

Terms and Conditions of Purchase of Oetinger Publishing Group

I. Applicability of Terms and Conditions of Purchase

1. These Terms and Conditions of Purchase (hereinafter "Terms and Conditions") shall apply to all agreements with commercial suppliers (hereinafter individually referred to as "Supplier") of Oetinger Publishing Group, i.e., the following companies:

Verlagsgruppe Oetinger Service GmbH,

Dressler Verlag GmbH,

Verlag Friedrich Oetinger GmbH,

Verlag für Kindertheater Weitendorf GmbH,

Oetinger Media GmbH,

Oetinger Taschenbuch GmbH,

Ohrenspitzen Hoerbuch GmbH & Co. KG

(hereinafter individually or collectively referred to as "**Oetinger**"), which primarily provide for the supply of goods. The applicability of the Terms and Conditions shall remain unaffected by any additional obligations assumed by Supplier.

2. These Terms and Conditions shall have exclusive applicability. Any conflicting or different terms and conditions of Supplier shall not be binding for Oetinger, whether or not Oetinger expressly objects to such terms and conditions and whether or not Oetinger renders performance or accepts performance from Supplier without any reservation of rights notwithstanding conflicting or different terms and conditions of Supplier. Likewise Oetinger shall have no obligations if the terms and conditions of Supplier are in conflict with applicable laws or regulations irrespective of the provisions of these Terms and Conditions.

II. Offer and Acceptance

1. All agreements reached by Oetinger and Supplier to supplement or further define the provisions of these Terms and Conditions for purposes of the performance of a contract shall be documented at least in text form.

2. Orders placed by Oetinger shall be binding only if in written or text form. No orders placed by Oetinger, including, without limitation, any oral orders placed by employees of Oetinger, shall be binding unless and until approved by Oetinger in text form. Actual acceptance of goods, payment of goods, or any other conduct by Oetinger or silence by Oetinger shall not provide grounds for Supplier's reasonable reliance on the existence of a valid contract. No employees, sales representatives or other sales representatives of Oetinger are authorized to waive the requirement of approval in text form or to agree to any conflicting terms. Oetinger may approve orders in text form within a time period of up to five (5) weeks.

3. Written orders by Oetinger, including orders in text form, must be accepted by Supplier within two (2) weeks in order to result in a valid contract.

4. If the terms of Supplier's offer differ from Oetinger's inquiry or order, Supplier shall highlight such discrepancies. All offers made by Supplier, including any accompanying images and drawings, as well as any quantities, measurements and weights specified by Supplier, are generally binding. Oetinger may accept or reject the offer of the Supplier within 14 days upon receipt of Supplier's offer. Silence means consent.

5. Any modifications to a valid contract must be in written or text form. Oral modifications shall not be valid unless and until confirmed in text form by Oetinger.

6. Oetinger shall have the right to change the specifications of ordered goods or to cancel part of a contract after it is signed, provided that in such case Oetinger shall indemnify Supplier for all reasonable expenses incurred as a result of such change or cancellation. In the event of cancellation Supplier shall also indemnify Supplier for any resulting, documented lost profits.

III. Obligations of Supplier

1. Supplier shall in due time perform all obligations under the contract, these Terms and Conditions, and applicable laws and regulations, including, without limitation, the obligation to deliver the goods specified by Oetinger in text form in the order confirmation. Any warranties or other promises by Supplier, whether or not confirmed in writing, must be performed by Supplier. Supplier is at all times responsible to Oetinger for performance of all obligations arising in connection with the introduction of goods into commerce.

2. If ordered goods require further specification, Supplier shall in each such case request in text form and in due time that Oetinger exercise its right to specify the ordered goods. In all other cases Supplier shall deliver goods of particularly high quality, subject to standard tolerances, and Supplier hereby warrants that at the time the goods are delivered the goods shall not be subject to any ownership rights or other proprietary rights of third parties that could impair Oetinger's unlimited use of the goods in Europe.

3. Goods ordered by Oetinger are intended for children and teenagers, and, in some cases, as specified in the order, also for young children under the age of three. Supplier is familiar with the legal requirements for products ordered by Oetinger from Supplier, including, without limitation, product safety requirements such as those under EC Directive (2009/48/EC) EN 71, the German Act on Foods, Consumables and Animal Feed (*LFGB*), The German Product Safety Act (*ProdSG*), and all other applicable laws and regulations intended for the protection of children. Supplier shall ensure that all deliveries are in compliance with applicable laws and regulations as amended from time to time. If a product delivered by Supplier is not in compliance with applicable laws or regulations, Supplier shall hold harmless and indemnify Oetinger upon first demand from and against any and all claims for damages brought by third parties, provided such non-compliance results from circumstances within the control of Supplier.

4. To allow Oetinger to comply with its obligation to disclose product ingredients to consumers in compliance with the EU chemicals regulation REACH, Supplier shall, as the manufacturer or producer of the goods, provide Oetinger prior to delivery with a written statement confirming conformity with all relevant safety standards and expressly confirm compliance with the REACH regulation. In particular, Supplier shall provide Oetinger with copies of valid test reports on compliance with German Industrial Norm EN 71 prior to delivery. Test reports may not be older than 12 months. Upon the demand of Oetinger Supplier further shall provide Oetinger with detailed information about the composition of goods delivered by Supplier.

5. Container goods must be delivered on heat-treated pallets or plywood pallets. Supplier shall provide Oetinger with written confirmation prior to shipment that the pallets have not been gas-treated.

6. Upon the demand of Oetinger Supplier shall, at Supplier's own cost, deliver to Oetinger as proof of compliance within the meaning of section III (3) a certificate for the goods issued by TÜV Rheinland in Germany or SGS Institut Fresenius GmbH.

7. Goods may not be produced using slave labor, child labor, or any other forms of labor that are exploitative or pose a health hazard.

8. Supplier shall have no right to make partial deliveries or to invoice goods separately, unless expressly agreed in text form. In such case the agreed partial or remaining deliveries shall be identified as such on the packing list and in the invoice.

9. Each delivery shall be accompanied by a packing list. Invoices must match the specifications of Oetinger's order confirmation, state the order number, the date of the order confirmation from Oetinger, the tax number of Supplier, and applicable VAT, comply with all other legal requirements, and be transmitted to Oetinger by mail. Invoices shall not be enclosed with deliveries.

10. Supplier shall deliver goods on time and, in terms of the costs and risks, unless otherwise agreed in text form, freight prepaid to Oetinger or an authorized recipient designated by Oetinger (hereinafter the "authorized recipient") at the delivery address designated in text form in the written order confirmation, or, at the following address, Poppenbütteler Chaussee 53, 22397 Hamburg, Germany. Prior to delivery to Oetinger Supplier shall inspect the goods as close to the time of delivery as possible and to the same extent to which Oetinger is obligated to inspect the goods upon arrival, and Supplier shall document the inspection results in writing. Only Oetinger employees named on a list displayed in the delivery area or employees designated by the authorized recipient are authorized to take delivery of goods.

11. Exact compliance with agreed dates or deadlines is a material obligation of Supplier. The delivery period specified in the order is binding. Irrespective of any other claims Oetinger may have on the basis of delayed delivery, Oetinger shall be provided with written notice of any delays in delivery as soon as such delays become reasonably apparent; the parties shall then agree upon a new delivery date, which shall be a fixed delivery date within the meaning of § 376 of the German Commercial Code (*HGB*). If deliveries are not made on the agreed date or by the agreed deadline, Oetinger shall have continued claims for performance without the need for any separate notice. Deliveries prior to agreed dates or deadlines are not permitted, unless expressly approved by Oetinger in text form.

12. Any statutory rights of Supplier to withhold performance or to raise defenses or counterclaims are hereby excluded, unless a counterclaim of Supplier against Oetinger is due and undisputed or has been established by a final and conclusive court judgment or Oetinger is in material breach of obligations arising from the same agreement despite written demand and has offered no reasonable guarantees.

13. Supplier shall use only environmentally friendly packaging materials, and shall at its own cost pick up packaging materials, as well as delivered goods that are subject to special waste disposal laws or regulations and are intended for disposal, at the delivery address designated in text form in the order confirmation or, in the alternative, at the address of the Hamburg branch, or accept the return of such materials or goods from third parties. Notwithstanding applicable laws and regulations, Supplier shall at its own cost reuse, recycle or otherwise dispose of delivered goods and packaging in compliance with applicable law or otherwise ensure that such goods and packaging will be reused, recycled or otherwise disposed of in compliance with applicable law.

14. Supplier agrees to make deliveries in accordance with the delivery instructions and pallets specifications of RUNGE Verlagsauslieferung. If deliveries are made directly to our customers, the delivery instructions of our customers shall become an integral part of the agreement. Supplier is responsible for any additional costs incurred as a result of any non-compliance with delivery instructions.

IV. Obligations of Oetinger

1. Oetinger is obligated to pay the agreed purchase price. The price shown in the order shall be binding. Unless expressly otherwise in writing, payment of the purchase price shall be in full and final settlement of all performances rendered by Supplier, including any incidental costs, such as costs of packaging, transportation, insurance, etc. Any increase in the agreed purchase price – for any reason whatsoever – is hereby excluded. Supplier shall not charge Oetinger for the costs of offers, drawings, drafts, test sets, test data, test prints, samples or similar preparatory work, except with the prior written consent of Oetinger.

2. Supplier shall have no claim for payment of the purchase price unless and until the goods have been delivered to the delivery address designated in text form in the order confirmation or, in the alternative, at the address of the Hamburg branch. Upon receipt of a duly issued invoice by Oetinger, which shall include the information defined in section III (g), and without waiving compliance with any additional legal requirements, Oetinger shall make payment when due in accordance with the payment terms. Unless otherwise agreed, the net payment is due within 14 days subject to deduction of a 3% cash discount, or otherwise is due without deduction within 30 days from receipt of the invoice. Payment is made subject to review of the invoice by wire transfer to a bank at which Supplier maintains an account or, at the option of Oetinger, by check. The place of performance for all payments is Hamburg, Germany.

3. Third parties who are not parties to the agreement have no right to demand payment. Supplier shall continue to be the party authorized to receive payment even if claims arising from the agreement are assigned to third parties. If several persons have a right to receive payment, Oetinger may, at its sole discretion, make payment to any of them in discharge of Oetinger's payment obligations to all of them.

4. Oetinger shall in all cases have a right of offset, right to refuse payment and/or right to raise defenses or counterclaims as provided by applicable law, even if the agreement includes a cash payment clause. Oetinger shall have a right of offset, right to refuse payment, and right to raise defenses or counterclaims even if Oetinger's claim against Supplier was acquired by assignment or if Oetinger is authorized to collect a claim for any other reason, or if a claim has accrued, but is not yet due, or if a claim against Supplier is denominated in a different currency or is subject to the exclusive jurisdiction of a court at a place other than the one of the court with jurisdiction over the claim of Supplier.

5. Oetinger shall have no obligation to render performance except as stated in text form in the order confirmation or in these Terms and Conditions.

V. Product Defects and Defects in Title

1. In addition to product defects as defined by applicable law, any non-conformity with the agreed quantity, quality or suitability for the intended use, or with any legal or regulatory requirements, including, without limitation, product law requirements, or with any specifications or labeling of Supplier shall be considered a product defect within the meaning of §434 of the German Civil Code (*BGB*), unless otherwise stated in text form in Oetinger's order confirmation or Supplier proves that Oetinger had positive knowledge of the product defect prior to the contract date.

2. Oetinger shall inspect goods for any nonconforming quality or quantity within five (5) business days from delivery at the delivery address designated in text form in the order confirmation or, in the alternative, at the address of the Hamburg branch (place of delivery). This place of delivery shall be controlling for inspection of the goods, even if the contract provides for an obligation to pick up or send the goods. The obligation to inspect goods shall be limited to random checks and to defects which are readily apparent when the goods, including the shipping papers, are

inspected upon arrival and when random checks are made for quality control purposes (e.g., damage during shipment, shipment of wrong products, incomplete shipment). Oetinger shall have no obligation to inspect products upon arrival if the parties have agreed to a formal acceptance procedure. Oetinger shall have no obligation to Supplier to inspect goods for any defects in title or for compliance with any applicable laws or regulations. In each case, it shall be sufficient for Oetinger to use a standard inspection method. No association of thirdparty experts shall be required. If delivery by Supplier is delayed, Oetinger's obligation to inspect the goods shall be limited to a partial inspection for damage during shipment and for delivery of the correct products, if as a result of delayed delivery there is no longer sufficient time to perform a full inspection of the goods.

3. Oetinger shall provide Supplier with notice of any product defects within five (5) business days from delivery at the delivery address designated in text form in the order confirmation or, in the alternative, at the address of the Hamburg branch (place of delivery), or, if product defects are not discovered during the inspection (hidden product defects), within six (6) business days from discovery of the product defects. The notice shall in each case be addressed to Supplier or Supplier's sales representative. The notice shall describe the general nature of the product defect; detailed information regarding the nature of the product defect or the quantity of goods affected need not be included in the first notice. It is the responsibility of Supplier to request any additional information regarding the nature of the product defect or the quantity of goods affected if needed, by providing Oetinger with written notice. No notice is required for defects in title.

4. If the goods have product defects within the meaning of the law or these Terms and Conditions at the time of delivery, Oetinger may avail itself of the remedies provided for by applicable law, unless Supplier shows that the defect was caused after the transfer of risk and that Supplier was not responsible for the defect. Any additional claims Oetinger may have against Supplier under applicable law, including, without limitation, any claims under §§ 478 and 479 of the German Civil Code (*BGB*), any claims of Oetinger under guarantees received from Supplier, or any claims based upon any other representations made by Supplier, shall remain unaffected thereby.

5. The presence of any defects in title shall be determined in accordance with § 435 of the German Civil Code (*BGB*); the relevant point in time shall be the time of delivery. Supplier agrees to hold harmless and indemnify Oetinger upon first demand from and against any and all claims brought by third parties against Oetinger as a result of any defects in title. This indemnity obligation shall cover all necessary costs and expenses incurred by Oetinger in connection with such claims.

6. Prior to signing of the contract Supplier shall provide Oetinger with written notice if the ordered goods are not suitable, without limitation, for the purpose contemplated by the contract, if the ordered goods are not fully in conformity with statements made in advertisements, brochures or any other materials published in Germany or abroad by Supplier or any third parties who are known or should be known to Supplier, or if the goods delivered may pose health, safety or environmental hazards.

7. Oetinger shall have the right to avail itself of all legal remedies without limitation.

8. The limitation period provided for in § 438 of the German Civil Code (*BGB*) shall begin to run when the goods have been delivered to the delivery address designated in text form in the order confirmation, or, in the alternative, to the address at Poppenbütteler Chaussee 53, 22397, Hamburg, and when all of Supplier's material obligations have been fully performed. The limitation period shall be three years unless applicable law provides for a longer limitation period. The limitation period for claims based upon defects in title

shall be two years. If Supplier is investigating the presence of a product defect or defect in title claimed by Oetinger or Supplier is remedying such a defect, the limitation period shall be tolled until Supplier has made a final written decision in the matter.

VI. Rescission and Damages

1. Supplier shall have the right to rescind the contract in compliance with applicable law. Without waiving any other legal rights, Oetinger shall have the right to rescind the agreement in whole or in part, if insolvency proceedings are instituted with respect to the assets of Supplier, or if Supplier fails to perform when due, without a valid reason, any material obligations owed to Oetinger or any third parties.

2. Oetinger shall have the unlimited right to seek damages in accordance with applicable law. Moreover, subject to proof by Supplier that Oetinger has suffered no damages or substantially lower damages, Oetinger shall have the right to demand in the event of delayed delivery that, in addition to performance, Supplier pay liquidated damages in the amount of 0.5% of the delivery amount for each week, or fraction thereof, for which delivery is delayed, not to exceed 10% of the delivery amount. Oetinger reserves the right to furnish proof of additional damages.

3. If Supplier is responsible for a product defect, or if a product was delivered by Supplier and Supplier personally may be subject to liability based upon provisions of applicable law, Supplier shall, without prejudice to any other right or claims, hold harmless and indemnify Oetinger upon first demand from and against any and all claims for damages brought by third parties, if and to the extent that the cause is within the control of Supplier and Supplier is personally liable to third parties. As part of this liability Supplier shall also indemnify Oetinger, in accordance with §§ 683 and 670 of the Civil Code or § 830, § 840 and § 426 of the German Civil Code (*BGB*), for any expenses resulting from or in connection with any product recalls. Supplier shall maintain product liability insurance coverage with adequate liability limits for the entire term of this Agreement. Supplier shall hold harmless and indemnify Oetinger from and against any and all claims brought by third parties, as well as from and against any fines imposed on Oetinger by any government agencies on the basis of any product laws or regulations, product liability laws or similar provisions.

VII. Confidentiality and Data Protection

1. The parties shall maintain confidentiality with respect to all business and trade secrets, as well as any other information, documentation and data provided to or received by them in connection with the performance of the agreement and designated as confidential or reasonably identifiable as Confidential Information as a result of other circumstances, including, without limitation, information regarding technologies, products, services, prices, customers, employees, marketing plans and financial affairs of the parties, the contents of contract negotiations, safety-relevant circumstances, as well as all information related to or created in connection with the agreement (hereinafter collectively referred to as "Confidential Information").

2. Even within the company of each party, Confidential Information shall be disclosed only to persons who absolutely need such information for the performance of the contract (need-to-know principle), unless Confidential Information becomes generally known without any breach of this Agreement or is required to be disclosed by applicable law, administrative directive or court order, in which case the other party shall, if permitted by law, be notified prior disclosure.

3. The parties shall acquire no right to use any Confidential Information provided or made accessible to them for any purposes other than the agreement. In particular, neither

party shall register or cause any third parties to register any technical ideas, methods or inventions contained in Confidential Information that may be protected by proprietary rights, and/or challenge or cause any third parties to challenge any proprietary rights of the other party.

4. Any subcontractors shall be required to maintain at least the same level of confidentiality as the parties themselves are required to maintain under the terms of this Agreement.

5. The duty of confidentiality shall continue in effect for a period of three (3) years after termination of the agreement.

6. Parties agree that they shall each handle all personal data of individuals entrusted with concluding and performing the agreement in compliance with German data protection laws, including, without limitation, the Federal Data Protection Act (*BDSG*).

7. Supplier shall have no right to name Oetinger as a reference in any advertising or media work except with the prior consent of Oetinger.

VIII. Miscellaneous Provisions

1. At the time of delivery title to the goods shall generally transfer to Oetinger without limitation. If the parties have agreed to a retention of title in favor of Supplier, such retention shall only have the effects of a standard retention of title; irrespective of any retention of title, Oetinger further shall have the right to use the goods at any time without limitation by processing and/or selling the goods or by transferring title to the goods to third parties, even if the retention of title is lost as a result of such use by Oetinger.

2. All data about Supplier received by Oetinger in connection with the parties' business relationship shall be processed by Oetinger in accordance with the provisions of the German Data Protection Act (*BDSG*).

3. Oetinger reserves all ownership rights, copyrights, intellectual property rights and rights to know-how with respect to all images, drawings, calculations and other documentation, as well as to any software made available to Supplier, whether as hardcopies or in electronic form. Such materials shall not be disclosed to any third parties and shall be used exclusively for performance of the order received from Oetinger.

4. Unless otherwise provided in the order, the place of performance and payment for all obligations arising from contracts between Oetinger and Supplier shall be the delivery address specified in text form in the order confirmation, or, in the alternative, Poppenbütteler Chaussee 53, 22397 Hamburg, Germany. The foregoing provisions shall also apply if Supplier renders performances to Oetinger at a different location or if performances rendered are subject to reversal. The foregoing provisions regarding the place of performance shall not be changed by any agreements on costs.

5. All contractual and non-contractual relationships with Supplier shall be governed exclusively by German law, with the exception of the UN Convention on Contracts for the International Sale of Goods (CISG), as well as by the customary practices prevailing at the place of performance.

6. The parties hereby submit to the local and international exclusive jurisdiction of the courts of Hamburg, Germany, provided that Supplier is a qualified German merchant. However, Oetinger may also file suit in a court located at the place of Supplier's registered office or in any other courts that have jurisdiction under German or foreign law.

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