

## **General terms and conditions Northern Linen B.V.,**

Address: Rondweg 23, (6515 AS) Nijmegen, the Netherlands, filed with the Chamber of Commerce, the Netherlands, under registration number 09102545

### **Article 1- General Terms**

- 1.1 All business transactions of Northern Linen B.V. (hereinafter to be called "NL") shall be subject to these General Terms and Conditions (a copy of which will be and had been delivered to all parties entering into business transactions with NL). Any deviation from these General Terms and Conditions must be confirmed in writing by the senior management of NL.
- 1.2 If there is any conflict between the terms herein and those in any other agreement entered into between NL and any party, the terms herein shall prevail.
- 1.3 In the event that any of the terms hereunder is null or void for any reason whatsoever, that particular term or terms shall be treated as if it or they do not exist without affecting the validity of the other terms and conditions stipulated herein.
- 1.4 Notwithstanding any reference by purchaser to its own general terms and conditions, said general term and conditions shall not be applicable. General terms and conditions of the purchaser are specially excluded in case these general terms and conditions of purchaser apply to payment, settlement, the right of pledge or the transfer of trade accounts receivable or claims by Northern Linen.

### **Article 2- Offers**

NL is under no obligation to accept any offers or pledges from any party and it reserves the right to refuse any offer without providing an explanation.

### **Article 3- Agreements**

- 3.1 An agreement is only binding upon NL provided that it has been confirmed in writing by NL. Any later amendments or deviation from an agreement must be confirmed in writing by the senior management of NL failing which the said amendments or deviation shall not be binding on NL.
- 3.2 Every agreement between NL and any party shall be subject to the fundamental condition that the other party is solvent and is able to fulfill its obligations to pay NL. NL reserves the right, without being liable to any party for damages or compensation whatsoever, to refuse to deliver or continue to deliver goods to any party if, in the sole opinion of NL, that party has misled or misrepresented to NL its ability or capability to pay for the goods ordered.
- 3.3 NL reserves the right at all time, to request and demand for supplementary documents to support or guarantee the indebtedness of any party. If any such request or demand has been made by NL and that party fails to furnish the documents required, NL shall have the right to entrust the goods ordered by such party, to be held by an independent third party until such time when the documents requested have been furnished to NL. Upon the occurrence of such event, that defaulting party shall bear all expense due to the independent third party for storage and be liable for the risks of the goods.
- 3.4 Any party entering into business dealings and agreements with NL shall be obliged to furnish NL with all and any information or documents promptly, failing which NL shall not be responsible or liable to any party for its failure to fulfill its part of the agreement.

### **Article 4- Price**

At any time before an invoice has been sent to a party, NL reserves the right to increase the price of the goods already ordered. In addition it shall also have the option to withdraw and cancel the agreement to sell the goods concerned in the event the costs price of the said goods has altered and in the sole opinion of NL, it no longer remains feasible or commercially viable for NL to sell at the original price. NL shall not be liable to any party, third parties or customers of any party for compensation or damages or entitle any party to specific performance as a result of NL's failure or refusal to sell and deliver at the original price.

#### **Article 5- Cancellation**

- 5.1 In the event that a party wants to cancel a confirmed order, for an order (article) specially made for this party (as stated in the order and communication with the party concerning the order), this party will be obliged to pay as agreed damages to NL 100% of the confirmed price and the total amount as stated on the order and/or in the contract, in order to compensate and indemnify NL for the loss suffered and the costs incurred. If this party has already made any payment previously, NL will be entitled to offset the agreed damages referred to against (any) credit balance of this party.
- 5.2 In the event that a party wants to cancel a confirmed order, for an order from NL's stock, this party must pay to NL a sum amounting to twenty five percent (25%) of the total invoice price, as agreed damages for NL in order to compensate and reimburse any losses and costs incurred. If such a party has already made a down payment, NL will be entitled to offset the agreed damages against this amount already paid.

#### **Article 6- Delivery**

- 6.1 NL will use its best effort to ensure that goods are delivered promptly but does not at any time give any warranty or guarantee whatsoever that the goods will be delivered at any definite date or period. At all material time, NL shall not be liable to any party, third parties or the customers of any party for any late delivery and shall be excluded from any claims for damages or compensation from any parties.
- 6.2 All goods delivered by NL or on behalf of NL shall be examined immediately by the contracting parties or the agents of that contracting party, upon receipt of the same, for any shortages, defects or inaccuracy in terms of the quantity or quality of the goods and shall be reported immediately to NL on the transport documents. Unless any complaint is endorsed on the transport documents and verified by NL, NL shall not be obliged to consider any complaints made at a later time and shall not be liable to any party for any claims or actions for damages or compensation.
- 6.3 It is accepted and agreed by all parties that at the option of NL, goods may be delivered by NL partially and at different intervals without NL being liable to any parties or third parties for any claims or actions for damages or compensation.
- 6.4 In the event that any party should refuse to accept the delivery of ordered goods, the said goods shall then be retained by NL or NL's agent, at the expense and risk of that defaulting party. If fourteen (14) days have lapsed since a written demand was last sent to the defaulting party requesting it to accept the delivery of the goods and the latter fails or refuses to comply, NL shall have the right to sell the said goods to a third party, without being liable for any claims for damages or compensation. Upon the occurrence of such event, it shall be deemed that such defaulting party desires to cancel a confirmed order and thereby invoking Article 5 above. Notwithstanding any of the stipulations herein, NL reserves all rights to seek legal redress against such party for its failure to fulfill its part of the agreement and claim for damages and compensation against that party or alternatively seek specific performance.

#### **Article 7- Risk**

- 7.1 Unless otherwise agreed in writing by NL, all goods will be delivered ex-factory. The party, which ordered the goods from NL, shall be liable for the transportation, freight, insurance charges and any other related charges and bear the risk of the goods.
- 7.2 NL shall also not be liable to any party for the negligence, omission or willful neglect of any third party, which was commissioned to handle or supervise the consignment of the goods.
- 7.3 It shall be the responsibility of the party ordering the goods from NL to ensure that sufficient insurance coverage had been taken out to insure the goods against damage, loss, fire, theft and every foreseeable mishap or disaster.

#### **Article 8- Force Majeure**

Any of these following events shall constitute an event of force majeure and thereby excluding and exempting NL from performing or fulfilling its part of the agreement with any party without being liable to that party for any claims, compensation or damages whatsoever: "Fire, riot, flood, strike,

drought, storm and all other natural disasters including any trade sanctions, political strife or war.” In view of the nature of NL’s business, any failure by any of NL’s suppliers to fulfill its obligation to NL shall constitute an event of force majeure and thereby entitle NL to rescind any agreement with any party without being liable to that party for any claims or actions for damages or compensation whatsoever.

#### **Article 9- Non-Liability**

- 9.1 The quality of NL’s linen fabrics is subject to NL’s export quality standard, registered at the district court of Arnhem and available upon request at NL.
- 9.2 Save except in the case of hidden defects, NL shall not be obliged to consider any complaints from any party unless such complaint has been reported to NL on the transport document.
- 9.3 If no complaint was made at the time when the goods were accepted, it shall be deemed that the goods are in order and the party ordering the goods or its principal or agent, shall be precluded from making any claim against NL for compensation or indemnification whatsoever, save except in the case of hidden defects whereby article 9.5 below shall apply.
- 9.4 Any complaint lodged on the transport documents and immediately reported to NL, shall be verified by NL and rectified if the complaint is proven to be valid. In the event that NL is unable to rectify the complaint, NL will indemnify the complainer up to an amount not exceeding the costs of the goods.
- 9.5 NL will not be responsible or liable to any party for any hidden defects appearing on the goods after one (1) month from the date of delivery.
- 9.6 If any hidden defects are found on the goods and appear within one (1) month from the date of delivery, such hidden defect must be reported immediately to NL, in writing, giving full details of the nature and extent of the alleged damage together with any other information requested by NL. At all times, the said goods may not be returned to NL unless prior written permission had been given by NL. To determine the complaint, NL shall be given access by the complainer to examine the goods or subject the said goods for examination by any third party of NL’s choice.
- 9.7 If after having examined the goods, NL found that the complaint is valid, NL will have the alleged defective goods replaced.
- 9.8 Notwithstanding any of the stipulations above, no party or person shall be entitled to make any claim against NL for any damages compensation or indemnification, in respect of any alleged hidden defects if the goods have been treated, altered from its original raw form or disposed of to a third party.

#### **Article 10- Retention of ownership**

- 10.1 All goods sold and delivered by NL shall remain the property of NL and NL shall retain all full legal and proprietary rights to the goods until all invoices have been settled and NL has been paid in full together with any interest due and owing to NL.
- 10.2 Unless and until NL has been fully paid, no person or party may have the right to pledge and shall not pledge or transfer the legal ownership of any goods or dispose of any goods to any third party.
- 10.3 If any person or party should decide to alter or process any goods from its original form, it shall be done at the risks of that party without affecting NL’s claim to legal ownership of the said goods. At all material time, NL shall not be liable to any party for any processing or alteration costs or expenses in the event that any goods have to be returned to NL upon the demand of NL for any reason whatsoever.
- 10.4 Until all invoices and monies due to NL have been settled and paid in full, it is agreed that NL shall be the exclusive legal owner of all the goods sold by it, even if the said goods have been altered or processed by any party from its original form. No party has the right to claim that by processing or altering the goods from its original form it is entitled to co-ownership of the new property with NL.

#### **Article 11- Events of default**

- 11.1 In the event that any party shall fail to pay NL towards any invoices, fails or refuses to pay for any of the goods sold and delivered by NL, together with any interest for late payment, breaches any of the terms stipulated herein or any agreement with NL, or is declared bankrupt or a petition for bankruptcy has been filed against that party, or all or part of it’s property has been attached or foreclosed, or if it ceases business operation, amalgamates or reconstruct its business entity or is

incapable of meeting any or all of its obligations to NL, NL shall upon the occurrence of any one of these events, without giving any notice to that party to rectify, be entitled to:

- (a) Demand for immediate payment of all invoices and all sums due and owing to NL including any interest;
  - (b) Request for the immediate return of all goods sold and delivered by NL whether or not the goods had been altered from its original form;
  - (c) Seek priority of payment of its debt as if NL was a secured creditor;
  - (d) All the receivables from the debtors of that defaulting party and the defaulting party shall give immediate notice to its debtors to assign and transfer all receivables to NL to satisfy that defaulting party's obligation to NL;
  - (e) Dissolve and rescind all and every agreement with that party.
- 11.2 NL shall be entitled to sell any goods returned upon the occurrence of any of the above events without being liable to the defaulting party or any third party for damages or compensation whatsoever.
- 11.3 In addition to the above remedies, NL shall be entitled to seek and exhaust all its other legal rights as a consequence of a breach of any of the terms hereof or of any agreement between NL and any party.

#### **Article 12- Payment**

- 12.1 All goods sold and delivered by NL must be promptly settled in full.
- 12.2 In the event that any invoice is not paid within 14 (fourteen) days of the date of the invoice, interest calculated at the rate of one (1) percent of the unpaid amount on a monthly basis shall be due and payable, without prejudice to NL's rights to demand for immediate payment.
- 12.3 In the event of any claims against seller NL, client, buyer/customer hereby is explicitly denied the right to balance his claims with any amount, invoiced by and due to seller NL.
- 12.4 The date of actual payment of any invoice shall be determined by the date endorsed on the bank statement of NL crediting the said amount into NL's account.
- 12.5 No party is entitled to suspend or refuse payment of any invoice due and payable to NL as a consequence of an alleged hidden defect or pending investigation by NL of any alleged damage to the quality or inaccuracy in respect of the quantity of goods.

#### **Article 13- Costs**

- 13.1 Any party in default of payment to NL and/or breaches any of the terms contained herein or any other agreement with NL shall be liable to NL and shall bear all the costs and expenses involved in any legal proceedings commenced by NL or in NL obtaining or seeking legal opinion or legal redress against that party.
- 13.2 The said defaulting party shall also be responsible for all costs involved in securing the return or storage of the unpaid goods from the premise of the defaulting party or that of any other third party and shall lend its co-operation to NL to ensure that the unpaid goods are returned promptly to NL.

#### **Article 14- Inconsistency with any agreement**

In the event that there is an inconsistency or conflict between the General Terms and Conditions and other agreement entered into between NL and any party, the terms of the General Terms and Conditions shall prevail.

#### **Article 15- Insurance**

A comprehensive third party insurance policy must be taken out by every party purchasing goods from NL, and NL shall be named as the exclusive beneficiary in the insurance policy for the whole duration until the costs of the goods have been fully paid to NL.

#### **Article 16- Applicable law**

All offers submitted by NL and all agreements entered into with NL and all disputes arising from them are governed exclusively by Dutch law, to the exclusion of the laws of other states and to the exclusion of the Vienna Sales Convention (CISG).

**Article 17- Jurisdiction**

All disputes with NL shall be brought exclusively before the District Court of Gelderland, location Arnhem, the Netherlands, which court shall have exclusive jurisdiction.

**Article 18- Binding effect**

The General Terms and Conditions as herein contained shall be binding on the permitted assigns, the heirs and estate of all parties transacting with NL.

**Article 19- Dutch language to prevail**

The original general terms and conditions of NL in the Dutch language have been filed with the Chamber of Commerce in Arnhem, the Netherlands. In the event of any dispute, the terms and conditions as interpreted in the Dutch language shall prevail.