act ("Proposition 65") or any other law or regulation shall be labeled with or otherwise accompanied by a warning in compliance with such law. Footwear, handbags, leather accessories, and belts shall comply with the lead limits appended to these terms and conditions for purposes of compliance with Proposition 65.

## **IMPORTED MERCHANDISE**

All invoices for merchandise must be written in the English language, must set forth prices solely in United States Dollars which is the currency on which payment will be made, and specify the country of origin, the name of an English-speaking employee of Seller who has knowledge or can readily obtain knowledge of this transaction, the number of the purchase order, the style number and Buyer's items number shown on the purchase order, the quantities shipped, the carrier used and, if then available, the bill of lading number. All discounts and charges must be reflected separately on Seller's invoice.

All documentation required by the U.S. Customs laws and regulations, the Consumer Product Safety Commission laws and regulations, the Federal Trade Commission laws and regulations and rules of any

other government or authority in order for the merchandise to be delivered to Buyer as anticipated by the purchase order (including, without limitation, commercial invoices, packing lists, country of origin declarations, applicable quotas, visas, textile declarations, certificates of compliance or general certificates of conformity, bills of lading, or other governmental authorizations that may be required for lawful and expeditious export from the country of origin and subsequent importation to us) shall be provided by Seller at the time of shipment. Seller shall comply with U.S. laws and regulations relating to the merchandise and the shipment and transportation thereof, including the C-TPAT and Importer Security Filing (“ISF”) laws and regulations and shall maintain adequate records related thereto for the periods required by applicable law.

Seller shall be liable for detention or referral of entry (by applicable governmental authorities) of any merchandise that is shipped without proper documentation or other lawfully required identification. In the event that any assists are furnished to Seller by Buyer, Seller’s invoice will include appropriate disclosure of such assist.

As a participant in the Customs-Trade Partnership Against Terrorism (C-TPAT) program, Buyer is committed to strengthening overall supply chain security, and Buyer expects its supply chain business partners to share that commitment. To that end, Seller hereby expressly agrees: (i) to provide all requested assistance to Buyer necessary to fulfill Buyer’s C-TPAT commitments and obligations; and (ii) to comply with any and all current or future laws, regulations, rules, industry guidelines or recognized best practices relating to supply chain security and anti-terrorism. Without limiting the foregoing, Seller agrees to follow any relevant requirements, guidelines or instructions set out by the U.S. Customs and Board Protection ([www.cbp.gov](http://www.cbp.gov)), including, but not limited to, having a written security procedure plan in place that addresses physical security, access controls, procedural security, personnel security, education and training awareness and threat awareness.

#### **BUYER’S INTELLECTUAL PROPERTY**

Buyer is the owner or licensee of certain intangible assets including its trade names, service marks and logos as well as various proprietary brand names, marketing handles and other trademarks relating to merchandise (“Buyer Marks”). Seller agrees not to use any of the Buyer Marks directly or indirectly for advertising or publicity purposes (including, but not limited to, referencing in press releases or customer lists) without, in each instance, obtaining the prior written consent of a duly-authorized officer of Buyer.

If Buyer directs Seller to mark or label any merchandise with any of the Buyer Marks, such marking or labeling shall be limited to the indicated quantities of such merchandise and shall be done in accordance with Buyer’s specific instructions. Seller shall not sell or otherwise dispose of, nor permit the sale or disposal of, any merchandise bearing any of the Buyer Marks to anyone other than Buyer without first obtaining Buyer’s express written consent, which may be withheld in Buyer’s sole and absolute discretion. Seller shall have no interest or rights in any of the Buyer Marks. Any approved use of any of the Buyer Marks by Seller and the goodwill generated thereby shall inure to the benefit and be the property of Buyer. Seller acknowledges that a violation of any provision set forth herein constitutes a breach of the purchase order that will cause immediate and irreparable harm and that Buyer will be entitled to entry of (among other things) immediate preliminary and/or permanent injunctive relief against Seller. Merchandise (irrespective of whether it is defective or nonconforming) that bears any of the Buyer Marks may not be disposed of by Seller without Buyer’s prior written authorization, which may be withheld in its sole and absolute discretion.

#### **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.

### **WARRANTIES**

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 in all respects to applicable law and to the specifications set forth herein or otherwise applicable to such merchandise and shall be free from any defects in design, construction, materials, packaging, or workmanship, and 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 other proprietary or contractual right of any third party.

### **INDEMNITY, INSURANCE**

Seller agrees to protect, defend and hold harmless and indemnify Buyer from and against any and all claims, actions, liabilities, losses, costs and expenses (including reasonable attorneys' fees) (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, (5) arising out of Seller's or its suppliers' or subcontractors' negligence, recklessness or intentional wrongdoing, (6) otherwise arising in connection with the merchandise in any way, including but not limited to strict liability claims, or (7) arising out of Seller's breach of any of its obligations, representations and 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.

Seller will at all times maintain general liability and product liability insurance providing broad form vendor's coverage in each case to afford protection to the limits of not less than that customarily maintained by comparable vendors and suppliers, but in any event not less than \$2,000,000 for combined single limit for personal injury and property damage to any one person and naming Buyer as an additional insured to cover Seller's indemnification obligations described herein. At Buyer's request, Seller will provide Buyer with a Certificate of Insurance evidencing such coverage and providing for not less than 30 days' notice of cancellation or amendment of such coverage.

## **BUYER'S REMEDIES, CANCELLATION**

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 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 may offset against payment obligations to Buyer amounts owed by Seller or by any person or entity controlling, controlled by or under common control with Seller to Buyer or to any person or entity controlling, controlled by or under common control with Buyer. 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.

Buyer may cancel the purchase order in whole or in part without Seller's authorization and in Buyer's sole and absolute discretion in the event of any of the following, each of which will substantially impair the value of the whole purchase order to Buyer: (a) any breach of Seller's representations and/or warranties hereunder; (b) any delay in delivery or performance or departure from delivery and routing instructions; (c) any variation from the quantities, quality, specifications, merchandise samples, assortment, prices, services or other terms and conditions specified in the purchase order; (d) any breach of Seller's obligations hereunder; (e) the merchandise becomes the subject of any claim by any third party; (f) Seller becomes insolvent or makes an assignment for the benefit of creditors, or a receiver for Seller's assets or business is appointed or Buyer reasonably believes Seller may become insolvent or subject to bankruptcy or receivership proceedings; or (g) in the event of acts of God (including, but not limited to, natural disasters, fire, flood, earthquake, and disease outbreaks), lock-out, strike, war, civil commotion or disturbances, acts of public enemies, government restrictions, riots, insurrections, sabotage, blockage, embargo, or other causes beyond our reasonable control. In such event, Seller shall immediately stop all work and observe any instruction from Buyer as to work in process. Buyer may also cancel this purchase order in whole or in part without cause at any time. In the event of such cancellation without cause, Buyer's liability to Seller shall be limited to the contract price of that portion of the purchase order fully and properly performed by Seller and received by Buyer prior to such cancellation.

## **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.

### **PROPRIETARY INFORMATION**

All Proprietary Information (as hereinafter defined) to which Seller gains access from Buyer is confidential and Buyer's sole and exclusive property. Seller shall not in any manner use, reproduce or disclose, directly or indirectly, to any of Seller's employees, agents, affiliates, subcontractors, suppliers or any third party at any time any Proprietary Information except in connection with Seller's performance under a purchase order and then only to the minimum extent necessary to allow such performance.

Proprietary Information includes: (a) all information relating to Buyer's sales, pricing, costs, inventory, operations, plans, programs, merchandise, and all information related to merchandise purchases, including, but not limited to shipment and transportation thereof and reports relating thereto; (b) all of Buyer's trade secrets including any and all customer lists, customer survey responses, and any other information concerning of Buyer's customers; 9c) specifications to the extent furnished by Buyer; and (d) any other information provided by Buyer to Seller that is not publicly available.

Proprietary Information does not include any information that is publicly available, unless it became so by disclosure in violation of these terms and conditions or any information available to Seller from a source other than Buyer which is not subject to a contractual or other disclosure restriction. Seller may disclose Buyer's Proprietary Information to the extent required by law after giving Buyer as much notice of the legal requirement to disclose as is consistent with it and after cooperating reasonably with Buyer's efforts to obtain a protective order or such other confidential treatment as may be legally available to Buyer for such information.

### **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.

Seller shall not assign any rights or delegate any duties hereunder, except the right to receive payment for conforming merchandise. Any other assignment or delegation, whether by operation of law or otherwise, is void and not binding on Buyer without Buyer's prior written consent. No assignment or delegation (including assignment of the right to receive payment), with or without notice, shall bar Buyer from asserting against Seller or the transferee or both any claim against Seller whether or not arising out of the purchase order and whether or not accrued at the time of assignment or delegation. Any adjustments made with Seller or returns made to Seller for credit shall be binding upon Seller and any assignee or delegate. If Seller makes any assignment or delegation in violation of the foregoing, in addition to our other rights and remedies available under the purchase order, at law or in equity, Buyer may cancel the undelivered balance of the purchase order without liability to Buyer except for merchandise previously accepted.

Time is of the essence of this Contract.

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