

STANDARD PURCHASE TERMS OF SIGHTMODE LTD

(Version: 7 May 2017)

§ 1 General

- (1) The following terms form part of the Contract concluded with us. They apply only if the Contractual Partner is an entrepreneur, a legal person under public law or a special fund under public-law. By accepting the purchase order, the Contractual Partner acknowledges these Standard Purchase Terms.
- (2) Our Standard Purchase Terms, in the most recent version thereof, also apply for all subsequent transactions without requiring that this be explicitly mentioned or stipulated when said transactions are finalised.
- (3) These Standard Purchase Terms apply to the exclusion of all others. Provided that the Contractual Partner sets terms of its/her/his own, these are not terms of the Contract even in the absence of explicit opposition from us. We hereby oppose counter-confirmations, counter-offers or other references on the part of the Contractual Partner that make reference to its/his/her standard business terms; deviating terms of the Contractual Partner apply only if we have issued written confirmation to this effect.

§ 2 Conclusion of contract

- (1) Only purchase orders, orders and changes to orders that we have issued in writing are legally binding for us. Deliveries of goods for which there are no written purchase orders will not be acknowledged. Our remaining silent with respect to offers, requests or other statements of the Contractual Partner amounts to acceptance only when this has been explicitly agreed in writing. The Contractual Partner has a duty to draw our attention without undue delay to obvious errors (clerical or calculation errors for instance) and/or incomplete purchase orders or missing order documents for purposes of correction or completion, respectively; otherwise the Contract is not considered to have been concluded.
- (2) We hold ourselves bound by a binding purchase order for 14 days. Confirmation of a work order that comes in later is deemed a new offer. The same applies to a modified acceptance, which always requires acceptance on our part.
- (3) In all cases, on execution of said purchase order by the Contractual Partner a purchase order is deemed to be accepted under these terms.
- (4) The Contractual Partner will give consideration to subsequent change requests. Additional costs and delays in delivery require our prior written consent.
- (5) The Contractual Partner's Offers, designs, samples, and patterns are free of charge for us. At our request, the Contractual Partner must take them back without undue delay and at its/his/her own expense.
- (6) The Contractual Partner has a duty to draw up order confirmations. These must relate to the individual order in question and must contain all essential parts of the Contract and cite the agreed certifications and product specifications.

§ 3 Prices

- (1) The prices agreed are fixed prices. Turnover taxes are to be calculated only if the Contractual Partner has a legal duty to charge said taxes. No turnover taxes may be charged in connection with reversal of tax liability, i.e. reverse charging. Unless the statutory turnover tax is explicitly cited in the purchase order confirmation, the Contractual Partner is not entitled to collect said tax subsequently.
- (2) We grant compensation for offers, preparations, plans, trials etc. only if this has been explicitly agreed.
- (3) Follow up orders are executed at the product price of the initial purchase order. This also applies in conjunction with minor changes in the nature of the goods. Changes of product colour, product size and product design are deemed to be minor changes. Price increases resulting from additional manufacturing costs incurred by the Contractual Partner are accepted by us only in the amount proven by the Contractual Partner and only through express declaration.

§ 4 Passing of risk

The risk of accidental loss and accidental deterioration of the goods passes to us upon transfer at the place of performance. Deliveries are always free on board (FOB). Provided that a procedure of acceptance [*Abnahme*] has been agreed, this acceptance is decisive for determining the passing of risk.

§ 5 Delivery, delivery time, delivery note

- (1) Unless another agreement has been made in the individual case, all of the supplier's services and ancillary services are included in the price, as are all additional costs (e.g. proper packing/packaging that is secure for shipping, including necessary labelling of package, e.g. in respect of GOTS certification, duty, import taxes, shipping costs, including possible shipping and liability insurance). Unless agreed otherwise, delivery/performance is thus to be effected at the location we designate free of all charges, packed at the expense and risk of the Contractual Partner and carriage paid.
- (2) The Contractual Partner is responsible for packing/packaging the goods in the proper manner, taking the type of shipment into account, and bears the burden of proof for this. Unless specified separately, the Contractual Partner has a duty to take back and properly dispose of packing materials. The place of performance for taking back packing materials is the place of transfer of the goods.
- (3) In connection with deliveries from foreign customs territories, the Contractual Partner has a duty to get in contact with us in good time. It is the incumbent upon the Contractual Partner to ensure compliance with import, export and customs regulations, as well as to obtain and furnish all declarations, information and official attestations. To the extent that third-party claims arise from this, we must be released from said claims.
- (4) Adherence to the delivery period by the Contractual Partner is considered an essential contractual obligation. Delivery dates are set down in the purchase order. Delivery dates and specifications with respect to the performance period are binding. Receipt of the goods at our premises is decisive for determining compliance with the date or time limit for delivery. If contractual performance consists of the manufacture, instalment or assembly of a work or a good, then the

acceptance thereof is the determining event. The Contractual Partner shall notify us of foreseeable delays in delivery without undue delay. Partial deliveries and early deliveries are permitted only with our prior consent.

- (5) The Contractual Partner has a duty to ascertain and comply with applicable directives and laws in their current form. Should requirements to obtain legal permits or comply with prescribed reporting procedures exist, the Contractual Partner must notify us of these and provide us with the requisite materials, forms, certificates etc. in a timely manner and free of charge.
- (6) Delivery and shipping documents must bear all information necessary for their identification, such as our purchase order, item and order numbers. A delivery cannot be seen as complete until such time as the complete documentation, including proof of origin and original certificates, has been delivered. These must be included in the delivery or be sent to us or our forwarding agent as agreed with us. In the case of GOTS certified goods, the transaction certificate (TC) must be submitted within three weeks of delivery of the goods.
- (7) In case of default, we are entitled to the full exercise of our statutory rights. If the Contractual Partner is in breach of a contractually agreed delivery date, then it/he/she must pay us a contractual penalty in the amount of 5% of the net order amount for each business day that the time limit for delivery is culpably exceeded up to a maximum of 30% of the net order amount. The assertion of further damage on our part is not excluded, a forfeited contractual penalty will be allowed as credit against damages. We reserve the right to assert the contractual penalty up to the time of final payment.
- (8) The full or partial award of contracts for delivery of goods and services to third parties requires our prior written consent. The Contractual Partner is liable for deliveries of goods and services of its/his/her subcontractors as for its/his/her own deliveries of goods and services.
- (9) Up to the time of passing of the risk (see § 4), shipment of the goods to be delivered takes place at the risk of the Contractual Partner. The Contractual Partner has a duty to arrange for an appropriate insurance.

§ 6 Acceptance (Abnahme)

- (1) We examine goods delivered within the scope of the general course of operations. As a rule, an inspection for obvious defects is conducted within 5 business days. The Contractual Partner waives the objection based on late notice of defects under Section 377 of the German Commercial Code (HGB: Handelsgesetzbuch).
- (2) In the case of hidden defects, we give notice of said defects as soon as they are detected in the course of general course of operations. Provided that notice of a defect is given within a period of 7 days after discovery, the Contractual Partner will refrain from objecting on the basis on late notice of defects, including in the case of hidden defects.
- (3) Acceptance of performance of works or products to be created takes place after completion in a formal manner through the sending of an acceptance report. The Contractual Partner must request us in writing and in a timely manner to inspect acts of performance if the subsequent verification and examination of these acts of performance will be rendered impossible by further execution. A legal fiction that by effecting payment or through actual use we have accepted performance by remaining silent with respect to the Contractual Partner's requests for acceptance is excluded.
- (4) Save insofar as this service is explicitly excluded from the scope of performance, the Contractual Partner must have any officially required acceptances of any kind, including but not limited to acceptances by recognised experts, performed before final acceptance by us and must do so at the its/his/her own expense. Certificates attesting to freedom from defects and any official acceptances must be submitted to us in good time before acceptance and, upon request, at any time after that as well.

§ 7 Retention of title by the Contractual Partner, provision

- (1) The transfer of ownership is to occur unconditionally and irrespective of the payment of the price upon transfer of the goods to us. However, if we accept an offer from the Contractual Partner for transfer of ownership contingent on payment of the purchase price in an individual case, then retention of the Contractual Partner's title will come to an end no later than upon payment of the purchase price for the goods delivered. Any extended or expanded retention of the Contractual Partner's title is excluded.
- (2) Articles provided by us remain our property. In the event of processing, combining or mixing, we will obtain co-ownership of the new product in proportion to the value of that which was provided in relation to the value of the product in its entirety. The Contractual Partner is not entitled to a right of retention to our co-owner's share on any grounds.

§ 8 Compliance with specifications, third party and own industrial property rights

- (1) It is understood that the Contractual Partner has manufactured the products to be delivered to us (in the following: "branded products") according to specific specifications for the production process and product ingredients (in the following: "specifications") provided by us in the individual case. The contractual partner shall not sell branded products to a third party without our prior written consent. In other respects the Contractual Partner shall comply with all applicable legal requirements, including but not limited to those relating to occupational and fire safety, environmental protection and emission limits.
- (2) The seller shall adhere to the specifications and will not modify them without our prior written consent. We reserve the right to modify the specifications at any time should this become necessary due to applicable legal provisions. If doubts arise concerning compliance with specifications, then the Contractual Partner must provide evidence of existing continuity.
- (3) We further reserve the right to extend the specifications to cover storage and shipping requirements. We will notify the Contractual Partner without undue delay of a change of this kind.
- (4) The Contractual Partner transfers to us the exclusive and further transferable rights to use and exploit as well as the name and title rights, including all related rights, to all deliveries of goods, services and underlying products, with no substantive, temporal or territorial restriction.

- (5) To the extent that the Contractual Partner has further non-transferable rights to deliveries, services and underlying products, the Contractual Partner grants us a permanent exclusive licence to use and exploit these rights in every respect, along with the right to sublicense. The licence also encompasses the right to have deliveries of goods, services and products manufactured/performed by a third party.
- (6) The Contractual Partner and we agree that no obligation exists to exploit the rights granted.
- (7) Samples, design patterns, sketches, designs and other materials that have been submitted must be sent back to us without undue delay upon our request.

§ 9 Factory inspections

- (1) Before delivery to us, we have at all times the right to carry out unannounced inspections of the premises of the Contractual Partner in which the products are manufactured, as well as all other premises of the Contractual Partner, equipment and records relating to the manufacturing, storage and shipping of the products and also all related components and products.
- (2) We are entitled to have these activities carried out by an independent company, which we can choose freely for the purpose of such an inspection.

§ 10 Laboratory tests

The Contractual Partner has a duty to conduct, at its/his/her own expense, analyses or tests of products or samples or components of these in accordance with a test series to be designated by us in the individual case. The Contractual Partner shall send samples to a laboratory facility to be designated by us for this purpose. The Contractual Partner will bear the reasonable costs of laboratory testing of this kind performed by a third party institution.

§ 11 Proofs of origin, export restrictions, retention of records

- (1) The Contractual Partner will make proofs of origin requested by us available without undue delay, bearing all the necessary information and duly signed. With the necessary modifications, the same applies for turnover-tax-related documentation in connection with foreign and intra-Community deliveries.
- (2) The Contractual Partner must inform the principal without undue delay if a delivery is subject in its entirety or in part to export restrictions.
- (3) The Contractual Partner shall retain records relating to the production, storage, delivery and sale of the products for a period of no less than 10 years reckoned from delivery date and must make these records available to us upon request.

§ 12 Release from third party liability of any type by the Contractual Partner

The Contractual Partner shall release us from third party liability of any type arising from the manufacture, delivery or storage of the products (product liability). The Contractual Partner shall reimburse us for payments made to settle legitimate claims. Insofar as the underlying event is demonstrably due to grossly negligent or intentional misconduct by us or by one of our employees, agents or vicarious agents or of a business affiliated with us, the obligation to release and reimburse does not apply. The Contractual Partner must bring complaints or the assertion of claims made against the Contractual Partner to our attention without undue delay and make all related records available to us upon request.

§ 13 Insurance of the Contractual Partner

- (1) The Contractual Partner shall take out, from a reputable insurance company, a comprehensive liability insurance policy that covers product liability with an adequate minimum amount of coverage.
- (2) The Contractual Partner shall submit confirmations to prove coverage each year. Every confirmation must specify the scope of coverage. The scope of coverage is to be extended upon our request.

§ 14 Warranty, notice of defects, damages, limitation of actions

- (1) The Contractual Partner warrants as follows:
 - (a) The products comply in every respect with all of the applicable legal requirements, provisions and rules of the states in which the product was manufactured, stored or from which it was delivered and where it may apparently be used.
 - (b) Manufacturing of the products is of high quality and is carried out in accordance with the best industry standards. The products are safe, marketable and suitable for the assumed purpose and comply with the specifications and certifications in every respect.
 - (c) The products are labelled in conformity with the specifications and legal requirements (the latter including but not limited to the country of manufacture and country or countries of destination).
 - (d) Unless we have been notified to the contrary and have accepted this in writing beforehand, none of the products contain genetically modified organisms or other components or products manufactured using gene technology.
- (2) If goods are defective, we are entitled to send the goods back immediately at the expense of the Contractual Partner. In urgent cases or if the Contractual Partner is in default remedying defects, we are also entitled to remedy defects ourselves or have defects remedied. The Contractual Partner must bear costs, if any, that are incurred by us as a result of defective delivery or defective performance, including but not limited to costs for shipping, travel, labour and material and costs for an inspection of incoming goods that reaches beyond the normal scope. Offsetting against outstanding claims of the Contractual Partner is permitted.
- (3) The statutory provisions apply (subject to arrangements under these Terms to the contrary) with respect to the trader's duties to inspect and give notice of defects, subject to the following: Our inspection duty is limited to defects that are clearly discernible upon external assessment during our incoming goods inspection, which includes the shipping documents, or during our quality control in the spot-check procedure (e.g. shipping damages, incorrect or short delivery). Provided that an acceptance procedure [*Abnahme*] has been agreed, there is no duty to inspect. In other respects, the

duty is dependent on the extent to which an inspection is feasible in the ordinary course of business, taking into account the circumstances of the individual case.

- (4) In any case, we reserve the right to damages or reimbursement of futile expenditure in accordance with the statutory provisions, even in the event of revocation of the Contract.
- (5) Claims for defects are subject to the statutory limitation with the proviso that the start of the limitation period is the start of regular operation and in other respects the delivery of the goods.
- (6) If repair work is carried out or replacement parts are delivered during the period of limitation due to claims for defects, then the period of limitation will be extended accordingly. In the case of fraudulent concealment of the defect, claims are time-barred at the end of the regular three year statutory limitation period.
- (7) The Contractual Partner must release us from claims asserted against us on the grounds of product liability to the extent that the damages were caused by a flaw in the goods supplied by the Contractual Partner. In cases of fault based liability, however, this applies only when the Contractual Partner is at fault. To the extent that the cause of the damage lies in the Contractual Partner's sphere of responsibility, the Contractual Partner must prove that it/he/she was not at fault.
- (8) Within the framework of the Contractual Partner's undertaking to indemnify, it/he/she shall assume all costs and expenditure arising out of or in connection with action taken by a third party, including recalls carried out by us. Before a product recall, we shall notify the Contractual Partner, permit it/him/her sufficient participation and discuss efficient implementation with it/him/her; this is not required when the notification or involvement of the Contractual Partner is not possible due to a particular degree of urgency.
- (9) The Contractual Partner is liable for damages, including damages we incur by taking appropriate precautions to protect against actions based on non-contractual liability that are substantially attributable to the Contractual Partner (e.g. public advertising).
- (10) This has no effect on more extensive statutory claims.

§ 15 Force majeure, longer-term prevention of delivery

- (1) Natural disasters, civil unrest, official measures and other unforeseeable and unavoidable events do not release the Contractual Party from the performance obligations. The party affected must fully inform us without undue delay and make every reasonable effort to limit the effect of such events. The party affected must notify us without undue delay of the end of the disturbance.
- (2) We are entitled to withdraw from the Contract with respect to the not yet fulfilled part in cases of longer-term prevention of delivery, suspension of payments or the opening of insolvency proceedings, a refusal to open such proceedings due to insufficiency of assets or the opening of comparable proceedings of which the Contractual Partner is the subject. If the Contractual Partner is the party concerned in one of the aforementioned events, then it/he/she must assist us to the best of its ability to relocate production of the goods to be delivered to our premises or those of a third party, including by granting licences for industrial property rights required for the production – unless these are transferred or granted anyway elsewhere under these terms – on terms customary in the line of business.

§ 16 Payment terms, delay in payment

- (1) Invoices shall be submitted separately by post or e-mail as a single copy. They must bear all the information necessary for identification, such as our purchase order, item, commission and/or cost centre numbers, as well as all requisite certifications and the associated certification numbers, refer to the packing list, including the CN numbers, and must also comply with the legal provisions (including those of laws governing VAT). Prepayments made shall be deducted. Invoices not meeting these requirements are to be deemed rejected.
- (2) Save insofar as arrangements to the contrary are made in individual cases, the term for payment is agreed as 60 days after arrival of the goods at the destination (at our premises or, in the case of direct deliveries, at the premises of the decisive customers) and submission of a proper invoice within the meaning of subsection 1.
- (3) Partial and final payments do not entail any acknowledgement of correctness or conformity with the Contract of deliveries of goods, services or underlying products.
- (4) We do not owe any maturity interest. The default interest rate is five percentage points above the basic rate of interest per annum. The statutory provisions apply for entry into default on our part. A written warning notice from the Contractual Partner is required in all cases though.

§ 17 Data protection, documentation, confidentiality

- (1) All contract-specific and personal data (regardless of whether in written, oral or another form) are subject to secrecy, even if they are not identified as such. The Contractual Partner shall treat these data as confidential unless the data are already publicly available or explicitly intended for publication or were obtained legally from a third party later without breach of contract. Any disclosure of confidential information to third parties requires our consent. Initiating direct contact with our customers or final customers is prohibited.
- (2) The statutory and company-specific provisions relating to data protection must be observed. The Contractual Partner shall impose an obligation to this effect on employees and vicarious agents who come into contact with the contractually owed performance and hand over the record of this obligation on request. To the extent that processing or use of personal data occurs on the basis of an order, the parties must enter into a data protection agreement in accordance with the provisions of the Federal Data Protection Act (Bundesdatenschutzgesetz) without undue delay.
- (3) The Contractual Partner shall maintain silence about data that have become known to it/him/her even after contractual relationship has come to an end. After the termination of this agreement, the Contractual Partner shall return all data and records to us or – if we so desire – destroy them.

- (4) Lump-sum damages of EUR 5000 per individual case are agreed in the event of infringement of this provision. The Contractual Partner is entitled to show that no claim for damages has arisen or that damage incurred is of a lesser amount. This will have no effect on enforcement on our part of a claim for demonstrably greater damages.

§ 18 Exclusivity, appropriation of patterns

- (1) Save with our consent, Contractual Partner shall refrain, both during the period of this contract and after its termination, from marketing or having a third party market, and from producing for a third party or supplying to a third party any goods that comprise designs (cutting patterns, etc.) or design elements that were suggested or inspired by us or by our customers or adjusted in consultation with us or with our customers or that in some other way were created, developed or realised with our involvement. The same applies for products comprising essentially distinctive elements of trademarks held by us or by our customers.
- (2) This exclusivity exists for a two year period reckoned from listing of the good concerned in each case by us or by our customers.
- (3) A violation in the meaning of subsection 1 is to be assumed if the obligations under § 8(7) are not fulfilled despite the setting of a time limit.
- (4) In the event of a failure to comply with undertakings under subsections 1 and/or 3, lump-sum damages, to be specified by us at our reasonably exercised discretion (§ 315 of the German Civil Code (BGB: Bürgerliches Gesetzbuch)), are deemed to have been agreed. The Contractual Partner is entitled to show that no claim for damages has arisen or that damage is of a lesser amount. This has no effect on supplementary claims for payment arising from the contractual relationship.

§ 19 Assignment by the Contractual Partner

The contractual partner is entitled to assign claims arising from legal transactions concluded with us only with our express consent.

§ 20 Right of retention; set-off

The Contractual Party has no right of retention. It/he/she can set off only against claims acknowledged by us or legally established claims.

§ 21 Final Provisions

- (1) The laws of the Federal Republic of Germany apply to the contractual relationship between the Contractual Partner and us to the exclusion of the Vienna Convention and of conflict-of-laws provisions.
- (2) The contract language is German and English. The English wording will prevail when other languages are used or if there are any inconsistencies.
- (3) Exclusive place of jurisdiction for all disputes, including in summary procedures and special procedures deciding claims arising out of a bill of exchange, arising from or in connection with the contractual relationship, its creation, effectiveness or termination is Hamburg, Federal Republic Germany. However, we are also entitled to bring actions against the Contractual Partner before another competent court.
- (4) Should individual provisions of these purchase terms or our purchase order be invalid, this will not affect the validity of the remaining provisions. The valid provision that comes as closest to the economic intent of the invalid provision will apply in its stead.