

GENERAL TERMS AND CONDITIONS OF THE CONTRACT

1. DEFINITIONS

- 1.1. Customer: is the subject in whose interest the Products are manufactured, who assumes the role of the manufacturer, if they sell the Products under their own brand.
- 1.2. K2: shall mean Karys Due s.r.l. whose registered office in Milan (20122), Viale Bianca Maria n. 3, administrative office in Busto Garolfo (MI - 20020), Via dell'Industria 12/a, Tax Code and VAT No. 11615670152.
- 1.3. Responsible Person: the person who ensures compliance with the relevant obligations established by national and EU legislation on the production and the marketing of cosmetic products.
- 1.4. Products: these are the result of the manufacturing intended to be marketed exclusively in the cosmetic sector.
- 1.5. Contract: is the agreement between the Customer and K2 for the manufacture of the Products that is concluded when the Customer accepts the offer prepared by K2 and governs orders received and accepted by K2 during the validity period of the offer in accordance with art. 7.1.
- 1.6. Area of competence: is the set of stages of the design and/or manufacturing and those attached and related to it that each Party is obliged to carry out and for which they are presumed responsible.
- 1.7. External liability: is that which derives from the failure to comply with the law and by the infringement of the rights of third parties; it may be criminal, administrative and civil in nature.
- 1.8. Internal liability: is the internal distribution to the Parties of the economic consequences arising from Faults in the performance of the contract.
- 1.9. Faults are represented by a breach of contract, breach of law, design and/or manufacturing defects, problems and/or irregularities which occur in the Products, whether or not due to the fault or intent of the parties, from which sanctions and/or harmful consequences may arise.
- 1.10. Maximum shelf-life of the Product: ranging from the production date and through the marketing of the Product, refers to the date up to which the Product must continue to perform its initial function as indicated in the Informative Documentation on the Product and/or defined by the Parties when concluding the Contract provided that the Product is handled and stored properly. The Parties recognise that storage conditions that expose the Products to excessive temperatures that put them in the vicinity of heat sources and those which involve positioning that does not comply with the usage conditions envisaged, but not limited to, cannot be considered adequate and appropriate.
- 1.11. Informative Documentation on the Product: refers to the technical and scientific documentation necessary for the production of the Products, containing, in particular, the description of the Product, the safety report, the description of the manufacturing method and the declaration of observation of good manufacturing practice, any evidence of effects attributed to the Product, data relating to experiments carried out relating to development or the safety assessment.
- 1.12. Undesirable Effect: an adverse reaction for human health attributable to the normal or reasonably foreseeable use of a cosmetic product.
- 1.13. Serious Undesirable Effect: an undesirable effect which results in temporary or permanent functional incapacity, disability, hospitalisation, congenital anomalies and fatal immediate risks or death.
- 1.14. Withdrawal of the Product: any measure aimed at preventing the marketing of the Product in the supply chain.
- 1.15. Product Recall: any measure aimed at achieving the return of the Product that has already been made available to the end user.

2. SUBJECT

- 2.1. K2 undertakes to provide the Customer with the supplies, services and in general the provisions specified in the Contract, in the amounts, by the deadlines, with the methods and for the fees defined and agreed therein from time to time. Anything not expressly provided for and regulated in the Contract shall be subject to these general terms and conditions.

3. INFORMATION OBLIGATIONS

- 3.1. Customer Obligations: in addition to paying the fees payable by the terms set, the Customer is obliged to provide to K2 with any information and data necessary for it to be able to perform its services in the best possible way.
- 3.2. Information requirements on Undesirable Effects and Serious Undesirable Effects: the Responsible Person is obliged to inform the safety assessor in good time of any Undesirable Effects and Serious Undesirable Effects identified on the Product.

4. PERFORMING THE SERVICES

- 4.1. In addition to meeting the mutual information obligations in the most complete and correct way, the Parties shall perform their services with due diligence, each having particular regard to design and/or manufacturing stages which fall within their Area of competence as defined above and as stated in the relevant annex to the Contract.
- 4.2. Each Party is required to notify the other Party of any Faults they become aware, even if not falling within their Area of competence.
- 4.3. If K2 finds Faults in the products, materials or in the data supplied by the Customer, it will be required to report them to the latter as soon as possible and in any case within ten working days of the finding. In this case, K2 is authorised to suspend its own services until the appropriate measures to remedy the Faults found are adopted by the Customer and such measures will be promptly communicated to K2. It remains in any case understood that any measures that might be adopted must not involve additional costs for K2 and will have to take account of K2's production planning.

5. IDENTIFICATION AND OBLIGATIONS OF THE RESPONSIBLE PERSON

- 5.1. The Customer, as manufacturer, is by law the Responsible Person who, by implementing the Contract, will ensure compliance with the relevant obligations established by national and EU legislation on the production and marketing of the Products.
- 5.2. If the Customer does not also perform the role of manufacturer (i.e. is not the subject and sells the Products under their own brand), they will be obliged to notify K2 of the Responsible Person's name.
- 5.3. The Informative Documentation on the Product, which must contain all the information required by the rules in force at national and EU level, will be held at the registered office of the Party who prepares and subsequently updates it - as envisaged in the respective Area of competence, as defined above and as stated in the relevant annex to the Contract - as well as any provision of the competent Authorities. Therefore, this Party will be the holder of said documentation.
- 5.4. If the Customer performs the task of the Responsible Person and such documentation is held at the registered office of K2, the latter is responsible for making it immediately available to the competent Authorities in electronic format or any other type. In particular, K2 is required to make the aforementioned documentation known to the Authorities as soon as the Customer has actually sent an appropriate and documented request in this respect and in any event within 72 hours, with the Customer's address, as the Responsible Person, being indicated in this case, on the label of the Products. K2 is similarly responsible for holding the Informative Documentation on the Product in the case referred to in point 5.2.
- 5.5. The Party who holds the Informative Documentation on the Product is obliged to retain it during the Contract validity period and for a period of ten years after the date on which the last batch of Products was placed on the market.
- 5.6. In order to demonstrate the Products' compliance with the current legislation, the Responsible Person shall ensure that, before delivery to the Customer by K2 for placing on the market, the products have undergone a safety assessment based on relevant information and that a special report on the safety of the Products has been prepared by the person in charge of the safety assessment.

6. PLACE OF DELIVERY AND TRANSPORT COSTS

- 6.1. Unless otherwise agreed between the Parties, deliveries of the Products to the Customer by K2 will be carried out at K2's plant indicated in the Contract, in application of the Incoterms® 2010 EXW (ex-works) rule.
- 6.2. In particular, the Products will be delivered to the carrier or another person appointed by the Customer. Delivery shall be deemed to have taken place when the Products have been made available to the Customer by K2 at the agreed place of delivery, with K2 not being required to bear any costs for loading the Products onto the pick-up vehicle procured by the Customer. Any Faults that may arise from loading the Products shall be at the Customer's expense.
- 6.3. The costs of transport and ancillary charges, including those of insurance better specified in art. 15 below, shall be borne by the customer.
- 6.4. With deliveries to the carrier or another person appointed by the Customer any risk of loss or damage relating to the goods shall be borne by the Customer.

7. SUPPLY ORDERS AND DELIVERY TIMES

- 7.1. The Products will be delivered in the quantities, according to the prices and delivery times that will be agreed between the Parties and entered in the orders, the information about which the Customer will send to K2 in writing by post, fax or email. Orders which, in any case, should be specifically and expressly accepted by K2 by sending appropriate communication of acceptance to the Customer by fax or email because the Contract can be said to be concluded.
- 7.2. The delivery times of Products which are essential pursuant to art. 1457 of the [Italian] Civil Code or that, however, are particularly important or conclusive must be expressly and previously indicated by the Party concerned when sending the order.
- 7.3. The Parties recognise and mutually acknowledge that, if the Customer should deliver materials to K2 or give K2 instructions for the manufacture of the Products, the delivery time, apart from that provided for in the Contract or in the individual orders, will never be less than thirty calendar days from the date of delivery of the last necessary material or communication of the last necessary instruction.
- 7.4. If one of the Parties is unable to comply with the delivery time, unless and without prejudice to any consequent responsibility even in terms of damage due to production blocks in the case of delays by the Customer, they must give the other Party notice by fax or email as soon as possible and in any case no later than the end of eight calendar days from discovering the temporary and/or partial impossibility of complying with the agreed delivery time.
- 7.5. Delays due to reasons of force majeure, unforeseeable circumstances, unforeseen and unpredictable events, strikes, delays, however, not attributable to the Party and other similar events do not generate liability to be borne by the obliged Party, nor are they the source of compensation obligations, except in cases where the delivery time is essential, pursuant to art. 1457 of the [Italian] Civil Code. In this case, if the Party in whose interest the deadline was set is still interested in performing the service despite the expiry of the deadline, they shall give the other Party notice within three working days. In such a case, no compensation is due to the delay in the performance of the service and delivery.
- 7.6. K2 shall also ensure the regular and precise keeping of administrative and tax records relating to the delivery of materials in tolling by the Customer, so that they can claim, at any moment and eventually against third parties without any possibility of dispute, the ownership of such materials deposited in tolling.

8. CHECKS

- 8.1. The Customer undertakes to perform the appropriate and necessary checks to ensure that the Products comply with the requirements of current legislation before placing them on the market and this is also for the purposes of the provision of the safety report referred to in art. 5, in accordance with the competences referred to in the annex on the Contract's Areas of competence. In addition, the Customer, after agreement from K2 of the times and methods will also be entitled to perform either partial or total checks on the Products during the period in which they are still at K2's site and then, depending on the type of operations provided for in the Contract, during the design and/or production of the Products themselves.
- 8.2. The Parties, when necessary, will integrate further suitable agreements in the rules relating to checks, also regarding the retention time of the documents relating to the checks performed by K2.

9. TRACEABILITY

- 9.1. The Customer is obliged to establish and have a programme that allows the immediate traceability of the destination of the individual batches supplied by K2.
- 9.2. K2 is obliged to establish and have a programme that allows the immediate traceability of raw materials used for the production of the Products.

10. FEES AND PAYMENTS

- 10.1. The fees payable by the Customer to K2 will be paid by the deadlines specified in the Contract. If the Customer is not available to remove the Product by the deadlines and according to the procedures agreed, K2 will however issue the invoice with the consequent right to receive payment for the services performed. In the event of delayed payment for any reason, starting from the day following the expiry of the payment deadline, the Customer will be required to pay K2 default interest as provided for in articles 4 and 5 of Legislative Decree No. 231/2002.
- 10.2. Prices and fees specified in the Contract shall be deemed binding for K2 provided that the characteristics of the Products (including the characteristics of the primary and secondary packaging) do not undergo changes after the conclusion of the Contract for reasons not dependent on K2. In this case, K2 will immediately update the prices and fees and inform the Customer of them.
- 10.3. Prices and fees specified in the Contract must also be deemed binding for K2 with respect to the quantities provided for in the Contract. It remains, however, understood that in case of failure to purchase the minimum quantities specified in the Contract, the Customer will buy all raw materials and packaging materials owned by K2 and related to the Customer's Products not otherwise usable by K2 at the market price.
- 10.4. In the event of a dispute over a provision, the Customer can in no case suspend payments due to K2 for any other provisions that are not the subject of a dispute.

11. CLAIMS AND DISPUTES

- 11.1. The Customer, upon receipt of the Products, is responsible for checking the qualitative and quantitative correspondence with respect to that ordered.
- 11.2. Without prejudice to art. 4, in particular if the Customer notices evident Faults during the aforementioned check in the services performed by K2, it is obliged to report them to K2 within the limitation period of fifteen calendar days from receipt of the Product.
- 11.3. If hidden defects attributable to K2 are observed over time, the Customer is obliged to report them to K2 within eight calendar days from their finding.
- 11.4. The Customer's action in order to assert the above Faults and any compensation is subject to that laid down in the law.
- 11.5. Faults that occur or are found in Products beyond their maximum Shelf-life (as indicated in art. 1.10) shall not give rise to liability and consequent obligations of K2, even if the limitation and prescription periods for customer actions has not expired.
- 11.6. Complaints and disputes from users of Products made to one of the Parties should be promptly made known and documented to the other Party.

12. EXTERNAL LIABILITY

- 12.1. The Parties are aware of the fact that they may each be called by law to respond in a criminal, administrative and civil capacity to third parties, even for events in themselves solely attributable to the other Party.
- 12.2. Both Parties are required to comply with the legal and administrative provisions relating to conducting activities which form the subject of the Contract. They must mutually and promptly report any situations or conduct that does not comply, collaborating because the rules must be followed.

13. INTERNAL LIABILITY

- 13.1. Apart from that laid down by law on liability of a criminal, administrative or civil nature to third parties, the Parties agree that, in their internal relationship, they will each be particularly liable for activities falling within the scope of their Area of competence, as indicated in the annex to this Contract.
- 13.2. Consequently, internal liability is governed according to the following criteria:
- Each Party is responsible for Faults arising within the Area of their competence, except unforeseeable circumstances or proof of having used due diligence;
 - Each Party is responsible for events that, albeit not falling within the scope of their competence, are attributable to their fault or negligence;
 - If, by applying the criteria above, none of the Parties is liable in the internal relationship, both will be responsible for the Faults in equal measure. This is without prejudice to the provisions of art. 7.5 (delays due to reasons of force majeure, etc.) and of art. 6.4 (transfer of risk upon delivery of the goods).

14. LIMITATION ON RECOVERY OF DAMAGES

- 14.1. If, in application of the criteria indicated in the article above, the sole or shared liability of K2 were ascertained, the compensation from them for non-fulfillments related to supplies of Products may not exceed the amount of fees agreed for the supplies concerned, except in the case of gross negligence or misconduct. K2 will have the option of replacing the supplies which relate to the Faults as an alternative to the compensation due. Except in the case of gross negligence or misconduct, K2 will not be liable to pay compensation to the Customer for damages for loss of earnings (so-called loss of profit), for injury to their commercial image and goodwill and, in general, that of indirect damages, including charges which may be incurred in order to proceed with the Withdrawal or Recall of the Products from the market.
- 14.2. K2 shall not be liable for Faults and/or defects which could be detected and/or identified by the Customer using normal diligence during the checks referred to in art. 8.

15. INSURANCE

- 15.1. Each Party will take out an insurance policy with a leading company with adequate ceilings for product civil liability.
- 15.2. In any case, the Customer will also take out an insurance policy with a leading company with adequate ceilings, for the case of destruction of the Products or delays delivering them to the Customer's site in the case of the Products being delivered to the carrier by K2 or to another appointed person who the Customer uses for removal in compliance with the conditions stipulated in art. 6 of this Contract.

16. CONTRACT ASSIGNMENT PROHIBITED

- 16.1. The Contract may not be assigned without the express written permission of the other Party.

17. CONFIDENTIALITY AND SECRECY OBLIGATION

- 17.1. The Parties recognise that any information, data, news, and therefore, also formulas, on the procedures for making the products, processes, etc. relating to the services referred to in the Contract, have the nature of trade secrets and confidential knowledge. They mutually undertake not to use, not to communicate to third parties and not to disclose, by any means, both directly and indirectly, all the above information and knowledge, whatever the occasion and how they learnt it, and this is also for the time following the cessation of the Contract.
- 17.2. The undertaking referred to above is also taken with regard to staff, collaborators and in general to any employee even occasional of each of the Parties, so that a third party shall perform his/her obligations pursuant to art. 1381 of the [Italian] Civil Code.

18. PROTECTION OF INDUSTRIAL PROPERTY

- 18.1. K2, within the framework of its competences, as specified in the relevant annex to the Contract, must ensure that the Products to be created specifically in the performance of the Contract, do not interfere in the field of protection of any third-party industrial patents.
- 18.2. The Customer will protect its name and brands with appropriate action, possibly also through the courts; K2 undertakes to support these actions according to the Customer's indications, it being understood that any legal costs charged in relation to this shall be borne by the Customer.

19. OBSOLESCENCE AND CUSTOMER'S REPURCHASE OBLIGATIONS

- 19.1. The Customer shall buy at the market price any raw materials and packaging materials owned by K2 and for the Customer's Products that become obsolete due to changes, also as a result of legislative updates to the formulation and/or the packaging materials necessary to structure the product. Alternatively, K2 may undertake to destroy such materials, following agreement with the Customer who will reimburse K2 the value of the materials plus the costs incurred for their destruction.
- 19.2. Provided that at the time of the order K2 has informed the Customer of the need to procure minimum quantities of raw materials and/or packaging materials in excess of that strictly necessary to implement the order, the Customer will be bound to the same repurchase obligation provided for in the previous paragraph if with subsequent orders, it has not permitted K2 to use up the surplus raw materials and/or packaging materials over a maximum period of twelve months or the shorter expiry time of the raw materials in question, so long as it is communicated to the Customer during the order process.

20. CHANGES TO THE CONTRACT

- 20.1. Any amending or supplementary agreements of that provided for in the Contract should be drawn up in writing and expressly approved by both Parties.

21. EXPRESS TERMINATION CLAUSE - TERMINATION

- 21.1. K2 will have the right to terminate the contract if the Customer is critically not fulfilling the obligations referred to in articles 3.1, 4 and 10.
- 21.2. Termination of the Contract may be partial, with reference to supplies still to be performed.
- 21.3. To make use of this termination clause, the Party shall notify the other Party by sending a recorded delivery letter.
- 21.4. In the event of termination of the Contract, the Customer will buy the materials that it has commissioned to third parties to Carry out orders received from K2, unless such materials cannot otherwise be used by K2.
- 21.5. Alternatively, K2 may undertake to destroy such materials, following agreement with the Customer who will reimburse K2 the value of the materials plus the costs incurred for their destruction.

22. APPLICABLE LAW AND COMPETENT COURT

- 22.1. This Contract is subject to Italian law. Therefore, for anything not envisaged, the [Italian] Civil Code and industry guidelines apply.
- 22.2. In the event of a dispute between the Parties relating to the Contract or resulting from the Contract the Competent court will be exclusively that of Milan with the exclusion of any competing or alternative court.