

GENERAL TERMS AND CONDITIONS OF DELIVERY VITELCO LEATHER B.V.

Article 1 - General

1.1. These general terms of delivery are applicable to all offers made to and agreements concluded with the Customer by the Supplier, including related agreements and to all other legal relations that arise between the Supplier and the Customer as a consequence of the performance of these agreements concluded between the Supplier and the Customer, in as far as same has not been explicitly deviated from in writing. The applicability of the general terms of delivery of the Customer is explicitly excluded.

With respect to salaried work the additional provisions as included in the article "Salaried work" shall apply. In case of conflict the provisions included in the article "Salaried work" shall prevail. Salaried work is work to be carried out on leather that is supplied by the Customer.

1.2. In these general terms and conditions of delivery the Supplier shall be the party using these general terms and conditions of delivery; the Customer shall be the party to whom the Supplier makes an offer and/or with whom the Supplier concludes an agreement.

Article 2 - Offers and agreements

2.1. All offers made by the Supplier are without prejudice and subject to contract.

2.2. Pictures and drawings provided that have not explicitly been referred to in the offer or the contract, are not binding.

2.3. Any weights, measurements, prices and other data included in catalogues, circular letters, advertisements, pictures, pricelists and the like are of an indicative nature only.

Article 3 - Price and payment

3.1. Unless stated otherwise, the prices are:

- exclusive of turnover tax and other public charges
- based on delivery ex works
- exclusive of the costs of packaging, loading and unloading, transport and insurance
- exclusive of export and import duties and other public levies

3.2. In case of increase of one or more cost price factors the Supplier is entitled to increase the price of the order accordingly, with due observance of any existing relevant legal regulations, provided always that any future, already known, price increases have to be mentioned on the order confirmation.

3.3. All payments have to be made in the agreed currency without any deduction, suspension or set-off on the bank account to be indicated by the Supplier on the invoice. The Supplier shall at all times be entitled to require payment security from the Customer at the expense of the Customer, or to collect on delivery.

3.4. If the Customer does not or not in a proper or timely manner, comply with his payment obligations or with his obligation to raise security, and also in case of bankruptcy, (provisional)

moratorium on payment (or a similar situation in the country where the Customer has its office), closing down or liquidation of its business, the Supplier shall be entitled to immediately demand payment of all amounts due.

3.5. All judicial and extrajudicial costs to be incurred shall be for the account of the Customer. The extrajudicial debt collection costs amount to at least 15% of the amount due by the Customer.

3.6. Deliveries on approval shall be invoiced on the date of dispatch. If the goods delivered on approval shall not have been returned within 14 days following the date of dispatch, they shall be considered to have been bought.

Article 4 - Delivery

4.1. Delivery takes place EXW factory of the Supplier (ex works, ex factory), Incoterms valid version at the time of conclusion of the contract, unless otherwise agreed in writing. If the Supplier organises the dispatch or transport, insurance or export, the Supplier acts for the account and risk of the Customer and the moment of transfer of the risk of the goods is not influenced. If for whatever reason the EXW is not applicable, the CPT delivery address of the Customer (carriage paid to) shall apply. Then, too, it shall be that if the Supplier organises the dispatch or transport, insurance or export, the Supplier acts for the account and risk of the Customer and the moment of transfer of the risk of the goods is not influenced.

4.2. The agreed delivery period commences on the date the agreement has been concluded, the agreed down payment has been received by the Supplier and the agreed payment securities have been put up by the Customer. The agreed delivery period is not a fatal term; in case of untimely delivery the Customer shall have to put the Supplier in default in writing with due observance of a reasonable period.

4.3. In case of orders on demand the dates of take up have to be advised within 2 months and the entire order has to be taken up within 4 months, failing which the Supplier can either send the goods to the Customer, or keep them available. The Customer shall then remain bound to comply with his payment obligations. The Supplier shall be entitled to invoke the dissolution of the on demand agreement.

4.4. When after the expiry of the delivery period the goods have not been taken by the Customer, they will be stored at his disposal, for his account and at his risk. Consequently the Supplier is entitled to charge among others storage costs.

Article 5 - Property

5.1. The property of the goods only passes to the Customer as soon as he has fully complied with all his obligations under the agreement concluded with the Supplier.

5.2. In case of treatment, processing or mixing of the goods delivered by or at the Customer, the Supplier shall obtain the co-ownership of the newly created goods, and this up to the value of the (original) goods delivered by the Supplier.

5.3. The Customer is not entitled to sell, encumber, pledge or bring the goods otherwise under the control of third parties, as long as the ownership has not passed on to him.

5.4. In case the Customer has not yet complied with his obligation in return towards the Supplier and he has sold the subject goods to a third party, he herewith grants an irrevocable mandate to the Supplier to vest a lien on this claim against the third party. The Customer shall also provide the Supplier with all necessary information, such as the details regarding the third-party buyer and the conditions of sale (prices) and co-operate in performing the necessary formalities required to create a lien, such on pain of payment of a penalty of at least the amount of the invoice. If the Customer does not promptly comply with his (payment) obligations towards the Supplier, the Supplier shall be entitled to advise the third-party buyer of the lien, after which the third-party buyer can only pay to the Supplier to obtain the release of the goods.

Article 6 - Complaints

6.1. Immediately upon receipt and prior to treatment the Customer shall carry out the in the trade usual inspections of the goods. Any apparent defects shall be reported in writing directly to the Supplier immediately upon delivery and any hidden defects shall have to be reported in writing no later than one week following the delivery and before treatment, failing which the Supplier shall not be bound to deal with the complaints.

6.2. Complaints regarding invoices shall have to be submitted in writing and this within one week following the date of dispatch of the invoices.

6.3. Minor deviations in colour, model and of a like nature that is not uncommon in the industry, are allowable, while deviations in the quantities ordered may be allowed up to 5% more or less. No complaints shall be made:

- a) in case of sale on weight a weight difference of at most 0.5%;
- b) in case on size a size difference of at most 2% on the whole consignment.

6.4. If the complaint is well founded, then the Supplier is only obliged to replace the improper goods without the Customer being entitled to claim any compensation whatsoever.

6.5. The filing of a complaint shall never release the Customer from his payment obligations towards the Supplier.

Article 7 - Liability

7.1. After delivery the liability of the Supplier - in as far as the obligation to fulfil the agreement is concerned - shall be limited to claims resulting from the right of complaint pursuant to article 6 of these general terms of delivery.

7.2. The Supplier does not accept any liability on any account whatsoever for damage that consists of, relates to or is connected with:

- loss of profit;
- decrease of turnover or production;
- damage that is caused by the use /processing of the goods delivered;
- the good delivered is processed to/into a (final) product, for which the good delivered is not fit and/or appears to be unfit;
- total or partial damage or loss of the goods delivered by or on behalf of the Supplier and of the Goods that are produced, processed and/or treated with the goods delivered by or on behalf of the Supplier;
- the taking back of goods;

- the delivery of goods, for which the Supplier does not receive anything in return;
- standstill or delay in the production process;
- pure loss of capital;

and regardless whether or not the damage has occurred with the Customer or with a third party. This exclusion of liability does not apply, if and in as far as a person, who is in charge with the management of the company of the Supplier, can be blamed for having acted deliberately or negligently with respect to the causing of the damage.

7.3. In as far as the liability has not been excluded and without prejudice to the provision contained in the final sentence of article 7.2, the liability of the Supplier for damage shall always be limited to an amount equal to the net value of the goods delivered.

7.4. A claim for damages expires, if the Customer shall not have advised the Supplier in writing stating all relevant facts and shall not have held the Supplier liable within one month after the facts occurred that constitute or may constitute ground for damages. If the Customer has notified the Supplier and held him liable with due observance of the provisions in the previous sentence, the claim for damages will nevertheless expire if the Customer shall not have lodged a legal claim against the Supplier before the competent body within six months after the notification.

7.5. The limitations of liability included in these general terms of delivery are considered to also apply for the benefit of third parties involved in the delivery of the goods by the Supplier.

Article 8 - Indemnity

The Customer shall indemnify the Supplier against any claim of a third party towards the Supplier for compensation of damage that this third party suffers or alleges to suffer (also) as a consequence of the use or application of the goods delivered by or on behalf of the Supplier. The Customer is, however, not bound to indemnify the Supplier, if and in as far as he proves that the Supplier would be liable for the damage towards the Customer, if the Customer would himself have addressed to Supplier for compensation of the damage.

Article 9 - Dissolution

9.1. Without prejudice to the provisions of article 10.4 the Customer is only entitled to dissolve the agreement either in whole or in part if the Supplier, despite repeated notices of default, in which a reasonable remedy period has been granted in respect of the non-performed obligation, fails to perform an essential obligation under the agreement and the Customer evidently suffers damage due to this non-performance. The right of the Customer to claim dissolution in or out of court expires six months after the facts that constitute or may constitute ground for dissolution have occurred.

9.2. In the following events the Supplier shall in any case have the authority to dissolve the contract without notice of default and without judicial intervention, or to claim from the Customer the immediate performance of all obligations following from the agreement:

- bankruptcy of the Customer or the application thereto, suspension of payment of the Customer or the application thereto;
- incorrect or incomplete statement of facts concerning the creditworthiness of the Customer or reduced or insufficient creditworthiness;
- the Customer dies or is placed under legal restraint;

- the Customer does not perform one or more of his statutory obligations or of his obligations agreed upon with the Supplier.

Article 10 - Force Majeure

10.1. Force majeure events shall be all circumstances that prevent, whether or not temporarily, the performance of the agreement and which are not to be attributed to the party invoking the force majeure.

10.2. Force majeure events shall in any case include: strikes, lock-outs, unforeseen shortage of raw materials, unforeseen transport difficulties, fire, measures imposed by the authorities, in particular import and export restrictions, quota restrictions, unforeseen interruptions of work with the Supplier.

10.3. Force majeure as described in the previous paragraph, incurred by suppliers or other third parties, on whom the Supplier depends, is also considered force majeure of the Supplier.

10.4. During the force majeure the delivery obligation and other obligations of both parties are suspended. If the force majeure period lasts more than 6 months, each of the parties is able to dissolve the agreement either in whole or in part, without any obligation to pay compensation.

10.5. If the force majeure is of a temporary nature, the Supplier shall be entitled to suspend the performance of the agreement until the circumstance providing the force majeure does no longer occur.

10.6. The Supplier is entitled to compensation for deliveries and achievements already made in the performance of the agreement before the force majeure circumstance has commenced.

10.7. The Supplier may also invoke force majeure if this has commenced after the original delivery period.

Article 11 - Applicable Law and Disputes

11.1. Dutch law shall be exclusively applicable to all offers made and/or agreements concluded by the Supplier, including related agreements and all disputes resulting therefrom. The applicability of the Vienna Sales Convention (CISG) of 11 April 1980 (Bulletin of Treaties 1981, number 184 and 1986, number 61) is excluded.

11.2. Claims against the Supplier will be exclusively decided by the Dutch court which has jurisdiction within the area of establishment of the Supplier, unless the Supplier has explicitly waived this provision, everything in as far as allowed by the law. Next to the court having jurisdiction pursuant to the applicable private international law, claims against the Supplier may also be decided by the Dutch court having jurisdiction within the area of establishment of the Supplier.

Article 12 - Salaried work

12a - Performance of the agreement

12a.1. The order will be performed by the Supplier in accordance with the description contained in the order confirmation of the Supplier.

12a.2. In the context of the performance of the agreement the goods to be treated will have to be put at the disposal of the Supplier in the agreed manner and on the agreed date and place. This date is considered to be a deadline for the Customer. The goods delivered shall be insured by or on behalf of the Customer. They shall be kept by the Supplier at the risk of the Customer.

12a.3. If the goods offered by the Customer deviate from what has been agreed upon, the Supplier shall be entitled to only proceed with the treatment of the goods after a new agreement has been concluded with respect thereto.

12a.4. Delivery by the Customer after the agreed date shall entitle the Supplier to refuse the performance of the order.

12a.5. In as far as the type, quality and quantity of the goods present with the Supplier are concerned, the administrative data of the Supplier will, in case of doubt, qualify as evidence.

12a.6. As soon as the goods or the agreed part thereof have been treated by the Supplier in the agreed manner, the goods shall be available for collection by the Customer. The goods can be collected against a signed receipt. The Customer shall be required to inspect the goods treated by the Supplier prior to or at the time of collecting.

12b - Liability

12b.1. Without prejudice to the provisions of article 7 the Supplier, in view of the nature of the work to be performed by him, also excludes each and every liability for damage caused by

- hidden defects or deviations in the goods offered, such as damage as a consequence of the migration of substances from the crust to the finish
- size difference both in the surface (shrinking) and in thickness and assortment .

12b.2. Re-finishing and re-painting of leather already finished or painted, shall be fully and exclusively at the risk of the Customer. Each and every liability for this shall be excluded, except for intent or gross negligence on the part of the Supplier

12b.3. The Customer shall have to examine each time before using or as the case may be selling the goods whether the goods treated by the Supplier are indeed fit for the purpose he or a third party intends to use the goods.

12b.4. The liability of the Supplier shall be limited to the amount equal to the value of the work carried out or, as the case may be, agreed upon. The value of the work performed shall be equal to the invoice amount.

12c - Securities

12c.1. The Supplier is allowed to suspend the performance of his obligations, including the surrender of the goods entrusted to him by the Customer, until all mature claims of the Supplier against the Customer have been paid.