

REGULATION FOR THE USE OF THE COLLECTIVE MARK “ALPACA ORIGIN MARK” AND DESIGN OF ALPACA

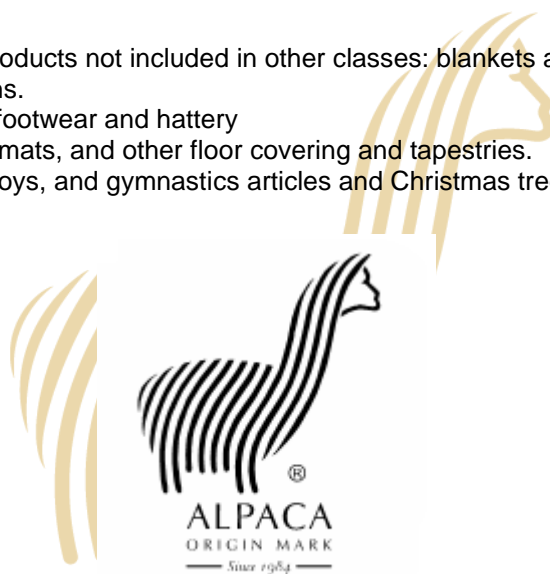
A. OBJECTIVE

The purpose of these Regulation is to establish the conditions for the use of the collective mark, pursuant to Decision 486 in its articles from 180 to 184.

B. COLLECTIVE MARK

The protected collective mark is made up of the slogan ALPACA ORIGIN MARK SINCE 1984 and the alpaca design, according to the model seen below, which is oriented towards the distinction among the following products of different classes according to the International Classification:

- Class 18:** Furs
- Class 23:** Yarns
- Class 24:** Textile products not included in other classes: blankets and tablecloths.
- Class 25:** Clothes, footwear and hattery
- Class 27:** Carpets, mats, and other floor covering and tapestries.
- Class 28:** Games, toys, and gymnastics articles and Christmas tree ornaments



This collective mark consists of a stylized alpaca design, formed by black lines.

C. DEFINITIONS

User: Individuals or companies that intervene in the chain of production and/or commercialization of alpaca fiber in any of its varieties or final products that are made of it, and that having complied with the dispositions of the present regulation, acquire the right of USE of the collective mark.

Product: Fiber of Alpaca used in leather products, tops, yarn, knitwear, woven fabrics, confections and commercialization.

Collective mark: The design consisting in the stylized alpaca figure and denomination, **ALPACA Origin mark, since 1984**, according to the model in section “B” of the present document.

AIA: International Alpaca Association (IAA)

1. **TECHNICAL ASPECTS OF THE PRODUCT**

TECHNICAL CHARACTERISTICS OF PRODUCTS THAT CAN BE COMMERCIALIZED WITH THE COLLECTIVE MARK

1.1 **LEATHER PRODUCTS**

1.1.1 Technical characteristics

Generic Name: 100% Alpaca and/or Llama

Color: Natural and assorted

Fineness:

Baby Alpaca. To 23 mic

Alpaca Fleece: 23.1 to 26.5 mic

Medium Alpaca Fleece: 26.6 to 29 mic

Huarizo Alpaca: 29.1 to 31.5 mic

Thick Alpaca: over 31.5 mic

1.1.2 Characteristics of Use

The product described will be used in the manufacturing of tapestries, carpets, ornaments and toys in Domesticated South American Camelid leather (Alpaca and Llama), considering that the production of these products does not bring about the extinction of these South American Camelid and is guided in accordance to the laws and norms of the country where the product is fabricated.

1.2 **ALPACA FIBER IN TOPS**

1.2.1 Technical characteristics

Generic Name: Combed Alpaca Fiber (Tops)

Color: Assorted (natural and/or dyed)

Fiber composition: 100% Alpaca in any of its finenesses.

Fineness:

Baby Alpaca. To 23 mic

Alpaca Fleece: 23.1 to 26.5 mic

Medium Alpaca Fleece: 26.6 to 29 mic

Huarizo Alpaca: 29.1 to 31.5 mic

Thick Alpaca: over 31.5 mic

1.2.2 Characteristics of Use

For the process of alpaca fiber in tops, manual classification of the fiber for qualities, color and length is necessary according to the Peruvian Norm PNTP231.301/2003. Once classified, the fiber is washed before being passed on to the combing process. The aforementioned product will then be utilized for the production of yarns with 100% alpaca.

1.3. **ALPACA FIBER IN YARNS**

1.3.1 Technical Characteristics:

Generic Name: Alpaca Fiber Yarn

Color: Assorted (natural and/or dyed)

Fiber Composition: 100% Alpaca in any of its finenesses.

Fineness:

Baby Alpaca. To 23 mic

Alpaca Fleece: 23.1 to 26.5 mic

Medium Alpaca Fleece: 26.6 to 29 mic

Huarizo Alpaca: 29.1 to 31.5 mic

Thick Alpaca: over 31.5 mic

Product Types: Alpaca fiber combed or carded yarns.

1.3.2 Characteristics of Use

100% Alpaca yarn can be applied in any of the aforementioned finenesses. The color, spinning, title and fabrication process for each production and lot of yarn, could be specified in the purchase-sales contract between the licensed factory and the product purchaser according to its necessities, technical and market demands.

1.4 **ALPACA FIBER IN WOVEN FABRICS**

1.4.1 Technical Characteristics:

Generic name: Woven Fabrics

Color: Assorted (natural and/or dyed)

Fiber Composition: 100% Alpaca in any of its finenesses in the woven product. The composition of the warf and woof will be in accordance with the characteristics of the product and processes of the licensed factory.

Fineness:

Baby Alpaca. To 23 mic

Alpaca Fleece: 23.1 to 26.5 mic

Medium Alpaca Fleece: 26.6 to 29 mic

Huarizo Alpaca: 29.1 to 31.5 mic

Thick Alpaca: over 31.5 mic

Product Types: Combed and/or carded in woven fabrics

Including rugs and tapestries fabricated traditionally in a woof-warf system. The rules are applied in the same manner with 100% alpaca in any of its finenesses. In the case of rugs

and/or tapestries fabricated with non-traditional methods (for example Tufting), the surface of the rug or tapestry should consist of the composition of 100% alpaca.

1.4.2 Characteristics of Use:

Once dyed and finished, the alpaca fiber cloth should comply with the characteristics and standards the licensed client requests in the previous purchase sales contract. If not specified by the purchaser, the quality characteristics of the woven fabrics in alpaca would preferably comply with the following norms:

- Fiber Content AATCC20/20^a/D76/629
- Resistance to tearing ASTM D2261/1421
- Resistance to Stretching ASTM D5034
- Dimensional changes after dry-cleaning, AATCC158.
- Integrity of color after washing AATCC 61
- Water Resistance AATCC 35

1.5 ALPACA FIBER IN KNITWEAR

1.5.1 Technical Characteristics:

Generic Name: Knitwear in Alpaca Fiber
Color: Assorted (natural and/or dyed)
Fiber Composition: 100% Alpaca in any of its finenesses.
Fineness:

- Baby Alpaca. To 23 mic
- Alpaca Fleece: 23.1 to 26.5 mic [®]
- Medium Alpaca Fleece: 26.6 to 29 mic
- Huarizo Alpaca: 29.1 to 31.5 mic
- Thick Alpaca: over 31.5 mic

Product Types: Knitwear with combed or carded yarn with 100% alpaca

1.5.2 Characteristics of Use:

Knitted in fiber with 100% alpaca, hand-made, with knitting needles or hooks, or machine-made which is characterized by its flexibility, elasticity and ease in adaptation to the body. The techniques used in the elaboration are handcrafted, semi-industrial and industrial.

The characteristics and quality standards of the knitwear will be specified in the purchase sales contract between the purchaser and/or client and the licensed and/or supplier. If not specified by the purchaser, the quality characteristics of the knitwear fabrics would preferably comply with the following norms:

- Fiber Content: AATCC20/20^a/D76/629
- Dimensional changes after commercial dry-cleaning, AATCC158.
- Dimensional changes after domestic washing , AATC 135/150
- Appearance and Durability AATCC150/158

1.6 ALPACA FIBER IN CLOTHES

1.6.1 Technical Characteristics:

Generic Name: Alpaca Fiber Clothes

Color: Assorted (natural and/or dyed)

Fiber Composition: 100% Alpaca in any of its finenesses.

Fineness:

Baby Alpaca. To 23 mic

Alpaca Fleece: 23.1 to 26.5 mic

Medium Alpaca Fleece: 26.6 to 29 mic

Huarizo Alpaca: 29.1 to 31.5 mic

Thick Alpaca: over 31.5 mic

Product Types: Clothes with 100% alpaca, including accessories. The clothes can be of woven fabric or knitwear fabric.

1.6.2 Characteristics of Use:

All articles of clothing manufactured with 100% alpaca to be used in men's, women's and children's clothing include accessories. The characteristics and quality standards of the product will be specified in the purchase sales contract between the purchaser and/or client and the licensed supplier. If not specified by the purchaser, the quality characteristics would preferably comply with the following international norms:

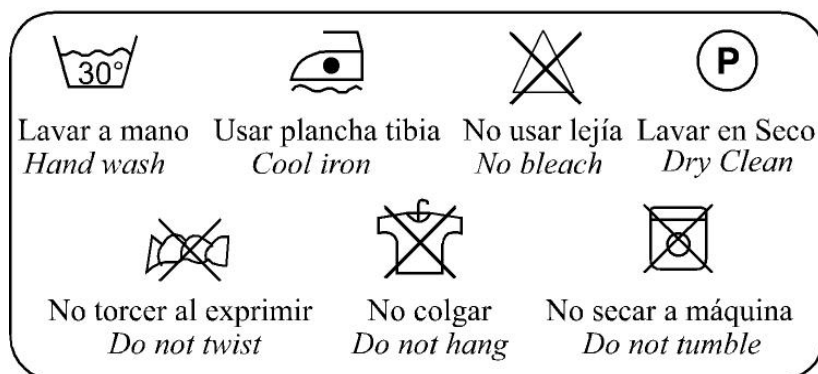
- Fiber Content: AATCC20/20^a/D76/629
- Dimensional changes after commercial dry-cleaning, AATCC158.
- Dimensional changes after domestic washing , AATC 135/150
- Appearance and Durability AATCC150/158

1.7. WASHING AND CONSERVATION INSTRUCTIONS

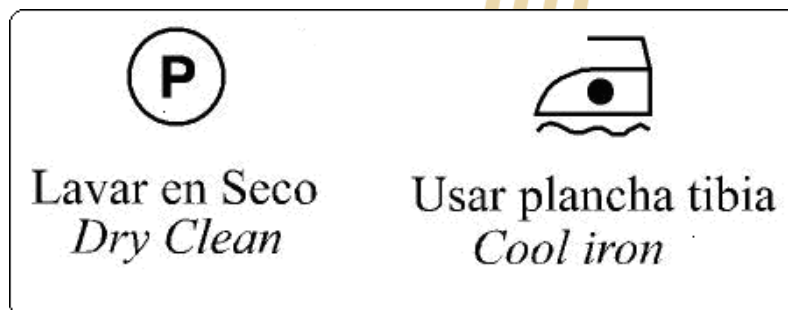
The licensee should include labels on the garments and/or fabrics with the washing instructions for better conservation of products which contain a 100% Alpaca.

KNITWEAR, GARMENTS AND/OR ACCESSORIES

Instrucciones de lavado / *Washing Instructions*



GARMENTS AND/OR ACCESSORIES IN WOVEN FABRIC



2. PRODUCT CONTROL AND SUPERVISION WHICH CONTAINS THE COLLECTIVE MARK "ALPACA ORIGIN MARK"

- 2.1 In order to provide, maintain or renew the concession of use of the collective mark, the AIA (IAA) reserves the right to verify that the product is or has been manufactured with 100% alpaca fiber, in accordance with the technical characteristics of the product developed in the First Part of the Regulation.
- 2.2 The user is obliged to facilitate the inspection by the AIA in the user's installations and to show proof of the pertaining documentation which is required.

- 2.3 In the case technical proof is required, the same could be realized in the laboratories of the AIA as well as in those of the user or of third parties, consistent with what the AIA representative considers necessary. The corresponding costs will be at the expense of the user.
- 2.4 The Licensee is obligated to inform the AIA of any infraction of a third party or other licensee in regards to the use or misuse of the Alpaca Mark.

3. GENERAL TITLES AND CONSIDERATIONS OF THE USE OF THE COLLECTIVE MARK “ALPACA ORIGIN MARK”

- 3.1 The AIA is the title holder of the Collective Mark described in section B of the present regulation and possesses the faculty to control the use of the symbol.
- 3.2 It is the obligation of the AIA to keep the Distinctive Symbols Office of Indecopi informed about any change in the present Regulation or Dispositions that infers about the use of the collective mark.
- 3.3 The use of the collective mark **ALPACA Origin Mark** is destined to distinguish textile products of the textile industry ONLY with content 100 % alpaca fiber.
- 3.4 The right of use can be conceded to individuals or companies, who are or are not associated with AIA, according to the requirements and norms that govern these Regulation, who should submit to the Control levels of the alpaca fiber composition which are identified by the AIA through its Licensing and Mark Supervision Committee.
- 3.5 The authorization of use to persons not associated with the AIA should be granted through the program of licensing that is established in the present Regulation and established Peruvian norms (article 183 of Ruling 486).

4. USE OF THE COLLECTIVE MARK “ALPACA ORIGIN MARK”

- 4.1 The dispositions in Section 4 apply to all types of users authorized by the AIA and licensed with the collective mark “Alpaca Origin Mark”.
- 4.2 The purpose of the collective mark is to distinguish common characteristics of the products described in section B under the control of AIA in that the right of use acquired by one member of the AIA or of a third party is restricted to only one area of production or commercialization described of part 4.5 of the present regulation.
- 4.3 The right acquired to use the mark within a determined area of production in part 4.5, does not authorize the user the right of sub-licensing or authorization of use to a third party. In this way, acquiring a product with the collective mark, does not authorize the purchaser the right of use of the same in a different product.

The user authorized by the AIA to use the collective mark is terminally impeded to transfer this authorization.

4.4 The use of the collective mark by the NON-USER merchant will be regulated by the corresponding Peruvian Dispositions (article 157 of Ruling 486.), in this sense, the merchant may not use the symbol or the title mark in bad faith, only for purposes of identification or information, and that this use is not capable of inducing public confusion about the origin of the products or services.

4.5 The areas of production and commercialization will be outlined by:

- **Furs**
- **Tops**
- **Yarns**
- **Woven fabrics**
- **Knitwear: hand-made, semi industrial and industrial**
- **Confections**
- **Commercialization**

4.6 The ALPACA Mark will be applied in Peru in the following category:



100% Pure Alpaca Fiber in any of its qualities. The licensee can use the golden background for the quality of 100% Baby Alpaca with a fineness of less than 23 microns.

4.7 To solicit the authorization of use of the collective mark in any area or production or commercialization described in section 4.5, all people should proof that the raw material acquired for the production or commercialization process is duly identified with the collective mark, and that the supplier/distributor of this merchandise have the authorization of the AIA for the use of the same.

4.8 The collective mark may be used by the users in two forms: (1) through the use of the Official AIA Seals (holograms) or (2) through the user's publicity.

The user may place the Official AIA Seal (Hologram) together with its on label; however, it may not print, design and/or elaborate its on seals, unless authorized by changes in the present regulation. The AIA is the only authorized to design, print, and distribute Official Seals (holograms).

For the use of the mark in publicity, the user may use the mark in their publicity as long as the user respects the identity of the Registered Collective Mark without any modifications. All publicity in which the mark appears, should be previously approved by the AIA and be registered in a controlled database.

4.9 The mark "ALPACA ORIGIN MARK SINCE 1984" may be used by the AIA, Associates, Licensees, and associated breeders in publicity, letterheads, labels and printings in which its use does not imply a declaration of fiber content of the AIA.

This publicity should be exclusively oriented to the direct and specific promotion of South American camelids and to the promotion of the manufactured products with 100% Alpaca Fiber within the limits of this Regulation.

In these cases, the logo should be accompanied by the terms: **LICENSED ASSOCIATED OR LICENSEE.**

5. ACQUISITION OF THE RIGHT OF USE

Two are the types of users of the collective mark:

ORDINARY USER

- LICENSED ASSOCIATE

EXTRAORDINARY USERS

- LICENSEE
- PROMOTIONAL LICENSEE
- SPECIAL LICENSEE

5.1 Ordinary User

The **ordinary** user is the associate of the AIA and the requirements that should be fulfilled to use the mark are:

- 5.1.1. Having more than 3 consecutive years working in the textile areas and/or be presented by another associate of the AIA.
- 5.1.2. Having solicited the inscription as an associate of the AIA.
- 5.1.3. Having solicited the right of use license of the collective mark Alpaca Origin Mark.

- 5.1.4. Being current in their annual payments in ordinary and extraordinary payments that as being an associate they have an obligation to the AIA
- 5.1.5. Complying with the technical dispositions of Section 1 of the Regulation.
- 5.1.6. Making the corresponding payment for the use of the collective mark for each area of activity described in section 4.5 in which the mark is used.
- 5.1.7. The rights of use acquired with the authorization of the AIA are to use the collective mark in national or international commerce to distinguish its products or services, within one year, under the conditions and limitations included in the present regulation.
- 5.1.8. The authorization the AIA grants is valid for one year, the same which may be renewed indefinitely for similar time periods.
- 5.1.9. The authorization of use by the AIA does not grant the **ordinary** user any property rights of the symbol, whether or not the mark is correctly registered in the country of use. In this way, the user may not register the mark as its on in any country.
- 5.1.10. The emission payments for the authorization of use and renewals will be applied
by the Executive Licensing and Mark Supervision Committee and countersigned
by the AIA Board of Directors.
- 5.1.11. The collective mark may be used with the Official Seals of the AIA (holograms). The ordinary user may produce, design and/or print their own labels with the collective mark with previous authorization of the AIA.

5.2 Extraordinary User

It is the user dedicated to the alpaca textile industry, commercialization of the alpaca fiber or its derivatives, and that its area of activity is described in Section 4.5 of the Regulation.

The authorization regimen of the extraordinary user will comply with the licensing regimen established in the present Regulation, number 6; however, its use and authorization should also be guided by the following:

- 5.2.1 Having more than 01 year working in the textile sector.
- 5.2.2 Complying with the technical dispositions of Section 1 of the Regulation.
- 5.2.3 Having solicited the right of use license of the collective mark Alpaca Origin Mark.
- 5.2.4 Making the corresponding payment for the use of the collective mark for each area of activity described in Section 4.5 in which the mark is used.
- 5.2.5 The rights of use acquired with the authorization of the AIA are to use the collective mark in national or international commerce to distinguish its products or services, within one year, under the conditions and limitations included in the present Regulation.
- 5.2.6 The authorization the AIA grants is valid for one year, the same which **MUST** be renewed annually, after verification.
- 5.2.7 The authorization of use by the AIA does not grant the **extraordinary user** any property rights of the symbol, whether or not the mark is correctly registered in the country of use. In this way, the user may not register the mark as its on in any country.

5.2.8 The emission payments for the Authorization of Use and renewals will be applied by the Executive Licensing and Mark Supervision Committee and countersigned by the AIA Board of Directors.

5.2.9 The collective mark “ Alpaca Origin Mark” will be used with the Official Seals of the AIA (holograms) provided by the AIA. The extraordinary user is impeded from producing, designing and/or printing their own labels with the collective mark.

6. LICENSING REGIMEN

6.1. The License of Use of the mark will be granted by the Executive Committee of Licensing and Mark Supervision of the Association in agreement with the stipulated conditions of the present Regulation.

6.2. The Executive Committee of Licensing and Mark Supervision will be appointed by the Board of Directors of the AIA and will regulate its own functioning (Art. 42 of the Statutes)

6.3. The emission payments of the License of Use and of Renewals will be established by the Executive Committee of Licensing and Mark Supervision and countersigned by the AIA Board of Directors.

6.4 The License of Use will be granted to individuals or companies not associated with the AIA, provided that, besides fulfilling the disposition of Section, they fulfill the following requirements:

- Having informed the AIA about its activity, the same which should correspond with Section 4.5 of the present Regulation.
- Fulfill the technical dispositions of Section 1 of the Regulation
- Make the corresponding payment for the use of the collective mark, for each are of the described activities in Section 4.5 in which the use of the mark will comply with those requirements.

6.5 When granted the license, the licensee is subject to what is established in the present Regulation and to comply with the payment of dues established by the Committee for the emission and renovation of the license.

6.6 The AIA will celebrate License of Use of the Mark in the following models:

- Annual License
- Special License
- Promotional License

6.7 The Annual License for the Use of the Mark will have a duration of one renewable year, which will expire on the 31 of March in all cases. The license is granted by means of a signed Contract between both parties. The grace period for the reception of the renewal payment will be of 30 days.

6.8 The right of use of the mark “ALPACA ORIGIN MARK” through an annual license will be credited by means of a LICENSE OF USE CERTIFICATE which should include:

- Name and address of the Licensee.
- License Number
- Date of Emission
- Mark or granted marks
- Expiration date
- Signature and seals of the authorized representatives of the AIA.

The Licensee is obliged to return this document after its license has definitely expired .

6.9 The Special Licenses are the accreditations and/or certifications that AIA grants through clothing or final product labels of a determined lot of production. The temporary licenses do not authorize the utilization of the mark in stationary or publications.

6.10 Special Licenses may be solicited in no more than three opportunities; those companies or persons who for market conditions need the certifications of use for their products, the same which should be solicited directly to the AIA to be evaluated individually by the Executive Committee of Licensing and Mark Supervision. The AIA is obliged to maintain all solicitor's given information in confidentiality.

6.11 The Payment for the Special License constitutes a right of accreditation and is proportional to the volume of clothing produced for which the license has been solicited. The payment can be made by the solicitor, or the Licensed Supplier, who is accredited by the AIA.

6.12 The Special License is granted by means of a signed contract between both parties which specifies the following:

- Company Data
- Description of the Product to be manufactured.®
- Number of production unit for each type of garment
- Origin of the yarn and/or woven fabric
- Country of Manufacturing origin
- Distribution Forms and Channels
- Country of destination of the product and name of the sales points.

6.13 The Promotional Licenses are those which are given to production companies and/or commercializing entities of excellent quality and reputation to support and increase the promotion of the Mark, the fiber and the products of alpaca in the country or location where the AIA deems convenient. The AIA grants this type of license without payment and may be renewed annually.

6.14 The License of Use is personal and non-transferable.

6.15 The Executive Committee of Licensing and Mark Supervision will maintain a legalized Book of Acts in accordance to the law in which all emitted licenses will be registered, and in the same way, renewals and withdrawals of the same, and in which as well should contain the names, addresses and activities of the licensees and the specified products for which the License of Use has been emitted, together with the date or register and the number of the license.

6.16 Conditions for the emission of the License of Use:

The License of Use will only be emitted to be used in merchandise or publicity of the following descriptions:

- Yarns, pieces of cloth, textile articles, clothing and accessories, blankets, curtains, tapestry cloth, rugs, tapestries and leather products that consist of 100% alpaca fiber.
- In the case it is used in labels, stickers, tags and similar labeling, attached to a textile item, must clearly include the information, according to what is established in Sections 4.6, 4.7 and 4.8 of the Regulation and (1) the Percentage of Alpaca and (2) the Percentage or Percentages of other fibers.

7. RIGHTS ACQUISITION PROCESS

- 7.1. The AIA will emit a document or certificate of authorization for the use of the collective mark.
- 7.2. Before the reception of the authorization, the user will sign a document in which they assume the commitment to respect and fulfill the dispositions of the present Regulation.
- 7.3. To solicit the reception of this certification it is required to present the corresponding solicitation in a form provided by the AIA. The AIA reserves the right to require copies of documentation which serve to verify the solicitation and fulfill the demanded requirements.
- 7.4. The solicitation will be evaluated by the Executive Committee of Licensing and Mark Supervision, who in fulfilling all the demanded requirements in the present Regulation, will grant authorization of use for one year.
- 7.5. In the case of the extraordinary users, once authorization is approved, a rough draft of the licensing contract will be sent to the interested third party for its approval and signature.

8. INFRACTIONS OF REGULATION

- 8.1. The AIA may solicit at any time verification or accreditation of the correct use of the mark, on the part of the users, who when receiving the labels, assume the responsibilities of the use of the same. The AIA, with or without a response from the licensee, will have the right to inspect points of sale of the licensee in order to control product quality and the appropriate use of logo and labels. If it is found that the mark has been used to certify quality of products

which do not fulfill the requirements of these established Regulation, the AIA may immediately revoke this License of Use.

The refusal of the Licensee to allow the AIA authorization to inspect their facilities to effect quality control, will equally give the AIA the right to revoke all given licenses.

- 8.2. The AIA reserves the right to take administrative action, such as civil or penal, for any infraction or non-compliance of the present Regulation, however, through its Executive Committee of Licensing and Mark Supervision, will solicit the correction of the infraction or incompatible action of the based on the present Regulation and afterwards, if the infraction continues, the following sanctions will be applied:

FIRST SANCTION: temporary suspension of the use of the mark for a term of six months and a fine equivalent to three payments. The AIA reserves the right to adopt the corresponding legal actions if the user paid no attention to the respective sanction.

REPEATED INCIDENCE: Definitive separation of the institution, giving the right to the AIA to initiate pertinent legal action.

- 8.3. In the case of a definitive separation, the President of the AIA, or in his or her defect the Board of Directors, should make a statement.

The user has the right to solicit a reconsideration of the sanction and the Board of Directors will resolve the issue by majority in compliance with its own Regulation.

- 8.4 The individuals signing the Licensing and Temporary Licensing Contracts give up their local legal jurisdiction and will be subject to the decisions of the courts and the jurisdiction of the AIA, Peru.

- 8.5 Discrepancies resulting from the contents of these Regulation and of their application by the Executive Committee of Licensing and Mark Supervision and the Licensees will be resolved in the first occurrence by this committee, and in the second and last instance, by the Board of Directors of the AIA.