

General Terms and Conditions of Business

Section 1 Scope

(1) All deliveries and offers of RICO Design GmbH & Co. KG (hereinafter also referred to as the "Seller") apply solely on the basis of these General Terms and Conditions of Business. These are deemed an element of all contracts that the Seller enters into with its contracting parties (hereinafter also referred to as the "Principal") regarding the deliveries it carries out or services it renders. They also apply to all future deliveries, services or offers for the Principal even if they are not repeatedly agreed upon separately. Contractors within the meaning of these General Terms and Conditions of Business are solely entrepreneurs within the meaning of Section 14 BGB¹.

(2) The Principal's or third parties' terms and conditions of business do not apply even if the Seller does not separately reject their validity in individual cases. Even if the Seller refers to a letter that contains the terms and conditions of business of the Principal or third parties, or makes reference to such a letter, this shall not constitute any acceptance of the validity of the respective terms and conditions of business.

Section 2 Offer and entering into a contract

(1) All the Seller's offers are subject to change without notice and are non-binding insofar as they are not expressly stated as binding or do not contain a definite acceptance period. Unfortunately, orders with an order value below € 20.00 cannot be accepted or delivered. Orders shall be deemed accepted by the Seller if a confirmation of order is issued or the goods are delivered.

(2) The contract of purchase entered into in writing or by facsimile or e-mail is deemed authoritative for the legal relations between the Seller and the Buyer, including these General Terms and Conditions of Business. Such a contract states all the agreements in full between the contracting parties regarding the subject matter of contract. Verbal assurances by the Seller prior to entering into this contract are legally non-binding and verbal agreements of the contracting parties shall be replaced by the written contract insofar as they do not expressly state, in each case, that they shall continue to be valid with binding force. Supplementary information and amendments regarding the agreements that have been entered into, including these General Terms and Conditions of Business, are subject to the written form in order to be deemed valid. With the exception of managing directors or authorised signatories, the Seller's employees are not entitled to enter into verbal agreements to the contrary. Forwarding information by facsimile is deemed sufficient to honour the written form. In other respects, forwarding information by other forms of telecommunication, in particular e-mail, is not sufficient.

(3) The Seller's details about the subject matter of delivery or service (e.g. weights, measures, utility values, load capacities, tolerances and technical data) as well as our illustrations of the same (e.g. drawings and diagrams) are merely authoritative in approximate terms insofar as the use for the intended purpose as per agreement presupposes a precise match. They are not warranted characteristics but moreover descriptions or distinctive features of the delivery or service. Variations that are customary in the trade and variations that apply on the basis of legal requirements or those that constitute technical improvements, and the replacement of components with equal parts, are permitted insofar as they do not exert a detrimental effect on the use as set out in the intended use as per agreement.

(4) The Seller reserves ownership or copyright to all offers and cost estimates it makes and to the drawings, diagrams, calculations, leaflets, catalogues, models, tools and documents and aids made available to the Principal. Without express approval by the Seller, the Principal may neither make the content of these items available as such to third parties, disclose them, use them itself or by way of third parties nor duplicate them. At the Seller's request it is to return such items in full to the Seller and destroy copies of them that may have been made if they are no longer required by the Principal during the course of proper business activities or if negotiations do not give rise to entering into a contract.

Section 3 Prices and payment

(1) The prices apply to the scope of service and delivery stated in the orders. Additional or special services shall be calculated separately. The prices are to be construed in EUROS ex works, insofar as a different currency is not agreed upon, plus the statutory value added tax and in the case of exports plus customs charges and fees and other public levies. In the event of an order value below (D)/(AT)/(LU) € 50, (NL)/(BE)/(FR) € 100, (CH) CHF 90, (UK) GBP 75, we shall impose a minimum quantity surcharge of (D)/(AT)/(LU)/(NL)/(BE)/(FR) € 5, (CH) CHF 9, (UK) GBP 5. Please see the Annex for details of the postage and freight costs and minimum quantities.

(2) Insofar as the agreed prices are based on the Seller's list prices, and the delivery is to be carried out four months after entering into the contract, the Seller's list prices valid at the time of delivery shall apply (in each case less an agreed percentage of fixed discount).

(3) Invoice amounts are payable within ten days from the date of invoice subject to a 2% trade discount or at the latest after thirty days without any deduction. Receipt by the Seller is authoritative for the date of payment in the absence of written agreements to the contrary. Cheques are only deemed payment once they are credited by a bank. If the Principal does not effect payment on the due date, outstanding amounts shall be subject to interest from the day of the due date at 12 percentage points above the respective base lending rate in accordance with

¹ German Civil Code

Section 247 BGB p.a. This does not affect lodging a claim for higher interest and greater damage in the event of default.

(4) Setting off against the Principal's counter-claims or retaining payment regarding such claims shall only be permissible if the counter-claims are undisputed or have become res judicata.

(5) The Seller is entitled to render outstanding deliveries and services subject to advance payment or a security only if it becomes aware of circumstances, after entering into the contract, which are capable of significantly reducing the Principal's creditworthiness and which jeopardise payment by the Principal of the Seller's outstanding receivables resulting from the respective contractual relationship (including those from other individual orders that are subject the same skeleton agreement). Bills of exchange are not accepted.

Section 4 Delivery and delivery time

(1) Deliveries shall be made ex works.

(2) Periods and dates for deliveries and services promised by the Seller apply at all times merely in approximate terms unless a fixed period or a fixed date is expressly assured or agreed upon. Insofar as shipping was agreed, the delivery periods and delivery dates refer to the time of forwarding to the forwarding agent, carrier or other third party commissioned with the transport. A "Top Date" means the delivery for customer orders on dates at very short notice at the Principal's request. A 100% delivery guarantee is made by the forwarding agent, carrier or other third party commissioned with the transport. However, such a guaranteed delivery is subject to a charge. The Seller shall invoice the Principal in that respect in accordance with the actual costs even if the Principal's order value exceeds the freight-free limit.

(3) The Seller may – irrespective of its rights resulting from default on the part of the Principal – demand that the Principal extend the delivery and service periods or postpone delivery and service dates by the period in which the Principal fails to honour its obligations as per agreement to the Seller.

(4) The Seller shall not be liable for the impossibility of delivery or for delivery delays insofar as these are caused by force majeure or other events that were not foreseeable at the time of entering into the contract (e.g. all kinds of operational disruptions; difficulties in respect of material or energy procurement; transport delays; strikes; lawful lock-outs; a shortage of employees, energy or raw materials; difficulties in obtaining the necessary official licenses; administrative measures; or the lacking, wrong or late delivery by suppliers), which are not the Seller's responsibility. Insofar as such events significantly hamper the Seller in respect of carrying out deliveries or rendering services, or render these impossible, and the obstruction is not merely temporary, the Seller shall be entitled to withdraw from the contract. In the case of temporary obstructions, the delivery and service periods shall be extended, or the delivery and service dates shall be postponed, by the period of obstruction plus a reasonable start-up period. Insofar as the Principal cannot be expected to accept the delivery or service as a result of the delay, it may withdraw from the contract by way of sending a written declaration to the Seller without delay.

(5) The Seller shall be entitled to make partial deliveries if

- The partial delivery can be used by the Principal as part of the intended purpose as per agreement,
- Delivery of the remaining ordered goods is guaranteed, and
- The Principal does not incur considerable further expenditure or additional costs as a result (unless the Seller states that it is willing to assume such costs). Minor additional or shortfall deliveries that are irrelevant compared with the delivery quantity shall be taken into consideration in the invoice. If the Principal does not want to receive subsequent deliveries, it must inform the Seller of this in writing.

(6) If the Seller defaults in respect of its delivery or service, or if a delivery or service becomes impossible for the Seller irrespective of the reason for such impossibility, the Seller's liability for compensatory damages shall be restricted to Section 8 of these General Terms and Conditions of Business.

(7) If the Principal does not accept a delivery, the Seller may claim for damages after setting an additional period of 10 workdays. Setting a period shall not be required if the Principal seriously and ultimately refuses to accept. Thereupon the Seller shall be entitled to assert a claim for flat-rate compensation of 25% of the respective net invoice amount. The Principal is permitted to furnish proof that no damage occurred or that it is significantly lower than the claims for compensatory damages.

Section 5 Place of performance, shipping, packaging, passing of risk, acceptance

(1) In the absence of provisions to the contrary, Brakel is deemed the place of performance for all obligations resulting from the contractual relationship.

(2) The type of shipping and packaging is subject to the Seller's best discretion.

(3) The risk shall pass to the Principal at the latest upon forwarding the delivery item (whereby the start of the loading procedure is authoritative) to the forwarding agent, carrier or other third party commissioned with the transport. This also applies if partial deliveries are made or the Seller has assumed other services (e.g. shipping or installation). If the shipping or hand-over are delayed due to circumstances that are the Principal's responsibility, the risk shall pass to the Principal from the day on which the Seller is ready to dispatch and the Seller has informed the Principal of this.

(4) Storage costs following the passing of risk shall be borne by the Principal. In the case of storing by the Seller, the storage costs are 0.25% of the invoice amount of the delivery items that are to be stored for each full week in

which they are stored. The contracting parties are entitled to assert a claim for, and furnish proof of, greater or lower storage costs.

(5) The Seller shall only insure the consignment against theft, breakage, transport damage or damage by fire or water, or other insurable risks, at the Principal's express request and at the Principal's cost.

(6) Insofar as an acceptance has taken place, the object of sale shall be deemed accepted if

- Twelve days have passed since the delivery or the Principal has started to use the object of sale and in such a case six workdays have passed since delivery, and

- The Principal has failed to accept within this period for a reason other than notifying the Seller of a defect that renders use of the object of sale impossible or has a considerable detrimental effect on it.

Section 6 Warranty

(1) The warranty period is one year from delivery.

(2) The supplied items are to be inspected carefully without delay following delivery to the Principal or the third party specified by the Principal. The supplied items shall be deemed accepted if the Seller has not received notification of defects regarding obvious defects or other defects, which were capable of being identified in the case of an immediate, careful, inspection, within seven workdays following delivery of the delivery item or otherwise within seven workdays after the defect is identified or the time at which the defect was identified by the Principal in the case of normal use of the delivery item without a detailed inspection in the form specified in Section 2 (2), p. 6. The Principal undertakes to provide notification of (material) defects by way of stating the delivery note number in writing on the complaints form (reverse of the delivery notes). At the Seller's request, the delivery item for which a complaint has been made is to be returned freight-free to the Seller. In the case of a justified notification of defects, the Seller shall reimburse the cost of the most cost-effective shipping route. This shall not apply insofar as the costs have increased because the delivery item is in a place other than the place of use as per agreement.

(3) In the event of material defects in the supplied items, the Seller undertakes, and is entitled, at its own discretion to decide within a period of reasonable length initially on subsequent improvement or replacement. In the event of failure, i.e. impossibility, circumstances that render subsequent improvement or replacement unacceptable, refusal or an unreasonable delay in the subsequent improvement or replacement, the Principal may withdraw from the contract or reduce the purchase price appropriately.

(4) If a defect is based on the Seller's culpability, the Principal may claim damages subject to the prerequisites specified in Section 8.

(5) The warranty shall not apply if the Principal alters the delivery item, or makes arrangements for such alteration by third parties, without approval by the Seller, and the rectification of a defect is rendered impossible or is hampered such that it is unacceptable as a result. In any case the Principal shall carry the additional cost of rectifying a defect as a result of the alteration.

(6) Used items agreed with the Principal in an individual case shall be delivered by way of exclusion of any kind of warranty.

(7) The EAN coding of goods by the Seller and its accuracy are not agreed as a quality as per agreement. The Principal's warranty and compensation claims are therefore excluded in this respect.

Section 7 Industrial proprietary rights

(1) The Seller is to ensure in accordance with Section 7 that the delivery item is free of third party industrial proprietary rights or copyrights. Each contracting party shall inform the other contracting party without delay in writing if action has been taken against such a party regarding the violation of such rights.

(2) In the event that the delivery item violates a third-party industrial proprietary right or copyright, the Seller shall, at its own discretion and at its own cost, alter or replace the delivery item such that third party rights are no longer violated, but the delivery item continues to honour the functions agreed as per contract, or create a utilisation right for the Principal by way of entering into a licensing contract. If the Seller fails in this respect within a reasonable period, the Principal shall be entitled to withdraw from the contract or reduce the purchase price appropriately. The Principal's claims for damages are subject to the limitations of Section 8 of these General Terms and Conditions of Business.

(3) In the case of an infringement of a right by the products of other manufacturers supplied by the Supplier, the Seller shall, at its discretion, assert its claims against the manufacturer and vendor suppliers on the Principal's account or assign these to the Principal. In such cases, claims against the Seller shall apply in accordance with Section 7 only if asserting the above-mentioned claims against the manufacturer and vendor suppliers in court was unsuccessful or does not have any chance of success as a result of insolvency.

(4) In the capacity of owner of trademark and commercial proprietary rights, the Seller grants the Principal the basic, non-exclusive, right to sell and advertise the goods during the course of proper business activities. However, the Principal is not permitted to amend or replace references to the origin and description of the goods.

Section 8 Liability for compensatory damages regarding culpability

(1) The Seller's liability for compensatory damages, irrespective on whichever legal grounds such claims are based, in particular as a result of impossibility, delay, faulty or wrong delivery, breach of contract, violation of

obligations in the case of contractual negotiations and unlawful acts is limited in accordance with this Section 8 insofar as culpability is relevant in each case.

(2) The Seller shall not be liable

a) In the event of minor negligence on the part of its executive bodies, legal representatives, white-collar staff or other vicarious agents;

b) In the event of gross negligence on the part of its non-executive staff or other vicarious agents insofar as the matter is not concerned with a violation of key contractual obligations. Obligations that are key to the contract include the obligation to deliver in good time and fault-free, and the obligation to consult, protect and the duty of care that are aimed at enabling use of the delivery item as per agreement or bring about the protection of life and limb of the Principal's personnel or third parties or protect the Principal's property against considerable damage.

(3) Insofar as the Seller is liable in accordance with Section 8 (2) on merit to provide compensation, such liability shall be restricted to damage that the Seller had foreseen upon entering into the contract as a possible consequence of a contractual violation or should have foreseen in view of the circumstances of which he was aware or should have been aware in the case of applying customary care. In addition, indirect damage and consequential damage, which are the consequence of defects in the delivery item, shall only be eligible for replacement insofar as such damage is typically expected in the case of use of the delivery item as agreed.

(4) In the event of liability for minor negligence, the Seller's obligation to replace in respect of material and personal damage shall be limited to an amount of EUR 500,000.00 for each case of damage even if the matter is concerned with a violation of key contractual obligations.

(5) The above liability exclusions and limitations apply to the same extent in favour of the Seller's executive bodies, legal representatives, white-collar staff and other vicarious agents.

(6) Insofar as the Seller makes technical statements or acts in an advisory capacity, and if such statements or advice are not part of the scope of performance to be rendered by the Seller which was agreed as per contract, such activities shall be performed gratuitously and by way of exclusion of any kind of liability.

(7) The limitations of this Section 8 do not apply to the Seller's liability regarding intentional acts, warranted characteristics, a threat to life and limb or in accordance with the Product Liability Act.

Section 9 Reservation of title

(1) The reservation of title agreed upon below is aimed at securing all the Seller's current and future claims against the Buyer resulting from the delivery relationship that exists between the contracting parties regarding hobby, handicraft or artists requirements, handicraft jewellery, thread, embroidery products or knitwear and other tapestry products as well as home textiles (including balance claims from mutual accounts restricted to this delivery relationship).

(2) The goods supplied by the Seller to the Buyer shall remain the Seller's property up until payment in full of all secured claims. The goods, as well as the goods that take their place in accordance with this clause that are included in the reservation of title, shall hereinafter be referred to as reserved goods.

(3) The Buyer shall store the reserved goods gratuitously for the Seller.

(4) The Buyer is entitled to process and sell the reserved goods by way of proper business transactions up until a case of utilisation occurs (paragraph 9). Pledging and transferring ownership by way of security are not permitted.

(5) If the Buyer processes the reserved goods, it is deemed agreed upon that the processing shall be carried out in the name and on the account of the Seller as the manufacturer, and the Seller immediately acquires ownership or – if the processing is carried out using substances owned by several parties or the value of the processed item is greater than the value of the reserved goods – co-ownership (ownership in fractional shares) of the newly created item in the proportion of the value of the reserved goods to that of the newly created item. In the event that the Seller does not acquire such co-ownership, the Buyer assigns at this point in time to the Seller as security its future ownership or – in the above-mentioned proportion – co-ownership of the newly created item. If the reserved goods are linked to or inseparably mixed with other items to create a uniform item and if one of the other items is considered the main item, the Seller assigns to the Buyer, insofar as the Seller owns the main item, proportionate co-ownership to the uniform item in the proportion stated in sentence 1.

(6) In the event of resale of the reserved goods, the Buyer assigns to the Seller at this point in time as a precaution the resulting claim against the Buyer – in the case of co-ownership by the Seller of the reserved goods proportionate in accordance with the co-ownership share. The same applies to other claims that take the place of the reserved goods or are otherwise created in respect of the reserved goods such as insurance claims, or claims from unlawful acts in the case of loss or destruction. The Seller revocably authorises the Buyer to collect in its own name but on the Seller's account the claims assigned to the Seller. The Seller may only withdraw such an authorisation to collect in the case of utilisation.

(7) If third parties gain access to the reserved goods, in particular by way of seizure, the Buyer shall, without delay, inform them of the Seller's ownership, and inform the Seller of such action without delay. Insofar as the third party is not in a position to reimburse the Seller for the court and out-of-courts costs that apply in this connection, the Buyer shall be liable to the Seller in that respect.

(8) On request, the Seller shall, at its own discretion, release the reserved goods and the items or claims that take their place insofar as their value exceeds the secured claims by more than 50%.

(9) If the Seller withdraws from the contract (case of utilisation) in the case of breach of contract on the part of the Buyer – in particular default in payment – the Seller shall be entitled to reclaim the reserved goods.

Section 10 Final provisions

(1) Paderborn or the Principal's registered office are, at our discretion, deemed the places of performance for disputes that may result from the business relationship between the Seller and the Principal. Paderborn is the sole place of jurisdiction for lawsuits brought against the Seller. This provision does not affect mandatory legal requirements in respect of exclusive courts of jurisdiction.

(2) The relations between the Seller and the Principal are subject exclusively to the law of the Federal Republic of Germany. The validity of international or European regulations on the acquisition of movables is excluded. In particular, the United Nations Convention on Contracts for the International Sale of Goods dated 11 April 1980 (CISG) does not apply, insofar as this is legally permissible.

(3) Insofar as the contract or these General Terms and Conditions of Business contain loopholes, it is deemed agreed upon that such loopholes shall be filled by way of legally valid regulations, which the contracting parties would have agreed upon in accordance with the economic objectives of the contract and the purpose of these General Terms and Conditions of Business had they been aware of such loopholes.

N.B.:

The Principal is aware that the Seller stores data by way of the contractual relationship in accordance with Section 28 of the German Data Protection Act for the purpose of data processing, and reserves the right to forward such data to third parties (e.g. insurance companies) where such action is required to honour the contract.

Status: 12/09

Annex

Postage and freight costs, and reductions:

Country	Minimum order value for new customers (net goods value)	Small volume purchase limit ¹⁾	Mark-up for small volume purchases	Freight limit ²⁾	Freight costs/parcel
Germany	€ 250.00	€ 50.00	€ 5.00	€ 250.00	€ 6.00
Austria, Luxemburg	€ 250.00	€ 50.00	€ 5.00	€ 350.00	€ 8.00
Netherlands	€ 250.00	€ 100.00	€ 5.00	€ 350.00	€ 8.00
Belgium	€ 250.00	€ 100.00	€ 5.00	€ 350.00	€ 8.00
France	€ 250.00	€ 100.00	€ 5.00	€ 350.00	€ 10.00
Switzerland	CHF 450	CHF 90	CHF 9.00	CHF 550	CHF 23
Great Britain	GBP 150	GBP 75	GBP 5.00	GBP 250	GBP 10

The Seller would be pleased to state the order values for additional countries on request.

1) Unfortunately, orders with an order value below € 20 (CH: CHF 40, GB: GBP 20) cannot be delivered.

2) Orders with a higher value shall be supplied freight-free. Exception: freight costs shall be charged at all times for over-sized deliveries.