

## **11. Business Partnership Requirements and Code of Conduct**

At Wilsons Leather, we strive to maintain strong, long-term relationships with suppliers who share our commitment to social and environmental compliance. In keeping with this ethic, we expect all vendors to uphold the standards presented in this code. Wilsons Leather will make an effort to educate its vendors about how to uphold its code standards. These Business Partnership Requirements and Code of Conduct apply to all of Wilsons Leather Business Partners. Wilsons Leather strongly encourages Business Partners to exceed these requirements and promote best practices in all factories in which they manufacture merchandise and all other locations through which they provide goods or services for Wilsons Leather. While Wilsons Leather recognizes that there are different legal and cultural environments in which Business Partners operate throughout the world, these Business Partnership Requirements and Code of Conduct set forth the basic minimum requirements Business Partners must meet in order to do business with Wilsons Leather. These Business Partnership Requirements and Code of Conduct also provide the foundation for Wilsons Leather's ongoing evaluation of compliance by Business Partners with Wilsons Leather. Business Partners are defined as vendors, manufacturers, contractors, subcontractors and other suppliers, sources and agents who provide Wilsons Leather with goods or services ordered pursuant to any purchase order, contract or agreement issued directly by Wilsons Leather or ordered on Wilsons Leather's behalf.

### **LAWS & REGULATIONS**

All Wilsons Leather Business Partners must operate in full compliance with all applicable local and national laws, rules and regulations pertaining to all aspects of factory or other facility operations in the jurisdiction(s) in which they conduct business. This includes ensuring that all operational licenses and legal documentation, such as business licenses, environmental licenses and insurance documents, are in order.

### **EMPLOYMENT PRACTICES**

Wilsons Leather will only do business with Business Partners whose workers are treated fairly and who in all cases are present voluntarily, fairly compensated and allowed the right of free association, and are not put at risk of physical harm and not exploited in any way. Business Partners shall ensure procedures are in place by which workers, alleging violations of these Business Partnership Requirements, may do so without fear of negative repercussions. In addition, Wilsons Leather Business Partners must adhere to the following:

#### **Wages and Benefits:**

Wilsons Leather Business Partners must pay workers wages and legally mandated benefits that comply with the higher of (a) requirements of any applicable law, or (b) to match the prevailing local manufacturing or industry practices. In addition to their compensation for regular hours of work, workers shall be compensated for overtime hours at such premium rates as are legally required, or in those countries where such laws do not exist, at least equal to their regular hourly wage rate. Wilsons Leather recognizes that fair wages are essential to meet workers' basic needs. Wilsons Leather will seek and favor Business Partners who are committed to the betterment of wages and benefits within their facilities. They must also avoid excessive and/or illegal deductions and manipulated payments of any kind.

#### **Working Hours:**

Wilsons Leather expects its Business Partners to operate based on prevailing local work hours. Except in extraordinary circumstances, Business Partners shall limit the number of hours that workers may work on a regularly scheduled basis to the legal limit on regular and overtime hours established by local laws and regulations in the jurisdiction(s) in which they manufacture. Subject to the requirements of local law, a regularly scheduled workweek of no more than sixty (60) hours is encouraged. Business Partners will comply with applicable laws that entitle workers to vacation time, leave periods and holidays. Business Partners must regularly provide reasonable rest periods and one day off within a seven-day period. Any time worked over the norm for the area should be compensated as prescribed by the local labor laws. Working hours must be recorded by an automated timekeeping system. Whenever a worker is present in a facility, the worker's time must be recorded and the worker properly compensated. This applies to both regular and overtime working hours and any time used for work preparations or repairs.

**Child Labor:**

Use of child labor is strictly prohibited. Business Partners must observe all legal requirements for the work of authorized minors, particularly those relating to hours of work, wages, and minimum education and working conditions. Wilsons Leather supports the development of legitimate, workplace apprenticeship programs, and Business Partners will be expected to comply with all laws and regulations applicable to such apprenticeship programs. "Child" is defined as a person who is younger than 15 (or 14 where the law of that country permits) or younger than the age for completing compulsory education in the country where such age is higher than 15. Wilsons Leather will not utilize Business Partners who use or permit the use of child labor in any of their facilities.

**Prison Labor/Forced Labor:**

Business Partners will not use or permit the use of bonded labor, indentured labor, prison labor or Forced Labor in the manufacture or finishing of products ordered by Wilsons Leather. Nor will Wilsons Leather knowingly purchase materials from a Business Partner utilizing bonded labor, indentured labor, prison labor or Forced Labor. "Forced Labor" is defined as any work or service, which is extracted from any person under the threat of penalty for its non-performance and which the worker does not offer voluntarily for fair compensation. An employer involuntarily keeping workers' identification documents is prohibited.

**Discrimination:**

While Wilsons Leather recognizes and respects cultural differences, employment (hiring, wages, benefits, advancement, termination and retirement) shall be based on the worker's ability and not on personal characteristics, cultural or religious beliefs or similar factors. Wilsons Leather believes that workers should be employed on the basis of their ability to do the job, rather than on the basis of gender, age, disability, sexual orientation, racial characteristics, cultural or religious beliefs or similar factors. Wilsons Leather will not utilize Business Partners who discriminate against workers on the basis of gender, age, disability, sexual orientation, racial characteristics, cultural or religious beliefs or similar factors.

**Free Association:**

Workers must be free to join organizations of their own choice. Business Partners shall recognize and respect the rights of workers to freedom of association and collective bargaining. Workers shall not be subject to intimidation or harassment in the peaceful exercise of their legal right to join or to refrain from joining any organization.

**Disciplinary Practices:**

All Business Partners must treat all workers with respect and dignity. Wilsons Leather will not utilize Business Partners who use, or permit the use of, corporal punishment, physical, sexual, psychological or verbal harassment or other forms of mental or physical coercion, abuse or intimidation. Business Partners shall not use or permit the use of fines as a disciplinary practice.

**Discrimination and Women's Rights:**

Wilsons Leather expects its suppliers not to discriminate against their employees on the basis of race, gender, ethnicity, marital status, family status, national origin, political affiliation, sexual orientation or any other physical attribute or personal beliefs, in accordance with national, regional or country laws. Neither do we sanction the hiring or firing of employees on the basis of medical test results. All Business Partners will ensure that workers who are women receive equal treatment in all aspects of employment. Pregnancy tests will not be a condition of employment or continuation thereof and pregnancy testing, to the extent it is provided, will be voluntary and at the option of the worker. Workers will not be exposed to hazards that may endanger their reproductive health, and Business Partners will not force workers to use contraception.

**Health & Safety:**

Wilsons Leather will only utilize Business Partners who provide workers with a clean, safe and healthful work environment designed to prevent accidents and injuries arising out of or occurring while in the course of work or as a result of the operation of a Business Partner's facility. All Business Partners must comply with all applicable, legally mandated standards for workplace health and safety. Where applicable,

Business Partners who provide residential facilities for their workers must provide safe and healthy facilities, separate from production facilities, that comply with legally mandated standards for health and safety. This expectation also applies to employee housing, if it exists.

#### **Foreign Labor:**

Wilson's Leather expects its Business Partners who employ foreign laborers not to retain passports or any identity documents for these employees. Furthermore, we expect our Business Partners not to work with employment agencies that put foreign workers in the position of being in debt and therefore unable to leave their employment of their own free will. Supplier must not discriminate against foreign workers in any way and must uphold all national, regional and local country laws on foreign workers.

#### **ETHICAL STANDARDS**

Wilson's Leather will seek to identify and work with Business Partners who aspire as individuals and in the conduct of their business to a set of ethical standards compatible with Wilson's Leather's standards. Bribes, kickbacks or other similar unlawful or improper payments are strictly prohibited to be given to any person or entity to obtain or retain business. We will not do business with vendors who engage in bribery, corruption or unethical conduct of any sort.

#### **ENVIRONMENTAL REQUIREMENTS**

Wilson's Leather expects its Business Partners to conduct their operations in a manner that causes the least harm possible to the natural environment and will only do business with Business Partners who comply with all applicable government laws and regulations, international standards, U.S. regulations prohibiting the use of ozone depleting chemicals (hydrochlorofluorocarbons) and the International Trade in Endangered Species of Wild Fauna and Flora, as listed in the United States Endangered Species Act of 1973.

#### **LEGAL REQUIREMENTS**

Wilson's Leather's policy is to obey the laws of each country in which merchandise is manufactured for Wilson's Leather. Business Partners will comply with all applicable local and national laws, rules and regulations pertaining to all aspects of facility operations. This includes compliance with these Business Partnership Requirements and Code of Conduct and Wilson's Leather's Purchase Order Terms and Conditions for purchase orders issued by Wilson's Leather or on Wilson's Leather behalf, and also requires attention to U.S. country of origin regulations, which govern quota classification, and the marking and labeling of products. Business Partners' manufacturing facilities will comply with US Customs-Trade Partnership Against Terrorism (C-TPAT) requirements. Wilson's Leather expects its Business Partners not to engage in illegal transshipment or unethical trading practices. Wilson's Leather expects its Business Partners to establish systems that support the recommendations of the U.S. Customs and Border Patrol Trade Partnership Against Terrorism program (C-TPAT) in order to ensure product security.

#### **COMMUNICATION**

All Business Partners must post these Business Partnership Requirements and Code of Conduct in places in their facilities readily accessible to workers, translated into the language of the workers and supervisors. Business Partners shall take appropriate steps to ensure the provisions of these Business Partnership Requirements and Code of Conduct are communicated to all workers. Upon employment, as part of worker orientation, these Business Partnership Requirements and Code of Conduct shall be presented to workers and explained to them. From time to time Business Partners shall periodically review these Terms of Engagement with workers.

#### **MONITORING/ COMPLIANCE**

Wilson's Leather takes affirmative measures to monitor compliance with Business Partnership Requirements and Code of Conduct and the Purchase Order Terms and Conditions. Such measures may include prescreening of Business Partners, scheduled or random, announced and unannounced on-site inspections of facilities by Wilson's Leather representatives or agents, or certification by Wilson's Leather's Business Partners that they are in compliance with these Business Partnership Requirements. Wilson's Leather associates and representatives have been asked to be watchful for violations of Wilson's Leather's Business Partnership Requirements and Code of Conduct on visits to factories or other facilities

and to report questionable conduct and conditions to management for follow up and, when appropriate, for corrective action.

### **RECORD KEEPING**

All Business Partners must maintain in each facility producing merchandise for Wilsons Leather all documentation necessary to demonstrate compliance with Wilsons Leather's Business Partnership Requirements. Business Partners must furnish Wilsons Leather representatives or agents reasonable access to production facilities, employment records and workers for confidential interviews in connection with monitoring or inspection visits. Business Partners must promptly respond to reasonable inquiries by Wilsons Leather representatives or agents concerning the operations of facilities with respect to Wilsons Leather's Business Partnership Requirements.

### **SUBCONTRACTING**

Business Partners shall not utilize subcontractors for the production of Wilsons Leather merchandise, or components thereof, without Wilsons Leather's prior written approval and only after the subcontractor has agreed to comply with Wilsons Leather's Business Partnership Requirements. Business Partners shall require each Wilsons Leather approved subcontractor to abide by these Business Partnership Requirements and Code of Conduct and Wilsons Leather's Purchase Order Terms and Conditions. Business Partners shall be held accountable for a subcontractor's failure to abide by those requirements.

### **CORRECTIVE ACTION**

If a Business Partner is in violation of Wilsons Leather's Business Partnership Requirements, Wilsons Leather will work with the Business Partner to remediate the violation if at all possible. If this effort is unsuccessful or not possible, Wilsons Leather shall reevaluate its business relationship with the Business Partner and shall take appropriate corrective action. Corrective action may include cancellation of the affected order, prohibition of subsequent use of a facility or termination of Wilsons Leather's business relationship with any Business Partner found to be in violation of these Business Partnership Requirements, or exercising any other rights and remedies to which Wilsons Leather may be entitled under its Purchase Order Terms and Conditions for orders issued by Wilsons Leather or on behalf of Wilsons Leather, at law, in equity or otherwise.

### **COUNTRY EXCEPTIONS**

Business Partners will not produce merchandise for Wilsons Leather in countries that are considered by Wilsons Leather to deny basic human rights. Wilsons Leather will not initiate or continue its business relationship with Business Partners that produce merchandise for Wilsons Leather where there are gross and systematic violations of human rights and when there is a recognized movement from within the country calling for withdrawal.

### **12. PURCHASE ORDER TERMS AND CONDITIONS**

The Terms and Conditions contained herein shall be effective for all merchandise, goods and services ("Merchandise") sold by you to Wilsons Leather Holdings Inc. and/or its affiliated entities ("Wilsons Leather"). These Terms and Conditions, the business terms contained in any Wilsons Leather purchase order, the Business Partnership Requirements and Code of Conduct, and the Vendor Guidelines, each as amended from time to time (copies of which you acknowledge you have received) constitute the entire agreement between us and are collectively referred to herein as the "Purchase Order" and/or "Agreement". These Terms and Conditions, the Vendor Guidelines, and Wilsons Leather's Business Partnership Requirements may be found on the Internet at <https://www.wilsonslather.com> through the "About Us" tab. Any Wilsons Leather purchase order expressly limits acceptance to the Terms and Conditions stated herein, which may not be varied by any course of dealing, course of performance, any oral communication between the parties or any other means, except by a writing referencing the purchase order number and signed by Wilsons Leather's duly authorized representative. These Terms and Conditions supersede the terms and conditions of any offer, proposal or document of Vendor's, and this Agreement will govern all transactions between the Vendor and Wilsons Leather, including all future transactions, unless specifically modified in writing signed by both parties.

**PURCHASE ORDERS:**

Our commitment to purchase Merchandise shall arise only at such time as Wilsons Leather issues a Purchase Order for specified quantities of Merchandise and Wilsons Leather'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 our Purchase Order. Any estimate or forecasts of Wilsons Leather's future needs for Merchandise, which may be provided to you by us, are for long range planning purposes only and shall in no way represent a commitment of Wilsons Leather. Wilsons Leather has no responsibility for any actions taken by you based on such estimates or forecasts.

**SHIPMENT**

Time is of the essence. All Merchandise must be delivered to the designated carrier as selected by us, on or before the "Ship Date" specified in our Purchase Order for Merchandise or services, but not more than seven (7) days prior to the "Ship Date" specified. Merchandise shipped prior to the date specified will, at our option, be refused. We may regard our Purchase Order as having lapsed, and therefore null and void, if Merchandise is delivered to our designated carrier after the "Ship Date".

**OFFER & ACCEPTANCE:**

Our Purchase Order is not valid unless: (i) it is computer generated, pursuant to a valid electronic data interchange (EDI) transmission, including our ESPS electronic vendor communication system; or (ii) it is a faxed copy of a system-generated "on order" status purchase order. Shipment to us of any part of the Purchase Order shall constitute your acceptance of the Purchase Order for all Merchandise ordered herein and acceptance of all terms, conditions and instructions contained in these Purchase Order Terms and Conditions, our Business Partnership Requirements and Code of Conduct contained in our Vendor Guidelines. Any deviation by you from our Purchase Order or demand by you for additional or different terms and conditions, or any statement made by you in an invoice or otherwise attempting to make your acceptance conditional on our consent to additional or different terms and conditions shall be of no effect, and are hereby objected to and rejected.

**PRICE AND SHIPPING:**

The price specified in our Purchase Order shall include all costs of packing of Merchandise and all costs of delivery of Merchandise to the "F.O.B. point" or other delivery point specified in the applicable 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 us. You shall ship only the quantities of Merchandise ordered by us in the applicable Purchase Order. You shall not make any substitutions without our prior written approval. You shall bill us for the Merchandise at the price specified in the applicable Purchase Order.

**PAYMENT TERMS:**

Standard payment terms are defined in accordance with Appendix A attached hereto.

**INVOICING:**

The following documents are required to be received by accounts payable prior to payment:

- Overseas purchase (i.e. FOB not USA/Canada)  
Commercial invoice, including PO/item detail information  
Proof of shipment (such as Forwarder's Cargo Receipt)  
Overseas bank account information for remittance to vendor
  
- Domestic purchase (i.e. FOB USA/Canada)  
Invoice, including PO/item detail information  
Receipt of merchandise at Wilsons Leather Distribution Center

**TERMS AND CONDITIONS ACKNOWLEDGEMENT:**

You acknowledge that we have provided you with a copy of Wilsons Leather's Purchase Order Terms and Conditions and that our buying agents and employees are required to follow these Terms and

Conditions. You shall comply with and support the Terms and Conditions and shall not take any action that will violate the Terms and Conditions. You shall report to us any violations or attempted violations of the Terms and Conditions and certify your compliance if requested to do so by us.

**NO VERBAL CHANGES:**

Our Purchase Order, including these Terms and Conditions, may not be changed or terminated verbally. All changes to Purchase Order terms and conditions must be agreed to in writing by both parties and/or evidenced by a revised or reissued purchase order. Any changes to our standard payment terms must be approved as described in Appendix A.

**ASSIGNMENT:**

You agree not to 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 us without our prior written consent. No assignment or delegation (including assignment of the right to receive payment), with or without notice, shall bar us from asserting against you or the transferee or both any claim against you whether or not arising out of our Purchase Order and whether or not accrued at the time of assignment or delegation. Any adjustments made with you or returns made to you for credit shall be binding upon you and any assignee or delegate. If you make any assignment or delegation in violation of the foregoing, in addition to our other rights and remedies, we may cancel the undelivered balance of our Purchase Order without liability to us except for Merchandise previously accepted.

**CANCELLATION:**

We may cancel our Purchase Order in whole or in part in the event of any of the following, each of which it is agreed will substantially impair the value of the whole Purchase Order to us: (a) there is any breach of your warranties hereunder; (b) there is any delay in delivery or performance or departure from delivery and routing instructions; (c) there is any variation from the quantities, assortment, prices, services or other terms and conditions specified in the Purchase Order; (d) there is any breach of your obligations hereunder; (e) the Merchandise or services become the subject of any claim by any third party; (f) you become insolvent or make an assignment for the benefit of creditors, or a receiver for your assets or business is appointed; or (g) in the event of a fire, flood, earthquake, tempest, lock-out, strike, war, act of God, civil commotion, or other cause beyond our reasonable control. In such event, you shall immediately stop all work and observe any instruction from us as to work in process. Cancellation for any of the foregoing reasons shall constitute "for cause" and shall not subject us to any liability, cost, or charge whatsoever. We may also cancel this Purchase Order in whole or in part without cause at any time prior to our acceptance of the Merchandise. In the event of such cancellation, our liability to you shall be limited to the contract price of that portion of this Purchase Order fully and properly performed and received by us prior to such cancellation, plus the documented, actual out of pocket costs you reasonably incurred in contemplation of performance of the canceled portion, less any amount saved as a result of such cancellation and less any amounts which could have reasonably been mitigated by you.

**TRADE NAME AND TRADEMARKS:**

Wilson's Leather and its affiliated entities are the owners and/or licensors of certain intangible assets including the trademark, trade name, service mark and logo for "Wilson's Leather" and "Wilson's Leather Outlet" as well as various trademarks relating to merchandise ("Wilson's Leather Identification"). These intangible assets are owned and/or licensed by us and other affiliated entities and Wilson's Leather is obligated to ensure correct usage and protection of such intangible assets. You agree not to use, disclose or otherwise exploit the Wilson's Leather Identification, directly or indirectly, for any purposes whatsoever without, in each instance, obtaining the prior written consent of Wilson's Leather executed by an authorized Wilson's Leather signatory. If we direct you to mark or label any Merchandise with Wilson's Leather Identification, such marking or labeling shall be limited to the indicated quantities of such Merchandise and shall be done in accordance with our specific instructions. You shall not sell or otherwise dispose of, nor permit the sale or disposal of, any Merchandise bearing any Wilson's Leather Identification (including any rejected Merchandise or nonconforming Merchandise) to anyone other than us without first obtaining our express written consent and then only after first removing all our identification prior to such sale or disposal. You shall bear all costs and expenses relating to such

removal. You shall not dispose of any Merchandise anywhere in the United States that is not purchased by us if such Merchandise contains Wilsons Leather Identification that cannot be removed without damaging or destroying the Merchandise. We may elect, but shall have no obligation, to purchase from you any surplus labels, packaging or other materials bearing Wilsons Leather Identification. All such materials not purchased from you by us shall be destroyed at the cancellation or termination of the Purchase Order. You shall have no interest or rights in any Wilsons Leather Identification except as expressly granted in our Purchase Order. The provisions of this Section shall survive the cancellation or termination of any Purchase Order. You acknowledge that your violation of any provision set forth herein constitutes a breach of this Purchase Order that will cause immediate and irreparable harm and that we will be entitled to entry of (among other things) immediate preliminary, temporary and/or permanent injunctive relief against you. Merchandise (irrespective of whether it is defective or nonconforming) that bears our trademarks, trade names, artwork or graphic designs may not be disposed of by you within the United States without our prior written consent.

**ARTWORK/GRAPHIC DESIGN AND PATENTS:**

You agree all services, deliverables, products, artwork, graphics, designs and mechanical features created, adapted, produced or designed by you for Wilsons Leather in the course of selling Merchandise to us or performing services for us or provided by us to you (collectively, "Work Product"), together with any copyrights or patents or all other intellectual property or proprietary rights in such artwork, graphics, designs or mechanical features are "works made for hire" in accordance with the U.S. Copyright Act and are our exclusive property. You shall not disclose works made for hire to anyone other than your employees or us. Such works made for hire shall be used only on Merchandise manufactured for or sold to us, except as otherwise provided herein. If, and to the extent, such Work Product is not work made for hire, you hereby irrevocably assign to us the exclusive, worldwide, perpetual ownership of such artwork, graphics, designs and mechanical features, and all rights of copyright, trademark, trade dress and patent in such artwork, graphics, designs or mechanical features and we shall have the right to obtain and hold in our name rights of copyright, copyright registration, trademarks and patents and similar protections which may be available in the artwork, graphics, designs and mechanical features. You shall not claim or seek protection, which may be available for intellectual property contained in or incorporated into the Merchandise. You shall cooperate with us and provide to us all assistance reasonably required for us to protect such rights.

**MERCHANTABILITY:**

You warrant and represent that all Merchandise delivered pursuant to our Purchase Order will, (including all of its related packaging, labeling and printed materials, in addition to any express warranties or guarantees heretofore or hereafter made by you), (i) conform to the description and specifications thereof contained in the purchase order, in any specifications and sample requests, and the pre-production Merchandise samples, (ii) be free from any defects in design, construction, material, packaging or workmanship, (iii) be merchantable at the time of delivery to us and at time of use by our customers, and (iv) be fit and safe for sale and any use by us or our customers for which such items are originally intended and any particular intended use of or for which you or your agents have knowledge. You shall defend, indemnify and hold us harmless from and against all liability, claims, loss, suits, allegations, damages, and expenses, including attorneys' fees, on account of any defects in the Merchandise or on account of any breach of this warranty and the terms hereof including, but not limited to, compliance with all relevant laws and regulations. In addition, at your sole cost and expense, you shall defend, indemnify and hold us harmless from any and all liability, claims, allegations, suits, damages, losses, penalties and expenses, including costs and attorneys' fees, arising out of, or in any manner based upon the performance or nonperformance of this Purchase Order, or arising or occurring in connection with the Purchase, use or sale of the Merchandise, or advertising of the Merchandise. Without limiting the foregoing, you agree to 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, and naming us as an additional insured to cover your indemnification obligations described herein. At our request, you will provide us with a Certificate of Insurance evidencing such coverage.

**COMPLIANCE WITH LAWS/COVENANTS:**

You warrant, covenant and represent that A) you have complied and will comply with all Applicable Law, as defined below, relevant to your performance under this Purchase Order; and B) all Merchandise delivered pursuant to our Purchase Order was produced, processed, manufactured, represented, described, packaged, labeled, tagged, packed, advertised, sold, invoiced and shipped in full compliance with Applicable Law; and C) neither our acquisition nor our sale of Merchandise shall violate Applicable Law. "Applicable Law" shall include, but not be limited to: (i) all existing laws, regulations, standards, orders and rulings, as amended, together with all standards, rules and guides of all United States federal, state and local governments (and all departments, boards, bureaus and commissions thereof), including, but not limited to the Federal Trade Commission Act, Fair Labor Standards Act, the Tariff Act of 1930, the Consumer Product Safety Act, the Flammable Fabrics Act, the Textile Fiber Products Identification Act and regulations relating to statement of fiber content of rayon, wool, linen and other textiles contained in such Merchandise, the Wool Products Labeling Act, the Care Labeling Rule, the Fair Packaging and Labeling Act, the Magnusson-Moss Warranty Act, the Federal Hazardous Substances Act, the Poison Prevention Packaging Act, the Radiation Control for Health and Safety Act, the Food, Drug and Cosmetics Act, the Federal Child Labor Act, the Occupational Safety and Health Act, the Fur Products Labeling Act and the Foreign Corrupt Practices Act; and (ii) the laws, regulations and rules of all countries in which Merchandise is produced or delivered. You certify that the country of origin of all Merchandise will be as listed on the Merchandise labels. As to Merchandise manufactured outside the United States, you shall comply with all applicable laws of the country where the Merchandise was manufactured. You warrant, covenant and certify that no convict, slave, forced labor, child (younger than the legal age for completing compulsory education and in no event younger than 14 years of age) or indentured labor will be used by you, or by any entity with whom you have subcontracted, to process, manufacturer, label or ship the Merchandise. All wages, benefits and working hours set by you and all of the entities with whom you have subcontracted to process, manufacture, label or ship the Merchandise will comply with all applicable laws, rules and regulations.

**CUSTOMS-TRADE PARTNERSHIP AGAINST TERRORISM:**

As a participant in the Customs-Trade Partnership Against Terrorism (C-TPAT) program, Wilsons Leather is committed to strengthening overall supply chain security, and Wilsons Leather expects its supply chain Business Partners to share that commitment. To that end, you hereby expressly agree: (i) to provide all requested assistance to Wilsons Leather necessary to fulfill Wilsons Leather'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, you agree to follow any relevant requirements, guidelines or instructions established by the U.S. Customs and Border Protection Agency ([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.

**ADDITIONAL WARRANTIES:**

You warrant and represent that your workers are treated fairly and who in all cases are performing work voluntarily, not put at risk of physical harm, fairly compensated, and allowed the right of free association and not exploited in anyway. You further warrant and represent that you have not: (a) utilized child labor (child who is younger than the local age for completing compulsory education and in no event younger than 14 years of age); (b) utilized prison or forced labor (forced labor is work or service which is extracted from any person under the threat of penalty for its nonperformance and for which the worker does not offer himself voluntarily); (c) engaged in discriminatory practices on the basis of gender, racial characteristics, age, cultural or religious beliefs; (d) permitted the use of corporal punishment or other forms of mental or physical coercion or intimidation; and (e) engaged in bribes, kick-backs or other similar unlawful or improper payments to any person or entity to obtain or retain business. You agree to defend, indemnify and hold us harmless from your breach of the warranties and representations contained herein. If you breach these warranties and representations, we may take all appropriate corrective action, which may include cancellation of this Purchase Order or any other Purchase Orders placed with you by us in addition to any other remedies at law or in equity.

**INDEMNIFICATION:**

You agree to defend, indemnify and hold us harmless against any claim, liability, loss, damage or expense, including attorneys' fees, which may result from your breach of the warranties and representations contained herein or in any specific purchase order, or as a result of your negligence, recklessness or intentional misconduct or that of any employees, subcontractors or agents. You agree to execute and affix to your invoice any certificates and other reasonable documents in form satisfactory to us, or laboratory results, which we may require to evidence your compliance with the foregoing. You agree to furnish us with any continuing guaranty filed with the Federal Trade Commission or Consumer Product Safety Commission indicating that the products covered by our Purchase Order are properly labeled in accordance with the particular law and regulations pertaining thereto and comply with applicable standards or tests relating thereto. Your failure to provide any documents, warranties, certificates or laboratory results which we request to verify your compliance with United States or other countries' federal, state or local laws, orders, rules or regulations shall be deemed to be a material breach of the terms and conditions of our Purchase Order.

**WRITTEN WARRANTIES:**

In addition to the warranties contained herein, if a written warranty is offered with any Merchandise included in our Purchase Order, you shall so indicate on your invoice and provide us with copies of it with your first shipment. You will provide further copies to us upon our request

**INFRINGEMENT:**

You grant to us a nonexclusive, royalty free right to use certain of your trademarks, trade names, brand logos, packaging images and copyrights relating to the Merchandise to be incorporated into our advertising, promotional materials and on our website. You warrant, covenant and represent that neither the Merchandise delivered pursuant to our Purchase Order nor your conduct (or that of your agents) will infringe or encroach upon the contractual or proprietary rights of any other person, firm or corporation, including without limitation, the designs, design patents, trademarks, trade names, trade dress, copyrights, rights of privacy and publicity, trade secrets and other proprietary/intellectual property rights of any third party, and you agree to defend, indemnify and hold us harmless from any claim, liability, loss, damage or expense, including attorneys' fees, which arises, grows out of or results from any claim of infringement of patents, copyrights, trademarks, trade names, trade dress, trade secrets or any other proprietary/intellectual property rights, or any claim of unfair competition, in connection with the Merchandise covered by our Purchase Order.

**DEFECTIVE OR NONCONFORMING MERCHANDISE:**

We reserve the right to cancel, without your authorization, at any time, any portion of our Purchase Order and to return at any time, for full credit at your expense (including but not limited to cost of packing and transportation to and from source) and risk, all or any part of materials or Merchandise shipped hereunder which is defective in material or workmanship or which differs in any way from the terms, specifications and/or warranties contained in our Purchase Order or implied by law (including without limitation Merchandise shipped in excess of quantities ordered and Merchandise which deviates from sizes, colors and styles ordered), and you shall have no right thereafter to cure such defects or failure to conform to such specifications and warranties. We reserve the right (but shall not be obligated) to repair any defects and debit your account with the expenses involved when in our sole judgment the cost of making such repairs would be less than the cost of replacement by you or cancellation of our Purchase Order. Alternatively, at our option, Merchandise will be returned to you F.O.B. our specified receiving location, freight collect. Defective or nonconforming Merchandise bearing any Wilsons Leather identification or trademarks or trade names owned or licensed by us, and any artwork or graphic designs adopted, produced or designed by you for us, may not be sold, licensed or otherwise disposed of by you without our prior written consent, signed by an officer of Wilsons Leather.

**SAMPLES:**

All Merchandise shall conform to Merchandise samples previously approved by us. No change or deviation from approved Merchandise samples or the method of production shall be made without our prior written approval. If samples are requested by our Purchase Order, you shall not forward quantity

shipments until we have approved the samples submitted by you, fabricated by the method to be used in such quantity shipments.

**MERCHANDISE TESTING:**

Merchandise shall comply, and be accompanied by such material as necessary to comply with, Applicable Law as previously defined herein. Merchandise shall have been subjected to reasonable and representative tests, in accordance with procedures under Applicable Law including, but not limited to, all laws, rules and regulations referred to in the section of this Purchase Order entitled "Compliance With Laws/Covenants." Without limiting the foregoing, Merchandise must comply with the Flammable Fabrics Act and Vendor must demonstrate that fabrics used or contained in the Merchandise otherwise subject to the Act and covered by and in the form delivered under this Purchase Order are not so highly flammable as to be dangerous when worn by individuals and, where required, are marked or labeled in accordance with the Act and amendments made thereto. At our request, you shall immediately submit, at your expense, samples of the Merchandise ordered pursuant to our Purchase Order for testing or examination at laboratories of our choosing or approved by us. Our right to require such testing shall be in addition to any rights we have to inspect and examine such Merchandise. Our acceptance of any Merchandise tested or examined (or our failure or refusal to require submission of the Merchandise for testing or examination) shall not be deemed a waiver of any Merchandise specification, warranty or guaranty expressed herein or implied by law.

**MANUFACTURING:**

Upon our request, you shall provide us with specific information in such detail as we may reasonably request, as to the location(s) and method(s) of manufacturing Merchandise. You shall provide us with prior written notice of any change in the location(s) of manufacturing Merchandise, and you shall be fully responsible for all costs and/or delays resulting from such changes. Without advance notice but during regular business hours, our designated representatives and any independent inspectors approved by us may inspect any production facilities at which any Merchandise or any components for Merchandise are being produced (including inspection of any of your facilities or facilities of any of your subcontractors and suppliers) and any and all Merchandise at any stage of production or delivery (including the delivery point specified in the applicable Purchase Order). We may require you to have Merchandise inspected prior to its shipment to the United States, such inspection to be performed at your sole expense by an independent inspector approved by us. Any inspection, any documentation thereof, and any corrective actions taken by you with respect to any Merchandise shall not be deemed acceptance of any Merchandise by Wilsons Leather, or a waiver of any non-conformities or defects in any Merchandise, and shall not excuse any failure by you to deliver Merchandise in accordance with the terms of the applicable Purchase Order.

**CUSTOMER RETURNS:**

No printed materials or illustrations of any kind, including restrictions on consumers' rights to return Merchandise, except as required by law or approved in writing by us may be included anywhere with the packaging of Merchandise, which is the subject of our Purchase Order. In addition to any other remedies we may have hereunder, we may remove such offending materials and repackage the Merchandise at your expense.

**TIME FOR DELIVERY:**

Time is of the essence as to the dates specified herein for shipment and delivery. You bear sole responsibility for (i) shipment after the "Ship Date" specified in our purchase order or (ii) shipment earlier than seven (7) days before such "Ship Date". Violations of such shipment or delivery terms constitute a material breach, and may result in automatic cancellation of our Purchase Order, and Merchandise rejected by us may be returned to you without your authorization and at your expense, which shall include our administrative expense.

**EXTRA CHARGES:**

Except as specifically noted in our purchase order, or as otherwise agreed to by us in writing, the prices recorded on our purchase order are not subject to any additional or extra charges, including but not limited to charges for pre-packs, cartons, carton markings, hangers, price tickets, hang tags, hanging

bars, handling, drop shipments, insurance, cartage or minimum orders or any taxes or excise charges levied on processors, manufacturers, wholesalers or otherwise.

**PRICE PROTECTION:**

Our Purchase Order is placed with the understanding that you are willing to sell the same Merchandise sold hereunder at equivalent prices and on proportionally equal terms to any other purchaser similarly situated. If, before the final delivery under our Purchase Order, you offer to sell Merchandise substantially of the same kind as ordered herein to any other purchaser similarly situated, at lower prices and/or on terms more favorable to the purchaser than stated in our Purchase Order, the prices and/or terms in our Purchase Order are hereby automatically revised to equal the lowest prices and/or most favorable terms at which you so offer to sell such similar Merchandise, and payment hereunder shall be made according to the lowest prices and the more favorable terms. You shall meet lower prices of legitimate competition or, in lieu thereof, accept cancellation of this Purchase Order.

**DEBIT BALANCES:**

Upon written notice, you shall immediately refund any amount due us under our Purchase Order or for any other reason.

**SET-OFF:**

You agree that we may set-off any amounts which may become payable to you under our Purchase Order or otherwise against payment of any amounts due from you to us whether arising under our Purchase Order or otherwise including Chargeback's per the Vendor Compliance Section in the Vendor Guidelines.

**PASSAGE OF TITLE:**

The terms of our purchase orders are F.O.B. Origin unless otherwise specified in the purchase order. We will assume ownership at the FOB point specified (if not specified, then FOB Origin). However, we shall have no obligation to unpack or inspect the Merchandise prior to resale thereof. You shall be responsible for the consequences of negligent manufacturing and/or packing, and for the consequences of negligent handling, prior to the point when we assume ownership of the Merchandise. We reserve the right to return for full credit at your expense (including but not limited to cost of packing and transportation to and from source), without your authorization, at any time, all or any part of materials or Merchandise shipped hereunder which is defective in materials or workmanship, which fails to pass testing required by law and/or specified by Wilsons Leather or its customer(s), or which differs in any way from the terms, specifications and/or warranties herein contained or implied by law (including without limitation Merchandise shipped in excess of quantities ordered and Merchandise which deviates from sizes, colors and/or styles ordered).

**OVERSEAS IMPORTS:**

All invoices for Merchandise must be written in the English language, must set forth prices solely in United States Dollars which is the currency in which payment will be made, and specify the country of origin, the number of the purchase order, the style number, descriptions and our item number(s) shown on the purchase order, the quantities shipped. All discounts and charges must be reflected separately on your invoice. Wilsons Leather Requires one invoice per shipment and, preferably, once invoice per purchase order. If more than one purchase order is submitted per invoice, we require a subtotal for each purchase order.

All documentation required by the U.S. Customs laws and regulations, the Federal Trade Commission laws and regulations, and/or the laws, regulations and rules of any other government or authority in order for the Merchandise to be delivered to the Wilsons Leather designated logistics provider (including, without limitation, commercial invoices, packing lists, country of origin declarations, applicable quotas, visas, textile declarations, bills of lading, and any other governmental authorizations that may be required for lawful and expeditious export from the country of origin and subsequent importation to us) is your responsibility, and you must provide complete sets of such documentation, at the time of shipment. You shall comply with U.S. laws and regulations relating to the Merchandise and the shipment and transportation thereof, including the U.S. Customs - Trade Partnership Against Terrorism ("C-TPAT") laws

and regulations, and you agree to maintain adequate records related thereto and certify your compliance to C-TPAT if you are requested to do so by us.

You 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 you by us, you will make an appropriate statement to that effect on your invoice.

You warrant and represent that the price of Merchandise does not violate the United States Anti-Dumping laws. We reserve the right to cancel all or any part of this Purchase Order in the event that a preliminary determination is made by the administering authority pursuant to United States law that an industry in the United States is materially injured or is threatened with material injury, or the establishment of an industry in the United States is materially retarded by reason of imports of the Merchandise or goods similar to the Merchandise. In such event, we may cancel, without penalty, our obligations under this Purchase Order and at our option return all Merchandise delivered under this Purchase Order to you, at your expense, for full refund of the purchase price, and you shall reimburse us for all costs incurred in connection therewith, including without limitation, round-trip transportation. You agree to reimburse us for any dumping duties we are required to pay on Merchandise.

If shipment of all the Merchandise is not made in accordance with the "Ship Date" specified on the purchase order or these Terms and Conditions, we shall have the right, without liability and in addition to any other rights and remedies we may have, to direct expedited routing of the Merchandise by airfreight or other transportation method of our choice at your expense unless otherwise negotiated.

We reserve the right to cancel all or any part of this Purchase Order prior to taking delivery of the Merchandise covered hereby without any liability whatsoever to you in the event that the Merchandise covered by the Purchase Order is subject to any embargo or any boycott of the Merchandise in the United States.

**NONCOMPLIANCE:**

All administrative expenses and charges incurred by us, caused by your deviation from or violation of these Terms and Conditions, our Vendor Guidelines, which include the routing guide and chargeback guide, and all other shipping, routing or invoicing instructions relating to our Purchase Order, will be charged to you and deducted from our payments to you. In the event you dispute our imposition of charges for deviation from or violation of the foregoing but fail to furnish our Accounts Payable Department with proof of your compliance within six (6) months following shipment of the Merchandise pursuant to our Purchase Order, you shall be deemed to have waived any objection or defense to such imposition of charges.

**REMEDIES:**

You shall furnish us with proof of delivery of the Merchandise at our request. In the event of your failure to notify our Accounts Payable Department in writing within six (6) months following shipment of Merchandise pursuant to our Purchase Order of our nonpayment of your invoices, we shall have no further obligation to pay you for Merchandise shipped pursuant to our Purchase Order. Unless an action is commenced or set-off interposed within one (1) year after the same accrues, you shall be barred from commencing an action or interposing a set-off against us for breach of contract, nor shall any counterclaim or set-off be interposed by you, by reason thereof, including without limitation: (i) for monies due or to become due hereunder, (ii) for the amount of any discounts, allowances or other deductions from remittances made on account of Merchandise purchased hereunder, (iii) disputing our right to return all or any part of the Merchandise purchased hereunder, or (iv) the fact of the making of any returns, unless such action is commenced or set-off interposed within one (1) year after the same accrues. In addition to any other right or remedy provided for herein or by law or in equity, we reserve the right, without liability, in the event of your breach of our Purchase Order agreement, to purchase substitute items elsewhere and to charge you with any loss incurred. Any provision herein for delivery of Merchandise in installments shall not be construed as making your obligations severable. Shipments of Merchandise sent C.O.D. without our written consent will not be accepted and will be at your risk. If any

provision of any Purchase Order or these Terms and Conditions is held to be invalid, illegal or unenforceable by a court of competent jurisdiction, then such provision shall be deemed modified to the extent necessary to make such provision enforceable by such court, and the invalidity, in whole or in part, of any portion of our Purchase Order or these Terms and Conditions shall not impair or affect the validity or enforceability of the remaining provisions thereof. All rights and remedies under our Purchase Order 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 for herein or at law or in equity.

**WAIVER:**

Our waiver of any term or condition of our Purchase Order shall not constitute a waiver for purposes of any subsequent Purchase Order nor shall it constitute custom or usage for a course of performance between us insofar as subsequent Purchase Orders are concerned. With respect to any shipment moving to our specified receiving location on freight-prepaid terms, you will indemnify and hold us harmless from any and all freight, storage, accessorial or demurrage charge claims assessed by any carrier. You shall indemnify us and hold us harmless from any costs, loss, liability or expense, including attorneys' fees, arising in any way out of your breach of any term or condition contained herein.

**BACK ORDERS OR PARTIAL SHIPMENTS:**

Backorders or partial shipments will only be accepted with advance approval in writing from Wilsons Leather.

**CONFIDENTIALITY:**

All Proprietary Information (as hereinafter defined) is confidential and is our sole and exclusive property notwithstanding how you were provided access to it by us. You shall not in any manner use, reproduce or disclose, directly or indirectly, to any of your employees, agents, affiliates or any third party at any time any Proprietary Information except in connection with your performance under any Purchase Order and then only to the minimum extent necessary on a need to know basis. Proprietary Information that is provided by us to you via our secure website shall only be made available by you to persons authorized by us to view or receive it and only as permitted by the Terms of Use of our secure website. You shall only use proprietary Information in a manner consistent with our Information Security policies, in effect from time to time. Upon demand by us, you shall deliver to us immediately all materials containing Proprietary Information in your possession (whether prepared by us or you). Proprietary Information shall consist of: (A) all information relating to our sales, pricing, costs, inventory, operations, plans, programs, raw materials, submaterials, vendors, Merchandise purchased by us from you, and all information related to such Merchandise purchases, including, but not limited to shipment and transportation thereof and reports relating thereto; (b) all of our trade secrets including any and all product designs, trade dress information, trend information, customer lists, customer survey responses and any other information concerning any of our products, marketing strategies or customers; (c) specifications relating to the design and/or manufacture of any Merchandise; (d) patent applications, copyrights and other intangible/intellectual property owned by or licensed to us; (e) all information provided by us to you via our secure website, including, but not limited to Unit Planning Reports from our Projection Analysis, Sales and Inventory Reports from Wilsons Leather Data Warehouse and our Vendor Scorecard; and (f) any other information provided by us to you that is not publicly available regardless of where located or the manner or medium by which you have been provided access to it by us. You acknowledge receipt of, and you warrant and agree to comply with, our Information Security policies, as such policies may be amended or modified from time to time. You shall use your best efforts to prevent unauthorized access to our secure website and access to any databases or other sensitive material generated from or used in conjunction with our secure website. You shall not provide access to or disclose information or data contained on our secure website to any employee, agent, affiliate or any third party who is not authorized to view this information or data by Wilsons Leather. You will use your best efforts to ensure that authorized persons do not disclose Proprietary Information to others without our express, prior written permission. You will immediately notify us at #BusinessConduct@wilsonslather.com in the event you discover any security breaches relating to our Proprietary Information. You agree to defend, indemnify and hold us harmless from any breach by you, your employees, agents or affiliates of the warranties and representations contained herein. The provisions of this Section shall survive the cancellation or termination of any Purchase Order.

**RESERVATION OF WILSONS LEATHER RIGHTS:**

We reserve the right to advertise, offer Merchandise for sale and to sell such Merchandise at any retail facility, through any wholesale channels, through Internet websites and/or by means of any medium, including electronic or other nontraditional facilities or venues. The foregoing reservation is an essential term of all of our transactions effected under or pursuant to this Purchase Order.

**OFFER OF EMPLOYMENT:**

It is an essential and material term and condition of this Purchase Order that you expressly acknowledge and agree that we may terminate and cancel any Purchase Order, in whole or in part, in the event that you, without our consent, extend an offer of employment to, employ, retain, hire, engage (or attempt any of the foregoing) or otherwise secure the services of a person who at the time of your conduct or within the preceding ninety (90) days was employed by us (or any of our affiliates doing business with you) in the position of Buyer or an equivalent or superior position.

**INDEPENDENT CONTRACTOR:**

You acknowledge and agree that you are an independent contractor. No provision of this Purchase Order shall, or shall be deemed or construed to, create any other relationship between the parties such as employer and employee, principal and agent, partners, joint ventures, or any other association other than that of independent contractors. Accordingly, you are not and shall not be deemed to be an agent of us and are without any authority to enter any contract or take any action on behalf of or so as to obligate any of our affiliates or us. Except as otherwise specified herein, you shall have exclusive control and discretion over the manner, means, details and methods by which you shall perform the services hereunder, and shall be solely responsible for the provision of all tools, equipment, and facilities necessary for the performance and for the payment of all license and other fees applicable to your performance.

**AUDIT:**

During normal business hours, we and/or our designated agent shall have the right to inspect your facility(ies) and/or audit your records and documents with respect to your sales to us and your performance pursuant to any Purchase Order(s) to ensure that you are in compliance with the provisions of this Purchase Order.

**BENEFICIARY OF AGREEMENT:**

All of our affiliates are and shall be deemed to be third party beneficiaries of this Purchase Order. We and each of our affiliates shall be deemed to be a third party beneficiary of your agreement(s) with any third party as to the production or distribution of the Merchandise and any component thereof.

**SEVERABILITY:**

The unenforceability or illegality of any provision of this Purchase Order shall not render any other provision of this Purchase Order unenforceable, null or void so long as the provisions remaining are sufficient to constitute a legally binding agreement.

**ENTIRE AGREEMENT:**

This Purchase Order, including attachments and material incorporated herein by reference, constitutes the entire agreement of the parties as to its subject matter. It supersedes all prior representations or agreements, oral or otherwise, with respect thereto. No obligation to enter into any further transaction may be implied from this Purchase Order. This provision is applicable in all circumstances, without regard to whether this Purchase Order establishes a new transaction, confirms an existing arrangement or prior course of dealing between us.

**MISCELLANEOUS:**

As used in our Purchase Order, the words "you" or "your" refer to Vendor, as seller and the words "we", "us" and "our" refer to Wilsons Leather and/or its subsidiaries or affiliates, as buyer. Our Purchase Order shall be governed by and construed in accordance with the laws of the State of Minnesota. Any suit, action or proceeding against us with respect to any Purchase Order or the parties' actions with respect

thereto shall be brought in state or federal court located in Hennepin County, Minnesota. You waive any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

## **12.1. PURCHASE ORDER TERMS AND CONDITIONS - APPENDIX A**

Wilson's Leather's standard Payment Terms are as follows:

Overseas Purchases (i.e., FOB not USA or Canada)

- Standard: net 75 FCR – international wire transfer
- Special Terms:
  - September net 90 FCR – international wire transfer
  - October net 90 FCR – international wire transfer

Domestic Purchases (i.e., FOB USA/Canada)

- Standard: net 75 ROG – check
- Special Terms:
  - September net 90 ROG – check
  - October net 90 ROG – check

These are Wilson's Leather's standard payment terms. Any other terms must be approved by Wilson's Leather's Chief Merchandising and Sourcing Officer and Chief Financial Officer in writing in advance. To request approval of non-standard terms, please work with the Buyer who will work with you through the request for approval process. Upon approval, the approved terms will be communicated to you by the Buyer. **Please note that with regard to Letter of Credit payment terms, there are certain charges associated with opening and or changing the Letter of Credit that will be the responsibility of the Vendor.**

## **13. Social and Environmental Policy and Requirements**

Wilson's Leather understands our responsibility to the global community. We therefore require that all vendors are good stewards in their community. Wilson's Leather will not knowingly operate in violation of any laws or regulations or utilize vendors that do. Issues such as clean drinking water for employees and the appropriate treatment and processing of domestic sewage, hazardous waste, recyclable products, and air emissions are evaluated equally with wages, benefits, discrimination, and worker safety.

### **13.1. Audits**

Wilson's Leather reserves the right to audit vendors using both internal and 3<sup>rd</sup> party contracted personnel to ensure compliance. All audits are observed impartially and with an unbiased view. Audits will be both announced and unannounced. Any audit that results in a "zero tolerance" score is grounds for automatic cancellation of all unshipped purchase orders per section 15. PURCHASE ORDER TERMS AND CONDITIONS. These include, but are not limited to child labor, forced labor, locked fire exits, corporal punishment, violation of any local, national, or international laws.

## **14. System Requirements**

Wilson's Leather understands that system capabilities vary with each of our suppliers and, as a result, we're offering flexible alternatives to enable trading electronically. The ever-presence of the World Wide Web makes the Internet a logical solution to augment Wilson's existing electronic commerce initiatives. To facilitate a fast and cost effective implementation of electronic commerce with our non-EDI capable suppliers, we have teamed with One Source Logistics / Upstream Software, Inc. to develop an Internet Electronic Commerce Web Site. This solution is ideal for low PO volume Suppliers.

If you are currently capable of transmitting documents via EDI through a Value Added Network (VAN), please contact Chris Carlson at [chris.carlson@wilsonleather.com](mailto:chris.carlson@wilsonleather.com) for more details. Wilson's Leather requires the following documents in the designated timeframes as a means to conduct business:

- Purchase Order/Purchase Order Change (EDI850 / EDI860)
- Advance Ship Notice (EDI856)

Details on system use can be found at <http://www.wilsonleather.com/corp/index.jsp?page=aboutus>

## CALIFORNIA TRANSPARENCY IN SUPPLY CHAINS ACT

In 2010, a law was passed in the state of California requiring companies to disclose what they are doing to address human trafficking in their supply chains. The California Transparency in Supply Chains Act seeks to “educate consumers on how to purchase goods produced by companies that responsibly manage their supply chains ... to improve the lives of victims of slavery and human trafficking.”

G-III Apparel Group, Inc. (“G-III”) strives to ensure that its products are produced in a legally and socially responsible manner and to prevent complicity in abusive employment practices such as human trafficking and slavery. The items outlined below explain what G-III is doing to address each of the five pillars of the California Transparency in Supply Chains Act.

1. Verification of Supply Chain – We have developed a vendor compliance program that requires vendors to comply with applicable employment and human rights laws, as well as adhere to G-III’s own standards intended to eliminate abusive employment practices, including forced labor, human trafficking and slave labor. Vendors must also certify their compliance with such laws and G-III’s own standards. We verify compliance using internal and third party auditors.
2. Supplier Audits-We conduct audits of supplier’s facilities using independent third-parties to determine whether these facilities are in compliance with laws and our standards. We also use internal personnel to periodically verify compliance. Verification of the product supply chain to determine whether facilities are in compliance with laws and our standards include both announced and unannounced audits of vendor facilities.
3. Supplier Certifications-We require our direct suppliers to certify that they comply with all appropriate laws and our standards prior to the placement of an order by us. This certification of compliance includes materials incorporated by our direct suppliers in products they produce for us.
4. Standards-We maintain internal accountability standards and procedures for employees or contractors failing to meet company standards. Failure of our employees to abide by G-III’s Code of Business Conduct can result in corrective action up to and including termination of employment. Failure of vendors to abide by our standards can result in corrective action plans and other disciplinary measures for vendors who are found to violate applicable laws or our standards up to and including termination of our business relationship with the vendor.
5. Employee Training-G-III conducts internal training with respect to our vendor compliance program and our standards to ensure that personnel involved in supply chain management are made aware of how to identify potentially abusive situations.