

## INTERNATIONAL MASTER PURCHASING AGREEMENT FOR FINISHED GARMENTS

THIS AGREEMENT MADE, by and between Fashion Life, Inc., a California corporation doing business as Fang with its principal place of business at 18455 S. Figueroa Street, Los Angeles, California 90248, herein referred to as "PURCHASER" and \_\_\_\_\_, a \_\_\_\_\_ (entity type) organized and existing under the laws of \_\_\_\_\_, herein referred to as "VENDOR."

### RECITALS

WHEREAS, PURCHASER will only do business with VENDORS and suppliers that comply fully (100%) with all applicable domestic, foreign or international laws, rules or regulations and who are duly registered with applicable local Labor Enforcement Government Agencies;

WHEREAS, PURCHASER will only work with VENDORS and suppliers who abide fully (100%) with this Agreement, the subject written purchase order ("PO"), Purchase Orders For Finished Goods ("PO Terms and Conditions") and all other collateral documents referenced herein; and,

WHEREAS, PURCHASER wishes to contract with VENDOR for the purchase and/or manufacture of certain garments and/or other merchandise from time to time, which garments and/or other items of merchandise (the "Products") will bear the PURCHASER'S trademarks and trade name, and other trademarks as designated by PURCHASER, trade dress, logos, emblems, or symbols, and all combinations, forms and derivatives thereof, whether registered or unregistered, as may from time to time be used by PURCHASER or any of its affiliates (collectively, the "Trademarks").

NOW, THEREFORE, in consideration of the promises made herein, the parties agree as follows:

#### **A. THE PRODUCTS.**

1. PURCHASER and, if applicable, its Licensor, have created certain designs and patterns for Products from which VENDOR will create three (3) dimensional samples. PURCHASER shall advise VENDOR if the samples meet PURCHASER'S standards. VENDOR shall make any modifications to the samples as required by PURCHASER. Samples accepted by PURCHASER shall be designated as prototypes for the purposes of this Agreement.

2. VENDOR shall only manufacture the specific number of Products as requested by PURCHASER and at no time shall VENDOR manufacture excess Products or overruns. VENDOR shall not sell, transfer or otherwise dispose of any Products or packaging bearing the Trademarks to any third parties except as is specifically provided for in this Agreement and in no event without the express prior written consent of PURCHASER.

3. VENDOR shall manufacture the Products and packaging to conform in quality and specifications to the prototypes and in accordance with Section B USE OF TRADEMARKS below. VENDOR shall comply with all terms of PURCHASER'S orders, including those concerning the tolerances allowed by PURCHASER. VENDOR shall follow the seconds and

irregulars procedures set forth in PURCHASER'S Purchase Orders for Finished Garments or other documents prepared and amended by PURCHASER from time to time.

4. All Products and packaging manufactured by VENDOR shall be delivered to PURCHASER'S designated location, Delivered Duty Paid ("DDP").

## **B. USE OF TRADEMARKS.**

1. VENDOR or its approved assignees or approved sub-VENDORS hereunder (singularly at times hereafter "approved assignees or approved sub-VENDORS" and otherwise collectively hereafter "VENDOR"), shall not use the Trademarks, in any manner whatsoever (including, without limitation, for advertising, promotion and publicity purposes), without obtaining the prior written approval of PURCHASER, which approval may be withheld in PURCHASER'S sole discretion. In any event, VENDOR or its approved assignees or approved sub-VENDORS hereunder, shall not at any time use, promote, advertise, display or otherwise commercialize the Trademarks or any material utilizing or reproducing the Trademarks in any manner. VENDOR or its approved assignees or approved sub-VENDORS hereunder, shall not make any reference in its business materials, advertising or in any of its business activities to the fact that VENDOR is being contracted by PURCHASER to manufacture merchandise under the PURCHASER'S Trademarks.

2. The Trademarks, including all ownership notice symbols, will appear on all of the Products and all packaging in the manner required by PURCHASER'S design detail sheets or any other materials PURCHASER provides to VENDOR from time to time.

3. No other trademarks or notices shall appear on Products or packaging without PURCHASER'S prior written consent in each instance.

4. VENDOR'S and its approved assignees or approved sub-VENDORS use of the Trademarks shall insure to the benefit of PURCHASER and/or its Licensor, if applicable. VENDOR, its approved assignees or approved sub-VENDORS hereunder, shall take any and all steps required by PURCHASER/its Licensor and the law to perfect PURCHASER'S/its Licensor's rights in the Trademarks.

## **C. TRADEMARK PROTECTION.**

1. In the event that VENDOR learns of any infringement or imitation of the Trademarks or of any use by any person or entity of a trademark(s) similar to the Trademarks, VENDOR shall promptly notify PURCHASER of the same and thereupon, PURCHASER shall take such action as it deems advisable in its sole discretion for the protection of its rights in and to the Trademarks and VENDOR shall cooperate with PURCHASER in all respects in connection therewith. In no event, however, shall PURCHASER be required or otherwise obligated to take any action if it deems it inadvisable to do so.

2. PURCHASER shall defend, at its cost and expense, and with counsel of its own choice, any action or proceeding brought against VENDOR for alleged trademark infringement arising out of VENDOR'S use of the Trademarks in accordance with the provisions of this Agreement.

3. VENDOR shall cooperate with PURCHASER in the execution, filing and prosecution of any trademark, copyright or design patent applications that PURCHASER may desire to file in connection with the Products and for that purpose VENDOR shall supply to PURCHASER from time to time such samples of the Products as may be reasonably required.

4 All provisions of this paragraph shall survive the expiration or termination of this Agreement.

**D. PROPERTY OF OWNER.**

1. VENDOR recognizes the great value of the goodwill associated with the Trademarks and the identification of the Products with the Trademarks and acknowledges that the Trademarks and all rights therein and goodwill pertaining thereto belong exclusively to PURCHASER and/or its Licensor. VENDOR further recognizes and acknowledges that a breach by VENDOR or its approved assignees or approved sub-VENDORS hereunder, of any of its covenants, agreements or other undertakings hereunder will cause purchaser IRREPARABLE DAMAGE, WHICH CANNOT BE ADEQUATELY REMEDIED IN DAMAGES IN AN ACTIO AT LAW, AND MAY, IN ADDITION THERETO, CONSTITUTE AN INFRINGEMENT OF purchaser's RIGHTS IN THE TRADEMARKS, THEREBY ENTITLING purchaser AND/OR ITS Licensor to actual, its incidental, consequential or statutory damages, equitable remedies, costs and reasonable attorneys fees.

2. To the extent any rights in and to the Trademarks are deemed to accrue to VENDOR, VENDOR hereby assigns any and all such rights, at such time as they may be deemed to accrue, including the related goodwill, to PURCHASER and/or its Licensor.

3. VENDOR or its approved assignees or approved sub-VENDORS hereunder, shall (i) never challenge the validity of PURCHASER'S and/or its Licensor's ownership in and to the Trademarks or any application for registration thereof, or any trademark registration thereof; and (ii) never contest the fact that VENDOR'S rights under this Agreement are solely those of an independent contractor supplier or vendor and terminate upon expiration of this Agreement. VENDOR shall, at all times, execute any documents reasonably requested by PURCHASER to confirm ownership rights in and to the Trademarks and the goodwill in connection with the use thereof. All rights in the Trademarks, other than those specifically granted herein, are expressly reserved by PURCHASER/or its Licensor for their use and benefit.

4. Without limiting the generality of any other provision of this Agreement, VENDOR or its approved assignees or approved sub-VENDORS hereunder, shall not (i) use the Trademarks, in whole or in part, as a corporate or trade name; or (ii) join any trade name or names with the Trademarks so as to form a new trademark. VENDOR agrees not to register, or attempt to register, the Trademarks in its own name or any other name, anywhere in the world.

5. All provisions of this paragraph shall survive the expiration or termination of this Agreement.

**E. DESIGN OWNERSHIP.**

All rights, including without limitation, copyright, trade secret and design patent, to designs for the Products ("Design Rights"), including, without limitation, artwork, prints, patterns, package designs, labels, advertising or promotional materials or any other designs using or used on or affixed thereto, and to any package design, bearing the Trademarks shall, as between the

parties hereto be the sole and exclusive property of PURCHASER and VENDOR shall have no ownership interest therein whatsoever. All Products manufactured from designs submitted by VENDOR and approved by PURCHASER shall bear the Trademarks and in such case, VENDOR acknowledges that such designs were created as works-made-for-hire for PURCHASER and, to the extent necessary, VENDOR irrevocably agrees to assign, transfer and convey to PURCHASER all right, title and interest therein for all purposes. VENDOR, its agents, successors and assigns shall not contest or oppose PURCHASER'S ownership of or rights in the Design Rights or any other intellectual property rights associated with the Products or any derivative works thereof either directly or indirectly by any means whatsoever, including, but not limited to, litigation, arbitration, mediation, administrative agency action, or the threat thereof.

#### **F. CONFIDENTIALITY.**

VENDOR acknowledges that by reason of its relationship with PURCHASER, it will have access to and become acquainted with various trade secrets ("Trade Secrets") and confidential information ("Confidential Information") of PURCHASER. The terms "Trade Secrets" and "Confidential Information" shall mean information or materials which are related to the business and operation of PURCHASER, including, but not limited to: prints, designs, ideas, sketches, and other materials which PURCHASER uses or intends to use on or in connection with lines of merchandise which have/had not yet been put into the channels of distribution; the methods, practices and procedures of PURCHASER which are disclosed to VENDOR or which VENDOR becomes aware of as a result of the relationship with PURCHASER; any other information or material which is proprietary to or designated as a Trade Secret or Confidential Information by PURCHASER, which VENDOR may obtain knowledge through, of or as a result of VENDOR'S relationship with PURCHASER. The parties recognize that PURCHASER'S Trade Secrets and Confidential Information are valuable property of PURCHASER. VENDOR acknowledges the need to preserve the confidentiality and secrecy of PURCHASER'S trade Secrets and Confidential Information and agrees to take all necessary steps to ensure that use of PURCHASER'S trade Secrets and Confidential Information by it or by its employees and/or agents will in all respects preserve such confidentiality and secrecy. VENDOR further agrees to prevent unauthorized disclosure of such information, including, without limitation, taking all reasonable precautions to protect the secrecy of materials, samples, and designs prior to their commercial distribution or the showing of samples for sale. VENDOR shall not manufacture any merchandise employing or adapted from any of PURCHASER'S Trade Secrets and Confidential Information except for on behalf of PURCHASER or its affiliates or designees, as expressly requested by PURCHASER.

#### **G. STOLEN PRODUCTS OR DAMAGED PRODUCTS.**

VENDOR or its approved assignees or approved sub-VENDORS hereunder, will provide PURCHASER with immediate notice of any Products stolen and/or damaged Products while under VENDOR'S or its approved assignees or approved sub-VENDORS hereunder possession or control, including, without limitation, Products that are then in production. With regard to damaged Products, VENDOR shall not have the right to sell, transfer, or otherwise dispose of any damaged Products which damaged Products shall be disposed of or destroyed by VENDOR, immediately upon written instruction from PURCHASER. With regard to stolen Products, VENDOR shall cooperate with PURCHASER with respect to any action PURCHASER deems necessary regarding the stolen Products.

## **H. SECONDS, THIRDS OR EXCESS PRODUCTS.**

VENDOR or its approved assignees or approved sub-VENDORS hereunder, shall not have the right to sell, transfer, or otherwise dispose of any Products or PURCHASER packaging which are determined by PURCHASER to be seconds, thirds or are in excess of the quantities requested by PURCHASER. All seconds, thirds or excess Products/packaging, including trims, may be purchased by PURCHASER at a reasonable fair market price or shall be returned to, and disposed of or destroyed by VENDOR, upon written notification and instruction from PURCHASER, at PURCHASER'S option. PURCHASER shall have the right to inspect any seconds, thirds or excess Products/packaging to ensure that they comply with the terms of this Agreement. The provisions of this paragraph shall survive the expiration and termination of this Agreement.

## **I. INSPECTION/TESTING.**

1. VENDOR and its approved assignees or approved sub-VENDORS shall arrange for and provide access to PURCHASER and PURCHASER'S representatives, including but not limited to, any independent entity designated by PURCHASER or PURCHASER'S legal representative, to inspect, audit and/or copy as applicable: (i) VENDOR'S and its approved assignees or approved sub-VENDORS' manufacturing facilities and residential manufacturing facilities (if any); (ii) VENDOR'S and its approved assignees or approved sub-VENDORS' books, records and documents necessary to evidence VENDOR'S and its approved assignees or approved sub-VENDORS compliance with the "Code" (as that term is defined in Section "M" COMPLIANCE WITH PURCHASER'S CODE OF CONDUCT AND APPLICABLE LABOR LAW below) and all applicable laws, rules and regulations including, but not limited to, employee wages, employee timecards, withholding rates and deductions, worker's contracts and/or agreements, any PURCHASER policies affecting VENDOR employees, evidence of employee age, shipping documents, cutting reports and other documentation relating to the manufacture and shipment of the Products; (iii) VENDOR'S and its approved assignees or approved sub-VENDORS' books, records and documents relating to the use of chemicals and dyestuffs in the fabrics, trims, garments, Products and other merchandise manufactured by VENDOR for PURCHASER; (iv) VENDOR'S and its approved assignees or approved sub-VENDORS books, records and documents relating to country of origin and export license and visa requirements, and verification thereof. For purposes of this Paragraph, all such books, records and documents shall be maintained by VENDOR and its approved assignees or approved sub-VENDORS in a secure and readily accessible location for a period of five (5) years from their creation.

2. The access provided by VENDOR and its approved assignees or approved sub-VENDORS as set forth in Section 1 INSPECTION/TESTING, Paragraph 1 above shall include PURCHASER'S right to inspect, test, and take samples of the Products, whether finished or semi-finished, at any time during the manufacturing process to ensure that the manufacture of the Products is in accordance with the terms and restrictions contained in this Agreement.

3. PURCHASER shall have the right to reject any Products or packaging not meeting PURCHASER'S standards. Neither VENDOR nor its approved assignees or approved sub-VENDORS shall have the right to sell or otherwise distribute any rejected Products/packaging, which Products shall be disposed of or destroyed in accordance with Section H SECONDS, THIRDS OR EXCESS PRODUCTS above.

4. For all merchandise manufactured by VENDOR or caused to be manufactured by VENDOR or its approved assignees or approved sub-VENDORS hereunder,

prior to commencing final production of the Products, VENDOR and its approved assignees or approved sub-VENDORS hereunder, shall provide to PURCHASER in a format acceptable to PURCHASER, copies of all test results for all tests on the Products designated by PURCHASER, from time to time, indicating that such fabrics and trims meet PURCHASER'S standards. In the event the test results from PURCHASER'S independent testing of any Product fabric or trim do not match the results provided by VENDOR or the test results provided by VENDOR do not meet with PURCHASER'S standard, PURCHASER shall so notify VENDOR and VENDOR shall interrupt all production then in progress relating to such Product fabric or trim until such time as the testing discrepancies are remedied. VENDOR shall maintain, with its books and records, copies of all test results for all Product fabric or trim, for a period of five (5) years from the date of testing of the subject Product.

5. PURCHASER shall have the right to conduct scheduled and announced/or unscheduled and unannounced inspections at VENDOR'S facilities and those of VENDOR'S approved assignees or approved sub-VENDORS hereunder.

#### **J. NOTICES.**

Subject to the terms and conditions set forth herein, all notices, demands or requests ("Notices"), which are required or permitted to be given pursuant to this Agreement, shall be in writing. Notices shall be delivered personally, by commercial carrier, by facsimile transmission, or by registered or certified mail, postage prepaid, addressed to a party as stated below in the signature blocks. Notices given personally or by commercial carrier will be deemed effective upon delivery. Notice given by United States mail is effective the third United States Post Office delivery day after the date of mailing. Notice given by facsimile shall not be effective unless (i) such Notice has a confirmation page automatically generated bearing a date stamp on the transmission to the other party; and, (ii) such Notice and confirmation page is also delivered to the party personally or by commercial carrier within forty-eight (48) hours after the facsimile transmission. Notice by facsimile transmission shall be deemed effective upon personal or commercial carrier delivery of the Notice and confirmation page. Any party to this Agreement may change their address for Notices by notice given pursuant to this Section.

#### **K. SHIPPING LEGEND.**

All commercial invoices (bills of lading) which accompany all Products must include the following language (either pre-printed or "stamped"):

"We hereby certify that the merchandise (including components thereof) covered by this shipment was, if manufactured in the United States, produced in compliance with all applicable requirements (1) of Sections 6, 7, and 12 of the Fair Labor Standards Act, as amended and all regulations and orders of the United States Department of Labor under Section 14 thereof, (2) state and local laws pertaining to child labor, minimum wage and overtime compensation; or if the merchandise was manufactured outside the United States, in compliance with the wage and hour laws of the country of manufacture and without the use of child (persons under the age of 16 or younger than the age for completing compulsory education, if that age is higher than 16), prison, indentured, bonded, forced or slave labor; and for all merchandise, wherever

manufactured, in compliance with the PURCHASER'S Code of Conduct. We further certify that we have in effect a program of monitoring our sub-VENDORS and suppliers that is sufficient to ensure such entities' compliance with the foregoing. We also certify that upon importation (if applicable) this shipment is in compliance with all laws applicable to the designation of country of origin and is being shipped under a legally issued and valid export license or visa."

In accordance with the provisions of Section 0 TERMS AND CONDITIONS, Paragraph 8, any merchandise/Products shipped that are not accompanied by a commercial invoice bearing the required language will be subject to rejection and returned at VENDOR'S expense and VENDOR may be charged for any and all costs that are incurred by PURCHASER due to the rejection, including, but not limited to, damages sustained as a result of PURCHASER'S liability to customers, any resulting fines and penalties and attorney's fees for said rejected products.

**L. FORCE MAJEURE.**

PURCHASER shall not be liable for failure to take delivery of any shipment of Products from VENDOR if such failure is caused by an Act of God (e.g., fire, flood, inclement weather, epidemic, or earthquake); war or act of terrorism, including chemical or biological warfare; labor dispute, lockout, strike, embargo; governmental acts, orders, or restrictions; or any other reason where failure to perform is beyond the reasonable control, and is not caused by the negligence, intentional conduct or misconduct of PURCHASER.

**M. COMPLIANCE WITH PURCHASER'S CODE OF CONDUCT AND APPLICABLE LABOR LAW.**

1. Attached hereto as Exhibit "A" is PURCHASER'S Code of Conduct (the "Code") which applies to any entity manufacturing merchandise/Products for PURCHASER (including the components thereof). As a condition to manufacturing Products for PURCHASER, VENDOR or its approved assignees or approved sub-VENDORS shall comply with the terms of the Code and if requested by PURCHASER, shall publicly display the Code (Exhibit "A"), in a form as provided and amended by PURCHASER from time to time, in clearly visible locations in VENDOR'S facility or in the facilities of its approved assignees or approved sub-VENDORS at all times while this Agreement is in effect.

2. In order to ensure compliance with PURCHASER'S Code, VENDOR hereby acknowledges that PURCHASER has developed a program of monitoring its VENDORS/sub-VENDORS (hereinafter the "Monitoring Program"). As a condition to manufacturing Product for PURCHASER, VENDOR hereby agrees that it shall cooperate fully with the Monitoring Program, which cooperation includes, but is not limited to, allowing PURCHASER'S unrestricted physical inspections of VENDOR'S facilities or in the facilities of its approved assignees or approved sub-VENDORS at all times while this Agreement is in effect.

3. VENDOR shall ensure that all merchandise/Products manufactured for PURCHASER shall be manufactured in compliance with all domestic, foreign or international laws, rules or regulations which pertain to the manufacture of clothing, apparel, and other

merchandise, including, without limitation, the Flammable Fabrics Act, as amended, and that reasonable and representative tests, as prescribed by the Consumer Product Safety Commission, will be performed which show that the Products at the time of their shipment or delivery conform to the above-referenced flammability standards as are applicable.

4. VENDOR acknowledges that it has read and understands Exhibits "A" and PURCHASER'S General Guidelines with regard to the manufacture of Products for PURCHASER. VENDOR further agrees that it shall, simultaneous to executing this Agreement, and once every year thereafter, provided VENDOR then is continuing to manufacture Products for PURCHASER hereunder, abide by all certifications ("Certifications") requested and provided by PURCHASER from time to time. Failure by VENDOR or its approved assignees or approved sub-VENDORS to abide by the code, requested Certifications and the General Guidelines shall be grounds for immediate termination of this Agreement by PURCHASER.

5. VENDOR or its approved assignees or approved sub-VENDORS shall not utilize in the manufacture or treatment of any of the Products (including the components thereof), any Azo dyes that can be split into any of the following amines as such list is amended from time to time by any issuing or regulating authority:

			<u>CAS#</u>
		4-Aminobiphenyl	92-67-1
Benzidine	92-87-5	3,3' Dimethoxybenzidine	119-90-4
4-Chloro-o-toluidine	95-69-2	3,3'-Dimethylbenzidine	119-93-7
2-Naphtylamin	91-59-8	3,3''-Dimethyl-	838-88-0
o-Aminoazotoluol	97-56-3	4,4'diaminodiphenylmethane	
2-amino-4-nitrotoluol	99-55-8	p-Kresidin	120-71-8
p-Chloroaniline	106-47-8	4,4'Methaylen-bix-(2-chloranilin)	101-1404
2,4-Diaminoanisole	615-05-4	4,4'Oxydianiline	101-80-4
4,4'-	101-77-9	4,4'Thiodianiline	139-65-1
Diaminodiphenylmethane			
3,3'-Dichlorbenzidin	91-94-1	o-Toluidine	95-53-4
Aminoanabenzane		2,4-Toluylenediamine	95-80-7
		2,4,5-Trimethylaniline	137-17-7
		o-Anisidine	

6. VENDOR'S use or use by its approved assignees or approved sub-VENDORS of the following chemicals in connection with the manufacture or treatment of any of the Products (including the components thereof) hereunder, shall be in accordance with the following standards or such other standards PURCHASER may designate from time to time:

(a) Formaldehyde: Must be less than 300 p.p.m. when tested in by the Acetylacetone method in accordance with Japanese law 112;

(b) Pentachlorophenol (Pesticides): Must be less than 5 p.p.m. and;

(c) Nickel: In the event any metal parts of a garment or other merchandise coming into contact with the skin, contain nickel in excess of 0.5 micrograms per square centimeter/week, PURCHASER must be so notified and special warning labels need to be attached to the garment;

(d) lead and CPSIA: The lead (Pb) content on substances and surface coatings cannot exceed 0.03% (300 partes per million). All components must be in compliance with U.S. Consumer Product Safety Commission 16 CFR 1303 Ban of Lead Containing Paint and Certain Consumer Products Bearing Lead Containing Paint. It is your responsibility as a supplier to know and understand your obligations under the CPSIA, all regulations promulgated under it and all other applicable domestic, foreign or international laws, rules or regulations and to produce product that complies with all laws and PURCHASER'S requirements whichever is more stringent;

(e) California Proposition 65: All components must be in compliance with California Proposition 65, The Safe Drinking Water and Toxic Enforcement Act of 1986. For more information regarding Proposition 65 and a link to a list of chemicals subject to Proposition 65 visit <http://www.oehha.ca.gov/prop65.html>. It is your responsibility as a supplier to know and understand your obligations under Proposition 65, all regulations promulgated under it and all other applicable domestic, foreign or international laws, rules or regulations, and to produce product in compliance with Proposition 65 safe harbor levels - no significant risk levels (NSRLs) for carcinogens and maximum allowance dose levels (MADLs) for chemicals that cause reproductive toxicity;

(f) All belts sold with women's garments that have a scrapable surface coating, typically found on the buckle, need to have lead content testing on the scrapable surface coating at a JCP approved independent laboratory. ASTM E 1645-01 test method is required and lead content levels of scrapable surface coating should not exceed 90 ppm. PVC belts are required to submit a Prop 65 certificate. At this time, test data on lead content of the PVC is not required.

(g) All metal jewelry sold with children's and women's garments that have extractable cadmium or lead, need to have testing for cadmium extractability and lead amounts at a JCP approved independent laboratory. The testing method for determining Cadmium extractability from children's metal jewelry is CPSC-CH-E1004-11. The testing methods for determining compliance for lead in consumer products are EPA Method 3050B, EPA Method 3051A, and EPA Method 3052, as specified in EPA Test Methods for Evaluation Solid Waste, Physical/Chemical Methods, SW-846.

7. VENDOR shall ensure that the Products shall be produced in compliance with all laws applicable to the designation of country of origin and will be shipped under a legally issued and valid export license or visa.

#### **N. TRANSSHIPMENT.**

VENDOR acknowledges that transshipment is an illegal practice of falsely documenting the country of origin of the raw materials used to manufacture the Products and the finished Products shipped to the United States in order to evade quota restraints on the country of actual production and the shipment of products under counterfeit export licenses or visas. VENDOR acknowledges that transshipment in any form violates U.S. federal law, that

PURCHASER will review all documents received from VENDOR to assure the veracity and the authenticity of the sources of Products and that, upon any indication of transshipment of the Products by VENDOR, PURCHASER shall have the right to immediately terminate this Agreement and pursue available remedies against VENDOR. VENDOR and its approved assignees or approved sub-VENDORS hereunder, shall ensure that records and documents including, but not limited to, documents and records relating to the movement of raw materials and components, bills of lading, Customs clearance records, cutting tickets, payment records, time cards and other related production records are immediately available for review by VENDOR or by its representative at VENDOR'S production facilities.

## **O. GENERAL TERMS AND CONDITIONS.**

1. Purchase Order Terms and Conditions. All orders submitted by PURCHASER to VENDOR shall be subject to, and in compliance with, the subject PO, the PO Terms and Conditions, this Agreement and the General Guidelines.

2. Indemnification. VENDOR unconditionally agrees to indemnify and hold harmless PURCHASER, its parent, officers, directors, employees, customers, distributors, suppliers, agents, successors and assigns from and against any and all liabilities, expenses, fees, claims, losses or damages of any character whatsoever (whether actual, incidental, consequential, or otherwise), including, without limitation, attorneys' fees and costs incurred, arising, directly or indirectly, from VENDOR'S performance or failure to perform under this Agreement, any breach of the representations, warranties (expressed or implied, certifications as to country of origin or other facts), or obligations of VENDOR hereunder, from any infringement or claim of infringement of any patent rights, trademark rights, design rights or any other intellectual property rights or other rights of any other party, or any injury to persons or property arising out of or caused by the sale or use by anyone of the goods/Products. If any complaint or claim is made or asserted against PURCHASER or its parent, officers, directors, employees, customers, distributors, suppliers, agents, successors and assigns by reason of any of the foregoing, VENDOR agrees that in addition to any other rights, PURCHASER shall have the right forthwith to cancel any undelivered portion of any outstanding (purchase) order for Products and to return all prior deliveries of Products to VENDOR for credit or payment, at PURCHASER'S option, in its sole discretion.

3. Arbitration/Attorneys Fees. Any dispute or controversy arising under or in connection with this Agreement, other than matters pertaining to injunctive relief, including without limitation, temporary restraining orders, preliminary injunctions and permanent injunctions, shall, upon the written demand of any party served upon the other parties, be submitted to the Judicial Arbitration and Mediation Services, Inc. ("JAMS"), for arbitration. Such arbitration shall be held in JAMS office located in Los Angeles, California, or such other location as shall be mutually acceptable to the parties hereto. The arbitration proceedings shall be conducted in accordance with the rules and procedures as may be established by the arbitrator. The attorneys for each party shall select an arbitrator mutually acceptable to them. If they are unable to agree upon an arbitrator, then the selection will be made by JAMS. The arbitrator's determination of the dispute or controversy shall be final and binding on the parties. Judgment may be entered on the arbitrator's award in any court having jurisdiction, and the parties hereby consent to the jurisdiction of the courts of the State of California (including the federal courts located therein) for this purpose. The parties specifically confer upon the arbitrator the right to direct each of the parties to produce in advance of the hearing(s) whatever documents the arbitrator deems appropriate. The parties hereby agree that the arbitrator shall not have jurisdiction to award punitive damages.

In the event either party hereto shall institute an action or arbitration proceeding to enforce or interpret any rights hereunder, the prevailing party therein shall be entitled, in addition to any other relief that may be awarded, to reasonable attorneys' fees and costs.

4. Remedies. All remedies of PURCHASER contained herein are cumulative, and are in addition to, and not in lieu of any other remedy available to PURCHASER at law or in equity, including without limitation, PURCHASER'S remedies under the Uniform Commercial Code, which are specifically incorporated herein by this reference.

5. No waiver. The failure of PURCHASER to insist on VENDOR'S compliance with any provision of this Agreement shall not be considered as a waiver by PURCHASER of VENDOR'S subsequent compliance with the same or any other provision.

**P. PROGRESS REPORTS.**

Upon request of PURCHASER, VENDOR shall deliver to PURCHASER periodic written progress reports on the goods/Products or services being furnished under any purchase order. If VENDOR fails to respond to such request or if, in the opinion of PURCHASER, VENDOR will be unable to meet either the specifications or the delivery date of the subject order, PURCHASER may treat VENDOR as having breached the terms of the subject purchase order, cancel the order and/or charge VENDOR for all resulting losses, costs, expenses and damages, including incidental or consequential damages.

**Q. VENDOR'S FURTHER WARRANTIES AND REPRESENTATIONS.**

VENDOR warrants and represents that:

1. It has, and at all times will have, the full power, authority and legal right to execute and deliver, and to perform fully and in accordance with all of the terms of this Agreement.

2. The entering into of this Agreement by VENDOR does not violate any agreements, rights or obligations existing between VENDOR and any other person, entity, or corporation.

3. It is not engaged in, and will not engage in, any activities which are in violation of applicable requirements set forth in Exhibit "A" and PURCHASER'S General Guidelines, any additional applicable domestic, foreign or international laws, rules or regulations, including without limitation laws, rules or regulations governing labor, the environment, the purchase and sale of products, U.S. Customs laws or illegal transshipment. VENDOR will not engage in any illegal activities, unlawful or unethical practices in the manufacturing of the Products in manufacturing the Products.

4. It will at all times accurately state the country of origin on all Products, that it does not and will not transship, and it will act to stop or prevent any known illegal transshipment activity.

5. It shall not utilize, or permit any of its approved assignees or approved

sub- VENDORS or suppliers to utilize in the manufacture or treatment of any of the Products (including the components thereof), any Azo dyes that can be split into any of the amines set forth in Section M COMPLIANCE WITH PURCHASER'S CODE OF CONDUCT AND APPLICABLE LABOR LAW, Paragraph 5, above.

6. Its use, or any of its approved sub-VENDORS' or suppliers' use of, the chemicals set forth in Section M COMPLIANCE WITH PURCHASER'S CODE OF CONDUCT AND APPLICABLE LABOR LAW, Paragraph 5,, above, in connection with the manufacture or treatment of any of the Products (including the components thereof), shall be in accordance with the standards set forth in Section M COMPLIANCE WITH PURCHASER'S CODE OF CONDUCT AND APPLICABLE LABOR LAW, Paragraph 6 above, or such other standards as PURCHASER may designate from time to time.

7. It is the responsibility of VENDOR to know and understand all obligations under the Consumer Product Safety Improvement Act of 2008 ("CPSIA"), all regulations promulgated under it, and all other applicable domestic, foreign or international laws, rules or regulations and to produce product that complies with all laws and PURCHASER'S requirements, whichever are more stringent.

#### **R. PURCHASER'S WARRANTIES AND REPRESENTATIONS.**

PURCHASER warrants and represents that:

1. It has, and will have the right to authorize use of the Trademarks by VENDOR in accordance with the terms and provisions of this Agreement; and

2. The entering into of this Agreement by PURCHASER does not violate any agreements, rights or obligations existing between PURCHASER and any other person, entity, or corporation.

#### **S. NO PARTNERSHIP, ETC.**

This Agreement does not constitute, and shall not be construed as, a partnership or joint venture between and PURCHASER and VENDOR. Neither party shall have any right to obligate or bind the other party in any manner whatsoever and nothing herein contained shall give, or is intended to give, any rights of any kind to any third persons.

#### **T. NON-ASSIGNABILITY BY VENDOR, ETC.**

All rights and obligations hereunder may be assigned by PURCHASER without VENDOR'S consent, and all rights, duties, title and interest herein shall inure to PURCHASER'S assignee upon said assignee. However, VENDOR acknowledges and agrees that this Agreement is personal to VENDOR and VENDOR shall not franchise its rights hereunder and neither this Agreement nor any of the rights of VENDOR hereunder shall be sold, transferred or assigned by VENDOR without the prior written consent of PURCHASER, which consent may be withheld in PURCHASER'S sole discretion and no rights hereunder shall devolve by operation of law or otherwise upon any receiver, liquidator, trustee or other party. In the event that any VENDOR assignee or sub-vendor is approved in writing by PURCHASER, nevertheless, VENDOR SHALL

REMAIN FULLY LIABLE for compliance and performance by any such approved VENDOR assignee or sub-vendor with all of the terms and conditions of this Agreement.

**U. SEVERABILITY.**

If any provision of this Agreement is found to be invalid or unenforceable by any court or Arbitral Tribunal, only that provision will be ineffective, unless its invalidity or unenforceability will defeat an essential business purpose of this Agreement. In the event any court or Arbitral tribunal, as the case may be, shall finally hold that any provision of this Agreement constitutes an unreasonable restriction as to time, territory or any other matter, the subject provisions(s) hereof shall not be rendered void but shall apply as to such time, territory and other matter to such extent as such court or Arbitral Tribunal may judicially determine or indicate constitutes a reasonable restriction under the circumstances involved.

**V. HEADINGS.**

The captions, section numbers, and paragraph numbers appearing in this Agreement are inserted only as a matter of convenience and do not define, limit, construe, or describe the scope or intent of such sections or paragraphs of this Agreement nor in any way affect this Agreement.

**W. COUNTERPARTS/FACSIMILE.**

This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The signatures of any party may be obtained by facsimile, and a signature obtained by facsimile shall have the same force and effect as a original signature. Copies of this Agreement, including facsimile copies may be used in lieu of the originals for all purposes.

**X. CONSTRUCTION AND GOVERNING LAW.**

Each party and its counsel has participated fully in the review, negotiation and revision of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement. Except as otherwise provided for herein, no prior course of dealings between the parties, or usage of trade shall be relevant to supplement or explain any term used in this Agreement or any collateral document referenced herein.

**Y. JURISDICTION.**

The parties hereby consent to the jurisdiction of the Judicial Arbitration and mediation Services, Inc., the Los Angeles Superior Court (Central District) of the State of California and/ or the United States District Court, Central District of California, Los Angeles office, and hereby waive any and all venue and jurisdictional objections, whether personal or subject matter, thereto, and also consents to service of process by any means authorized pursuant to California law.

**Z. WAIVER, MODIFICATON, ETC.**

No waiver, modification or cancellation of any term or condition of this Agreement shall be effective unless executed in writing by the party charged therewith. No written waiver shall excuse the performance of any acts other than those specifically referred to herein. The fact that PURCHASER has not previously insisted upon VENDOR expressly complying with any provision of this Agreement shall not be deemed to be a waiver of PURCHASER'S future right to require compliance in respect of any act, term or condition and shall prevent PURCHASER from subsequently requiring full and complete compliance thereafter.

**AA. CERTIFICATION.**

VENDOR, either by signing below, or by VENDOR'S delivery of products to PURCHASER, accepts all terms and conditions hereof and certifies that the VENDOR agrees to comply with all such terms and conditions and has read and understands this entire document, and hereby further acknowledges that compliance by the VENDOR is a conditon of any and all of the contracts between VENDOR and PURCHASER and that any failure to do so may result in the immediate termination of any and all such contracts and may result in PURCHASRE refusing to make any further purchases from or involving the VENDOR.

**BB. ENTIRE AGREEMENT.**

All recitals and exhibits referred to in this agreement are an integral part of this Agreement and are fully inorporated by reference herein. This Agreement and all collateral documents referenced herein, including, without limitation, a subject PO, PURCHASER'S PO Terms and Conditions, and PURCHASER'S General Guidelines, represent the entire understanding of the parties regarding the subject matter hereof, and supersede all other prior and contemporaneous agreements and understandings, both written and oral, between or among the parties with respect to the subject matter hereof, and may not be amended, changed, supplemented, waived or otherwise modified or terminated, except upon the execution and delivery of a written agreement executed by the parties hereto. In the event of a conflict between the terms and provisions of this Agreement and any collateral document referenced herein, the terms and provisions of this Agreement shall control. In addition, in no event shall any terms and conditions stated in any VENDOR invoice, or otherwise, be controlling or effective over the terms and conditions set forth herein and/or in the collateral documents referenced herein.

**CC. ENTIRE AGREEMENT.**

Except as to a permitted assignee of PURCHASER, the parties do not intend the benefits of this Agreement to inure to any person or entity not a party to this Agreement. Notwithstanding anything contained in this Agreement, or any conduct or course of conduct by either party before or after signing this Agreement, this Agreement shall not be construed as creating any right, claim or cause of action against either party by any person or entity not a party to this Agreement.

**DD. SURVIVAL OF REPRESENTATIONS AND WARRANTIES.**

Except as otherwise expressly provided in this Agreement, all covenants, representations and warranties, express or implied, shall survive termination of the subject

transaction contemplated hereby and shall bind the parties until such time that party's obligations under the terms and conditions of this Agreement and all collateral documents have been fulfilled. The statute of limitations shall not commence to run until the time for performance of a parties' obligations has occurred

**EE. AUTHORITY.**

Any entity signing this Agreement on behalf of any other entity hereby represents and warrants in an individual capacity that it has full authority to do so on behalf of the other entity. Any individual signing this Agreement on behalf of an entity hereby represents and warrants in his/her individual capacity that he/she has full authority to do so on behalf of that entity.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as indicated below and the effective date hereof shall be the latest date of execution.

**PURCHASER:**

**VENDOR:**

\_\_\_\_\_  
FASHION LIFE, INC. d/b/a FANG  
BY: \_\_\_\_\_

\_\_\_\_\_  
PRINTED LEGAL NAME OF VENDOR  
BY: \_\_\_\_\_

TITLE: Chief Executive Officer and Secretary

DATED: \_\_\_\_\_

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
PRINTED NAME

TITLE: \_\_\_\_\_

DATED: \_\_\_\_\_

BY: \_\_\_\_\_

PRINTED NAME

TITLE: \_\_\_\_\_

DATED: \_\_\_\_\_

ADDRESS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Telephone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

## EXHIBIT "A"

### CODE OF CONDUCT

• and its affiliated companies (hereinafter collectively called "PURCHASER") is committed to conducting its business ethically and in compliance with all applicable laws. PURCHASER requires its products to be made by firms ("VENDORS") who conduct their business ethically and in compliance with PURCHASER'S Code of Conduct ("Code") and the laws of the countries in which PURCHASER'S products are manufactured, sold and distributed.

By adopting PURCHASER'S Code of Conduct and by requiring its VENDORS to abide by it, PURCHASER seeks to ensure that its products are not produced under exploitative, inhumane, unsafe or unhealthy conditions.

The PURCHASER'S Code of Conduct is a statement of the minimum standards it expects to be maintained by VENDORS and it is not intended to be all encompassing. PURCHASER'S VENDORS must comply with this Code and their legal obligations. PURCHASER will only do business with VENDORS who have provided written certifications to PURCHASER of their compliance with the Code and with all applicable laws and who have agreed to be monitored to ensure compliance with the Code.

Forced Labor. There shall not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

Child Labor. No person shall be employed by VENDOR at an age younger than sixteen (16) years of age or younger than the age for completing compulsory education in the country of manufacture where such age is higher than sixteen (16).

Harassment or Abuse. Every VENDOR employee shall be treated with respect and dignity. No employee shall be subject to any physical, sexual, psychological or verbal harassment or abuse.

Nondiscrimination. No person shall be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.

Health and Safety. VENDORS/Employers shall provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.

Freedom of Association and Collective Bargaining. VENDORS/Employers shall recognize and respect the right of employees to freedom of association and collective bargaining in accordance with the laws of the countries in which they are located.

Wages and Benefits. VENDORS/Employers recognize that wages are essential to meeting

employee's basic needs. VENDORS/Employers shall pay employees, as a floor, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and shall provide legally mandated benefits.

Hours of Work. Except in extraordinary business circumstances, VENDORS' employees shall (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country do not limit the hours of work, the regular work week in such country plus 12 hours overtime and (ii) be entitled to at least one day off in every seven day period.

Overtime Compensation. In addition to their compensation for regular hours of work, VENDORS'S employees shall be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws do not exist, at a rate at least equal to their regular hourly compensation rate.

Legal and Ethical Business Practices. Employers must fully comply with all applicable laws of the countries in which they are located including all laws, regulations and rules relating to wages, hours, employment, labor, health and safety, the environment, immigration, and the apparel industry and must comply with all United States' laws, including those relating to child and prison labor and country of origin labeling, among others. Employers must be ethical in their business practices.

Monitoring. VENDORS/Employers shall be monitored to ensure compliance with the PURCHASER'S Code of Conduct. PURCHASER reserves the right to terminate its business relationship with any VENDORS/ employer who violates the PURCHASER'S Code of Conduct.