

STANDARD AGREEMENT
“TERMS AND CONDITIONS OF SALES FOR ORTHOGONAL CLOTHING TEXTILES”

LEGAL SECTION

1. Definitions

“Textiles” mean orthogonal finished fabrics made of :

- cotton;
- wool;
- linen;
- silk;

Any references to a particular application shall be specified each time.

“Buyer” shall mean the garment maker.

“Seller” shall mean the weaving company.

“Parties” shall mean “Buyer” and “Seller” jointly.

2. Negotiation and Finalizing Purchase Orders

Under article 1326 of the Italian Civil Code, the Purchase Order is a contract proposal (purchase offer). In the event a Purchase Order is submitted to the Seller’s agents or employees, the Purchase Order shall not become binding unless accepted in writing, also by facsimile or e-mail (better if certified), by the Seller.

Unless otherwise agreed between the Parties, the Purchase Order shall be deemed accepted within 10 (ten) days from receipt. The contract is formed when accepted by Seller's acknowledgment.

Any modifications after the formation of the contract shall be agreed in writing by the Parties.

Failure to accept the purchase offer within 10 (ten) days or within the term otherwise agreed by the Parties, shall void the purchase offer, and any late acceptance shall not become binding for the Buyer unless the Buyer has assented to it.

3. Calculating Time Limits

Time limits are calculated according to the common calendar except for otherwise agreed upon for individual items.

Time limits expiring on a Saturday or Bank Holiday as provided by law, are postponed to the next following working weekday.

Intimations or warnings to abide shall run from the date of receipt.

4. Standard piece

Sales are always based on the standard fabric piece the Seller delivers to the Buyer.

The Seller must deliver to the Buyer the standard piece always accompanied by the technical data sheet of the item printed on the company letterhead paper¹ with date of issuance and/or revision.

The Buyer will use the standard piece to carry out all the tests so as to verify its compliance with the requirements for the intended use.

The same standard piece and relevant technical data sheet of the item shall be used as reference for the subsequent deliveries as far as appearance, handle, colour variation and final results for the intended use are concerned.

Possible deviations from said standard must be agreed between Seller and Buyer.

The above characteristics are deemed to refer to the standard piece provided it did not undergo additional treatments.

The Buyer is supposed to previously inform the Seller of any matches of fabrics/designs/colours differing in weight and/or composition with each other.

The Seller shall be entitled to charge with a separate invoice the Buyer for any costs incurred in the production of the standard sample for special projects commissioned by the Buyer that entailed additional expenses for weaving, printing and digital printing.

¹ See technical data sheet form attached to the Technical Part of this Standard Agreement .

5. Validity and price confirmation

When items are being selected during the sampling, the Seller should communicate the Buyer the approximate prices for both the samples and the production including the minimum quantities per item/variation.

When the Buyer will be ready to place its Purchase Order of cuts or sample pieces to prepare the sample collection, the Seller should also inform about the prices of the supply and its expiration².

If the general term "season" is used to define price expiration, the Seller shall also specify the final date of the season's end.

The contract is formed when the Purchase Order acceptance has been received, and the established price cannot be modified neither influenced by any increase or decrease in the price of raw and processing materials.

6. Payment terms

Payment terms are in compliance with the negotiations agreed upon by the Parties for each Purchase Order/Contract and Purchase Order acceptance. The provisions provided for by the Italian Law shall be applied³.

The acceleration clause shall come into effect and, as a result, the Buyer is required to immediately pay wherever one of the hypotheses included in Art. 1186 of the Italian Civil Code can be applied.⁴

In case of delivery by several instalments, the payment will run from the date of each invoice.

If the Parties shall agree to pay by bank transfer, unless otherwise defined, each party will share bank commission and fees.

The payment must always be made directly to the Seller, except as otherwise specified. The parties are entitled to sell and buy goods on a retention of title in compliance with Art. 1523 of the Italian Civil Code.

In case of any difficulties to pay on the due date, the Buyer must promptly inform the Seller in order to find a proper solution.

In case of failure to pay at the due date as mutually established, the Seller shall reserve the right to cancel the conditional discount allowed for timely payment, and to charge relevant interests in compliance with Art. 5 Decree Law 231/2002 except when such failure depends on the Seller or for reasons attributable to the Seller.

Unless the Parties have agreed on an essential term, if the Buyer fails to make any payment on the due date, the Seller is entitled to temporarily cease all deliveries referring to open orders as well as to enjoin in writing the Buyer to pay by fixing an adequate term no less than 15 (fifteen) days, in compliance with art. 1454 of the Italian Civil Code. In the event the Buyer fails to respect this term, the Seller shall have the right to terminate the contract. Accrued interests shall be automatically calculated from the day immediately after the expiry date of the payment as provided for in the previous paragraph.

Furthermore, in case of late or missed payment, penalties agreed upon (if any) by the Parties shall be applied⁵.

7. Delivery Terms and Conditions

The delivery terms agreed by the Parties are specified in the acknowledged purchase order. In case the Purchase Order is modified, the renegotiated delivery date shall apply.

The piece delivered must be duly rolled open-width on a cardboard tube, and must be properly wrapped, right side inside. In case of pile fabrics, rolling must be done in the direction the pile.

Unless the Parties agree otherwise, the Seller shall be deemed to have fulfilled its obligation to despatch the goods when products are made available to the Buyer at the Seller's works on the day and time agreed or previously communicated by the Buyer.

In this case the goods shall travel at the Buyer's risk

² The indication of a period of prices validity shall not bind the Seller to accept the purchase offer submitted by the Buyer. In compliance with previous article 2, only the accepted purchase order by the Seller gives rise to the contractual obligation.

³ The general reference to the Italian Law also includes the decree law 231/2002 and subsequent modifications and supplements as far as the "fight against late payment" is concerned, and in particular as regards payment terms (unless otherwise agreed upon), late payments and interests for late payments.

⁴ Art. 1186 of Italian Civil Code: "*Despite the term established in favour of the debtor, the creditor is entitled to recover immediately the compensation if the debtor has become insolvent or has decreased de facto the warranties or has not given the warranties as promised*".

⁵ Any penalty agreed upon, is in general an oppressive clause to be specifically approved in writing.

The Seller is deemed to be liable for the storage of the goods from the time goods have been made available for dispatch on the day and time previously agreed and their actual collection.

If the collection of the goods exceeds 30 (thirty) days after the established delivered date, the Seller shall be entitled to charge the Buyer with the storage costs incurred in and calculated according to the General Customs Warehouse fees.

Unless otherwise agreed upon by the Parties, forwarding costs shall be charged to the Buyer.

8. Late Deliveries⁶

The Seller shall timely inform the Buyer of any late deliveries or unexpected obstacles in order to mutually reach an agreement.

Except for cases in which the deadline is an essential term, in the absence of an agreement between the Parties, the Seller shall be entitled to a tolerance of 15 (fifteen) days. At the expiration of this term, the Buyer may require the Seller to fulfill its obligations also applying the penalties agreed by the Parties⁷ (if any) or, as an alternative, may consider the contract automatically terminated pursuant to Art. 1456 of the Italian Civil Code for the undelivered instalment by giving written notice to the Seller and without prejudice to its right to claim damages.

During the negotiation and before forming the contract, the Parties undertake to agree in writing limitations of liabilities for damages caused by late or missed delivery, so that the Seller has the opportunity to assess the cost effectiveness and the order-related risk⁸.

In the absence of the above agreement on limitations of liabilities, any damages caused by late or missed delivery shall be determined by the arbitrator/judge in compliance with the applicable rules of the Italian Civil Code.

Late deliveries caused by force majeure not attributable to the Seller (ex.: unplanned strikes, restrictions on the use of energy or other major production elements, wars, revolutions, fires, natural disasters, outbreak, and all other elements unpredictable and avoidable if due diligence is implemented) yet timely notified to the Buyer and accompanied with the request of a new delivery date, shall not lead to penalties, terminations, returns or claims for damages.

9. Protection of Intellectual Property

The Buyer shall inform the Seller of any products in connection with the Purchase Order which are deemed to be specially manufactured to meet the Buyer's patterns/designs/prints and are protected by intellectual property right; the Seller shall not reproduce, copy or disclose any such patterns/designs/prints for its own or third-party production in the future.

Consequently, it shall be understood that the Buyer legitimately holds the right to make use of patterns/designs/prints for reproduction and assumes all responsibilities and relevant risks.

The Seller shall expressly inform the Buyer of any products distinguished by a special pattern/design/print protected by intellectual property right.

In this case, the Seller continues to hold the intellectual property right covering its pattern/design/print in connection with the products sold to the Buyer, and may reproduce it on products supplied to third parties including its competitors unless the Parties expressly agree that the Seller grants to the Buyer the exclusive right to buy the products distinguished by such pattern/design/print.

Buyer and Seller agree that the guarantee pursuant to Art. 1483 of the Italian Civil Code⁹ shall apply to any sales/purchases of a pattern/design/print covered by intellectual property right.

⁶ Oppressive clause that to be fully effective must be expressly approved in writing in compliance with Art. 1341 of the Italian Civil Code; in this respect, see appropriate expression at the bottom of this "Standard Agreement"

⁷ Any arrangements on penalties are generally considered as oppressive clause to be expressly approved in writing.

⁸ It should be stressed that any limitations to the agreed responsibilities are unfair contract terms that become fully effective when expressly agreed upon pursuant to Art. 1341 of the Italian Civil Code.

⁹ Reference is made to the warranty of good title: if the Buyer is deprived of the purchased thing because a third party and the real owner of the thing itself puts forward a claim, the Seller, under such circumstance, is required to compensate the Buyer for the damage occurred in compliance with Art. 1479 of the Italian Civil Code.

The mentioned Art. 1483 of the Italian Civil Code textually sets out: "Full dispossession of the thing" – "If the Buyer undergoes the full dispossession of the thing because a third party has enforced its rights, the Seller is required to compensate for the damage pursuant to Art. 1479." "The Seller

10. Fabric Defects¹⁰

Visible or evident defects are all the imperfections that can be eye-spotted on fabrics at the time of delivery and may cause prejudice to the finished garments.

Concealed or non-visible defects are non-compliances with the specifications set out in the technical data sheet of the standard piece and can either be spotted only with technical detection systems, or detected during or after standard processing or making operations included in the technical data sheet of the item.

Pursuant to Art. 11 here below, no complaint can be filed for defects which are the intrinsic characteristics of the fabric as stated by the technical data sheet of the item and based on the standard piece assessment. The technical data sheet of the item and the Technical Part of this "Standard Agreement" sets the tolerance limits of fabric defects.

Tolerance should not be interpreted as an allowance, and for any tolerable defects the Buyer is anyhow entitled to receive discounts based on the measures and percentages included in the Technical Part of this "Standard Agreement".

The previous paragraph shall not apply to fabrics with special innovative and advanced features provided that the Seller has previously and expressly stated such features in the technical data sheet approved by the Buyer; in this case, tolerances for fabric approval, discounts and allowances shall be regulated by a special agreement between the Parties.

If the Parties shall notice that the fabric exceeds the tolerance limits set out by the technical data sheet of the item and as provided for by the Technical Part of this "Standard Agreement", the Buyer is entitled to select one of the following remedies pursuant to the articles here below: 1) return the pieces to be re-processed/replaced; 2) agree with the Seller upon a higher discount than the discounts stated in this "Standard Agreement"; 3) terminate the contract if the severity level of the non-compliance so allows¹¹, except for any services already provided.

Any damages resulting from defects exceeding the tolerance limits in compliance with Art. 1494 of the Italian Civil Code, the Parties, during the negotiation and before signing the contract, shall undertake to establish in writing responsibility limitations so that the Seller may assess whether it is convenient to accept the risk related to the order¹²

In the absence of the abovementioned agreement on responsibility limitations, any and all damages for out-of-tolerance defects shall be assessed by the arbitrator/judge in compliance with the applicable regulations of the Italian Civil Code.

11. Claims¹³

The Buyer, prior to use, must inspect the characteristics of the fabrics supplied and their suitability for the intended application. For this reason, standard appearance and technical inspections must be carried out.

In case of faulty fabrics, the Buyer must issue a written notice to be forwarded by registered mail, facsimile, e-mail (preferably certified).

The notice must be promptly forwarded and exhaustive (i.e. accompanied by a sample, pictures, etc.) in order to clearly explain the specifications of the fabric under claim and the detected defects. The Buyer must also include in the notice the place where the goods are stored.

The Buyer must highlight the defects detected in the fabric by placing seals/labels on selvages or where it does not spoil the fabric.

The disputed pieces must be accompanied with the original identification labels.

Any claims/notices of visible/evident defects must be communicated in writing within 10 (ten) working days from the date the goods have been delivered to the Buyer.

must also compensate the Buyer for the value the latter is required to return to the dispossessed third party as well as any expenses incurred in for filing any litigations and any other expenses to be refunded to the plaintiff."

¹⁰ Oppressive clause that becomes fully effective only when expressly approved in writing in compliance with Art. 1341 of the Italian Civil Code; in this respect, see appropriate expression at the bottom of this "Standard Agreement"

¹¹ Pursuant to Art. 1455 of the Italian Civil Code: "The contract cannot be terminated if the breach by one of the parties is of minor importance, provided that it does not affect the interest of the other party".

¹² It should be stressed that any limitations to the agreed responsibilities are unfair contract terms that become fully effective when expressly agreed upon pursuant to Art. 1341 of the Italian Civil Code.

¹³ Oppressive clause that to be fully effective must be expressly approved in writing in compliance with Art. 1341 of the Italian Civil Code; in this respect, see appropriate expression at the bottom of this "Standard Agreement"

Given the fact that the goods must be moved from one place to another, the above term for notifying evident defects runs from the day the goods have been received by the Buyer or the third party to whom the Seller has sent the goods.

As far as the concealed defects are concerned, they must be notified in writing within 8 (eight) days from direct detection by the Buyer and/or from the communication sent to the Buyer by its final client.

For all defects, any actions to enforce the guarantee are limited to one year from delivery.

The claim may also be notified by telephone and, if the Seller expressly agrees in continuing the production process, the Seller shall become liable for any or greater damages to the fabric; viceversa, if the Seller has not expressly authorized production, the Buyer shall be held responsible for its decision to continue producing.

Without prejudice to the agreements between the Parties (if any) in order to limit responsibilities for damages caused by fabric defects, the Seller is required to compensate the damages acknowledged caused by defects detected in fabrics already used only if such defects were not visible during the aforementioned inspections or during the production processes.

In particular for visible defects, the Seller is liable only for goods under their original condition, i.e. prior to any further treatment such as steaming or decatizing, unless otherwise stipulated by the Parties. Any compensations for damages on the Seller shall not exceed the value of the goods.

The Seller must keep the goods under claim available for 10 (ten) calendar days after receipt of the notification in compliance with paragraph II of this article so as to enable the Buyer to carry out any inspection or analysis he deems necessary; during this period of time, goods must be stored by the Buyer with regular due diligence.

In case the Seller objects to the defects as notified by the Buyer, within the same period of 10 (ten) calendar days from receipt of the above notification he shall arrange with the Buyer the selection of a Laboratory and/or an Inspection Centre where joint inspections may be carried out. The arrangement between the Parties shall also include a deadline taking into account the directions provided under article 12 and 13 here below.

12. Fabric Inspection Laboratories (chemical/physical testing)

With reference to the last paragraph of the previous article, in case the Parties cannot come to an agreement on the claims for defects, Seller and Buyer shall necessarily and jointly decide to have an ACCREDIA-accredited laboratory carrying out inspection testing of defective fabrics¹⁴.

13. Visual Fabric Inspection

The final visual inspection of the piece can be performed at the Seller/Buyer premises or by a Control and Inspection Centre.

In the latter case, Seller and Buyer shall deem it necessary that the inspection is carried out by a Control Centre which can provide both Seller and Buyer documentary evidence of the procedures followed even prior to testing.

In particular, Seller and Buyer agree that each fabric piece to be inspected must be distinctively identified by item number, design, colour and piece number.

Control Centres too must identify and accompany the item with its technical data sheet and an appropriate reference sample to assess its design, colour, handle and appearance including any other document stating any arrangements between Seller and Buyer, so that each parameter inspected complies with the requested quality level and final use of the goods.

If the items have unique features, the Buyer must guarantee the presence of its Raw Material Quality Manager at the Control Centre to define inspection conditions and set tolerances.

The length of the piece must be checked at delivery; as for measurement uncertainty, the admitted values must be equal to those illustrated in the Technical Part of this "Standard Agreement". Marks/labels on pieces must be positioned at least 60 cm inside, and should be stored.

¹⁴ ACCREDIA (Italian Accreditation System), is the sole National Accreditation Body that performs accreditation with authority derived from the State.

Created by the merger of SINAL and SINCERT, as non-profit association, it has been recognised by the Italian State on 22th December 2009 in compliance with the Regulation of the European Parliament and Commission No. 765 of July 9, 2008 which is applicable from January 1, 2010, for accreditation and market compliance in all EU countries.

Fabric inspection shall be carried out to detect length/width and evident defects of the piece passing through the inspection frame within the established lapse of time (pursuant to last paragraph of Art. 11). Defects shall be immediately notified, numbered and classified in compliance with the defects data sheet approved by the Parties.

Unless the Parties have otherwise agreed on managing corrections and refinishing, at a later stage, the notification procedures applied to evident defects are explained in previous Article 11 and relevant Technical Part of this "Standard Agreement"

14. Returns of Goods

Once the claim is accepted, within 10 (ten) calendar days after the notification pursuant to Article 11 or after receipt of the results of joint inspections carried out in compliance with Articles 12 and 13, the Seller is required to authorize in writing the returns of the pieces or their scheduled replacement.

Returns of goods are forwarded at the Seller's charge.

The piece to be returned must be duly rolled open-width on a cardboard tube, and must be properly wrapped and packed, right side inside. In case of pile fabrics, rolling must be done in the direction the pile.

If the returned fabrics have been damaged because of a clumsy handling or packing operation, the Buyer is deemed liable for damages caused to the Buyer.

If the piece is returned because the Buyer has detected defects during the inspection of the piece, the seals (or tags or labels) denoting the defect shall be located only on the piece selvages.

Only when the return of the goods has been approved by the Seller, he becomes liable for defects. Therefore the Buyer is not automatically entitled to issue a debit note for defects.

15. Cancellations and Modifications

All requests to cancel or modify the purchase orders the Buyer may deem necessary of finished, semi-finished or grey fabrics shall be assessed by the Seller on the basis of production progress.

Should bespoke purchase orders be cancelled, the Buyer shall pay all direct production expenses incurred.

Furthermore, the Buyer shall collect the fabric already manufactured.

16. Assignment of the Contract

The Parties expressly agree that the Contract shall not be assigned to third parties in absence of the written consent of the Counterparty. The Party assigning the Contract without such written consent shall be deemed liable first and foremost over the Counterparty.

17. Express Termination Clause in favour of the Seller¹⁵

The Parties agree that the Contract/Purchase Order may be terminated by the Seller in compliance with Art. 1456 of the Italian Civil Code by registered mail if any of the conditions listed below occur:

- Failure to provide the warranties that the Buyer has specially undertaken to provide (if any) in respect of this "Standard Agreement" as far as due payments are concerned, and their later expiration (i.e. withdrawal of credit lines, credit insurance uncoverage, etc.);
- Evident insolvency to the extent to which the contractual obligation cannot be strictly adhered to unless a proper warranty was provided;
- Infringement of the provision pursuant to Article 16 on the prohibition on assigning the Contract to third parties;
- Buyer's infringement of any Seller's industrial property rights

18. Express Termination Clause in favour of the Buyer¹⁶

The Parties agree that the Contract/Purchase Order may be terminated by the Buyer in compliance with Art. 1456 of the Civil Code by registered mail sent to the Seller if any of the conditions listed below occur:

¹⁵ Oppressive clause that to be fully effective must be expressly approved in writing in compliance with Art. 1341 of the Italian Civil Code; in this respect, see appropriate expression at the bottom of this "Standard Agreement"

¹⁶ ibidem.

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- Late deliveries exceeding a tolerance period of 15 days as set forth in Article 8;
- Seller's infringement of the exclusive right he has been granted by the Buyer pursuant to Article 9 par. IV on his own Intellectual Property Right;
- Seller's infringement of any Buyer's Intellectual Property Rights;
- Infringement of the provision pursuant to Article 16 on the prohibition on assigning the Contract to third parties;
- Seller's infringement of Italy's and EU's legal provisions and in particular binding ecotoxicological requirements for textiles during the production cycle.

19. Applicable Law¹⁷

The Contract/Purchase Order between the Parties is governed by Italian Law.

20. Disputes¹⁸

Unless otherwise agreed, for the purpose of mediation, the Parties shall submit any disputes arising from the Contract/Purchase Order to the mediation procedure provided by the Chamber of Commerce of the Seller's registered office.

In case of failure to reach an amicable settlement, the disputes shall be settled by arbitration in compliance with the Regulations of the Arbitration Chamber and administered by the Chamber of Commerce of the Seller's registered office.

The Arbitral Tribunal shall consist of a sole arbitrator appointed by mutual consent of the Parties or, failure to reach an agreement, in compliance with the relevant Arbitration Rules.

The arbitrator shall judge according to law and in compliance with the standards set forth in articles 806 and ff of the Italian Code of Civil Procedure.

¹⁷ Ibidem.

¹⁸ Oppressive clause that to be fully effective must be expressly approved in writing in compliance with Art. 1341 of the Italian Civil Code; in this respect, see appropriate expression at the bottom of this "Standard Agreement"

TECHNICAL SECTION

1. Technical Data Sheet

The fabric technical data sheet (printed on the company letterhead paper with date of issuance and/or revision) including all technical details (parameters, values and procedures) shall be provided for all items the Buyer may request a sample and/or the standard piece in order to prepare a collection. SMI has prepared a standard form in attachment that can be used by the Seller to create its own template using bold fonts to highlight the item's standard parameters and/or other type of fonts for bespoke technical features the Buyer may request and whose additional costs shall be borne by him.

The Buyer, after acknowledgment of the technical data sheet in all its sections, shall decide on his own responsibility whether to use the proposed item for his sample collection on the basis of the intended use.

Any other parameters that the Buyer may request by means of tests not included in the technical data sheet shall be provided at a premium that will cover the costs of further analysis

The parameters given in the technical data sheet can be verified by both Parties in compliance with stated procedures.

Unless otherwise agreed by the Seller and the Buyer, any values of parameters listed in the technical data sheet make reference to those provided by the "SMI Quality Standard" which is an integral part of this "Standard Agreement".

2. Piece Length

Cotton/Wool/Linen and Hemp: each piece is supplied in a standard length as detailed in the technical data sheet. However, the length shall never be shorter than 25 cm

Silk: each piece is supplied in a standard length as detailed in the technical data sheet. However, the length shall never be shorter than 18 cm.

3. Tolerance on quantity

Permissible variation on quantities within orders for each quality/shade/colour are listed below:

- Up to 500 m: +/- 8%
- Between 501 and 1,000 m: +/- 5%
- between 1,001 and 5,000 m: +/- 2% (with minimum quantity 50 m, 35 m for silk fabric)
- over 5,000 m: +/- 1% (with minimum quantity 100 m)

Each piece shall be measured before any further treatment such as steaming or decatizing, and before any cutting for laboratory testing or other purpose. Contrarily, the Seller shall be compensated for cut quantities.

The Buyer will accept a +/- 1% tolerance between the quantity being invoiced and the actual quantity on woven items. This tolerance will be extended to -2% for warp stretch fabrics, leaving untouched the tolerance declared for the supply

Any changes in tolerance shall be arranged by the Parties.

4. Effective Fabric Width

The effective fabric width shall correspond to the details of the technical data sheet of each item.

The "effective width" is the actual usable width without selvages and pinning.

The effective width will be measured on the fabric prior to any treatment or inspection except for the necessary sample inspection or if otherwise agreed by Buyer and Seller.

In case the effective width is narrower than the declared one, the Buyer is entitled to reject the piece or to keep it with a 4% discount to be added to the total per cent difference between the effective width and the one declared in the technical data sheet.

E.g.:

- Effective width declared in the technical data sheet: 150 cm
- Actual usable width: 147 cm
- Difference: 3 cm = 2%
- Discount: 4% + 2% = 6%

Should the Buyer notice that consumption exceeds the above mentioned discount, a higher discount shall be agreed upon with the Seller.

5. Weight of the Fabric

Weight per square meter refers to the finished product with +/- 5% tolerance on the value stated in the technical data sheet. However, this parameter does not apply to some special fabrics such as stretch fabrics, etc.. Tolerances applied to these fabrics are given by the Seller in the technical data sheet.

6. Skew (weft not perpendicular to warp) and bowing (warp way sinuosity)

Both non-conformities may be different according to the type of fabric.

The following tolerances can be applied, if not differently specified by the technical data sheet, and/or otherwise agreed upon between the Buyer and the Seller:

Weft skew:

(the percentage refers to the effective width of the piece)

- Fabrics with visible weft, including printed fabrics: 2% / 2,5% for silk fabrics
- Fabrics with invisible weft: 3%

Sinuosity:

(the percentage refers to the effective fabric width of 1 metre)

- Fabric with visible weft, including printed fabrics: 1%
- Fabric with invisible weft: 2%

Stretched, loose or sinuous selvages are not acceptable and should be included in the tolerances. If present, they must be stated on the technical data sheet.

“Movement” (only for piece-washed and piece-dyed fabrics of cellulosic fibres): applied to fabrics with visible as well as invisible weft ≤ 2%.

7. Measurement of repeats

Fabrics with repeat designs may be supplied with a +/- 2% tolerance on the size of the repeat itself, unless differently stated on the fabric data sheet.

Measurements will be carried out as follows:

Materials:

- A flat table, at least the size of the sample being examined.
- A Line meter

Procedure:

Measure the length of no less than 10 repeats. If repeats are smaller than 10 cm, one meter of fabric is the minimum test length.

At least 5 measurements must be taken along the piece, in fault-free areas.

Results

Readings must be crosschecked with values listed on the contract. If no specification is made in the wording of the contract, the sample piece must be regarded as a standard.

The largest difference, because of smaller or bigger repeats, will be determined.

Drapery fabrics:

Symmetry of a repeating pattern on a fabric piece: this applies when the pattern ratio is ≥ 3 cm

Weft inspection: check regularity of repeating patterns by overlapping selvages, and assess the maximum deviation towards the centre of the piece. Differences not exceeding 9 mm may be accepted.

Warp inspection: measure the length of no less than 10 repeats at the piece head and tail. If repeats are smaller than 10 cm, one metre fabric is the minimum test length. Differences not exceeding 12 mm may be accepted.

8. Dimensional Stability

Standard tolerances of dimensional stability cannot be defined because of the variability of texture, yarn, patterns and typology of fabric. It is therefore recommended to refer to dimensional stability reported in the technical data sheet of individual fabrics.

The Supplier shall undertake to keep to the technical data sheet which should include the maximum dimensional variation. Should values exceed the admitted tolerance, the Buyer and the Seller will reach an agreement on the most appropriate corrective action that might bring stability back within the agreed limits. Whenever the Seller deems it impossible to improve stability, the Buyer is entitled to reject the fabric or to keep it anyway, with a fair discount

9. Repeatability of Colours and Tolerances

The colours of the piece must be verified under a D65 light source and in compliance with the gray scale for assessing change in colour ISO 105-A02, or using a spectrophotometer.

The buyer is supposed to declare the final application of fabric, in case of companion fabrics or ready for mixing & matching.

Perfect repeatability of sample book colours, based on lab tests and small scale printings, cannot be guaranteed on a mass production scale.

Sellers shall endeavor to keep the colour of pieces being produced as close as possible to one of the points here below:

- 1) Colour cards as made available by the Buyer. Digital codes and colours must be approved and cards must be signed and returned to Buyer. In case a colour is not available in the colour sample book of the Seller, the Buyer shall approve a lab-dip sample
- 2) Colour cards as made available by the Seller
- 3) Swatch samples

Any difference in colour between the sample colour and the various production batches shall not exceed index 4 of the grey scale with a half point allowance for eye assessment, and spectrophotometric values set forth by the following table in case of instrumental test.

It may happen, within the same order, that production must be split into separate dye or print batches due to technical reasons. This may cause some slight differences in colour that cannot exceed either index 4 of the gray scale in case of visual inspection, with a half point allowance for eye evaluation, or the spectrophotometric parameters listed in the table below in case of instrumental test.

Plain Colour Fabric (piece or yarn dyed), without any special finishing (e.g. grinding, etc.)

Specifications: CMC (2:1) – D65

Fibres	ΔE
Wool	0,8
Silk	1,0
Cotton/Rayon/Acetate	1,0
Synthetic and blends	1,0

Upon request, the Seller shall mark the original lot on each piece label. Unless otherwise agreed upon, a piece shall not itself be considered a lot. Nevertheless, it is understood that each garment will be made solely of parts to be cut from the same piece. When fabric is cut in multi-ply lays, the Buyer should be very careful to ensure that pieces are kept and processed separately. In case the Buyer has clearly specified that several fabrics made of different fibres and weights are coordinated, companion fabrics and/or ready for mixing & matching, the Seller shall endeavor to maximize colour matching of each and all articles purchased, submitting them if necessary to the Buyer for final approval.

10. Colour variation on centre-to-selvedge and head-to-tail

10.1 "Centre-to-selvedge" means:

- a. The difference in shade between the centre and the 2 selvedges;
- b. The difference in shade between selvedges;
- c. The difference in faded shade between selvedges.

Evenness assessment shall be carried out by visual inspection of the piece and relevant sample under D65 illuminant conditions (ISO 105-A02, Grey Scale for assessing change in colour) or by spectrophotometric testing and readings.

In case visual of inspection, uneven coloring shall not exceed 4/5 on the gray scale with a half point allowance for eye subjectivity.

In case of instrumental assessment, uneven coloring must be measured by a spectrophotometer on the basis of the CMC (2:1) - D65 formula and the resulting delta should not exceed 0.5 ($\Delta E = 0.5$) for all plain fabrics, piece and yarn-dyed alike.

If fabrics will be given special finishing treatment such as emerising, washing-out, open-width dyeing, uneven coloring shall be measured with a spectrophotometer on the basis of the CMC (2:1) - D65 formula and the resulting delta should not exceed 0.7 ($\Delta E = 0.7$) unless otherwise stated on the technical data sheet. For fabrics featuring greater centre-to-selvedge differences in colour shades that cannot be

reconditioned but still can be cut in different width or laying plan, the Buyer shall be compensated with a discount.

10.2 **“Head-to-tail”** means the uneven coloring between the beginning and the end of the sample.

In case of visual inspection unevenness shall not exceed 4 on the gray scale- with a half point allowance for eye subjectivity.

In case of instrumental assessment all uneven coloring must be measured by a spectrophotometer on the basis of the CMC (2:1) - D65 formula and the resulting delta should not exceed 0.7 ($\Delta E = 0.7$) for all plain fabrics, piece and yarn-dyed alike.

11. Colour Fastness

The item refers to the technical data sheet and the provisions of “SMI Quality Standard” , unless otherwise agreed upon between Seller and Buyer.

12. Discounts

Defects shall be marked by the Seller with white labels/marks on the selvages and positioned in the centre point for medium to major defects. If the defect is continuous, the label/mark shall be positioned at beginning and end.

Defects shall be highlighted as follows:

- “minor defect”: green label
- “medium defect”: yellow label
- “major defect”: red label
- “continuous defect”: blue label

Unless otherwise defined between the parties, reference is made to the list below:

Cotton – Linen/Hemp – Wool	Silk
“minor defect” Any defect not exceeding 5 cm both warp and weft wise	“minor defect” Any defect not exceeding 10 cm both warp and weft wise
“medium defect” Any defect between 5 and 60 cm both warp and weft wise;	“medium defect” Any defect between 10 and 70 cm both warp and weft wise;;
“major defect” Any defect exceeding 60 cm weft wise (eg.: sewing belongs to this category)	“major defect” Any defect exceeding 70 cm weft wise (eg.: sewing belongs to this category)
“continuous defect” any defect over 60 cm weft wise and in the usable fabric width	“continuous defect” any defect over 70 cm weft wise and in the usable fabric width

Unless otherwise settled, the discounts are listed here below:

For cotton, linen, hemp and wool items, pieces shall be accepted by the Buyer provided that defects are limited to 16 over 100 metres, and that the total discount does not exceed 8%.

For silk items, pieces shall be accepted by the Buyer provided that defects do not exceed 4% in addition to the defects stated on the technical data sheet.






For menswear fabrics, pieces shall be accepted by the Buyer provided that defects are limited to 16 over 100 metres, and that the total discount does not exceed 10%.

Beyond the limits mentioned above, the provisions set forth in the article on fabric defects included in Legal Section of this "Standard Agreement" shall be applied.

All the intrinsic features of the fabric specified in the technical data sheet cannot be taken into account for discounts.

Cotton – Linen/Hemp – Wool	Silk
"minor defect": 15 cm	"minor defect": 15 cm
"medium defect": 30 cm	"medium defect": 30 cm
"major defect": 60 cm	"major defect" : 70 cm
"continuous defect": up to 3 m the fabric's length, over 3 m to be agreed upon between the Parties	"continuous defect": up to 3 m the fabric's length, over 3 m to be agreed upon between the Parties

TECHNICAL DATA SHEET FORM (to be personalised)*

[2] Company Name					
[3] Article name / Seller's design	[4] Article name / Client's design (prepared by Buyer)	[5] Season (prepared by Buyer)	[6] Trademark (prepared by Buyer)	[7] Statistical Customs Tariff (8 digits) Preferential Origin Non Preferential Origin	
[8] Technical Description			Procedure		
Fibre composition of finished product			Attachments - Reg. 1007/2011		
Weight/Linear m (g/m)	Weight/sq m (g/mq)		UNI 5114		
Total Width (cm)	Minimum Usable Width (cm)		UNI EN 1773 or DIN 53851		
Piece Standard Length (m)			UNI EN 1773		
Weave			ISO 7211-1		
Warp Count (Tex and Nm or Ne or den)	Weft Count (Tex and Nm or Ne or den)		ISO 7211-5		
Warp Reduction (threads/cm)	Weft Reduction (weft/cm)		UNI EN 1049-2		
[9] Fastness			Procedure		
	Light Colours		Dark Colours		
	Fading	Bleeding	Fading	Bleeding	
Ligth			UNI EN ISO 105-B02		
Water washing			UNI EN ISO 105-C06		
Dry washing			UNI EN ISO 105-D01		
Water			UNI EN ISO 105-E01		
Acid Perspiration			UNI EN ISO 105-E04		
Alkaline Perspiration			UNI EN ISO 105-E04		
Dry Rubbing			UNI EN ISO 105-X12		
Wet Rubbing			UNI EN ISO 105-X12		
Ironing			UNI EN ISO 105-X11		
Other special fastness					
[10] Dimension Stability			Procedure		
Steam Ironing	Warp	Weft	DIN 53894		
Water washing	Warp	Weft	UNI EN ISO 5077 / ISO 6330		
Dry washing	Warp	Weft	UNI EN ISO 3175		
[11] Mechanical Features			Procedure		
Seams running resistance (N or kg)	Warp	Weft	UNI EN ISO 13936-1 mm		
Tensile Strength (kg o daN)	Warp	Weft	UNI EN ISO 13934-1		
Wear resistance 9kPa (turns)			UNI EN ISO 12947-2		
Induced tear resistance			UNI EN ISO 13937-2		
Pilling (fabric against fabric)			UNI EN ISO 12945-2 .....turns		
Other mechanical features:					
[12] Maintenance symbols (prepared by Seller)					
					
[13] Treatments					
Dyeing	Description				
Printing	.....			
Finishing	.....			
Type of dyes	.....			
Other	.....			
[14] Other data			Procedure		
Minimum Lot	.....			
Angle difference	.....		BS 2819; ISO16322-2 (movement)	
pH	.....		UNI EN ISO 3071	
Formaldehyde	.....		UNI EN ISO 14184-1	
[15] Defects					
	Description	No./100m	%		
			
[16] Europeans Laws of reference		[17] Issued on		[18] Revised on	
Reg. 1907/2006 as amended (REACH)					
Reg. 1007/2011 as amended (composition)				.....
[19] Notes.....					

• The parameters above are only approximate and not including all types of articles/fibres; the Seller shall prepare the technical data sheet with all the parameters typical of the item being negotiated.

Instructions for Use and Notes on the Unfair contract terms

Our website www.sistemamodaitalia.it contains a Standard Agreement that Sistema Moda Italia (SMI) has developed and now makes freely available. Companies can either take advantage of the full version, select only the parts they deem necessary, or personalize it according to their needs.

If you decide to use the complete version, you can either print out a copy, sign it and attach it to your Purchase Order/Order Acceptance. Or you can include a statement in your Purchase Order/Order Acceptance to incorporate by reference online terms and conditions contained in "SMI Standard Agreement" available and described on this [link to SMI website](#). The above "SMI Standard Agreement" includes a few unfair contract terms pertaining to liability waivers, derogations against counterparts and compromissory clauses. Pursuant to Articles 1341-1342 of the Civil Code, such clauses must be duly signed for approval, failing which are not enforceable.

Use of the SMI Standard Agreement attached to the Purchase Order/Order Acceptance.

Should Parties decide to sign the above agreement, and be bound by the terms and conditions hereto, the document must be integrated with the signatures and the approval of the unfair contract terms and attached to the purchase order/acceptance.

If the Seller suggests the Buyer to use this Standard Agreement, the Buyer is required to countersign the unfair contract terms and, viceversa if this proposal comes from the Buyer, the Seller shall be required to countersign.

With a view to integrating formal requirements, the Parties may also incorporate the statement here below at the end of the Standard Agreement:

"Place and date"

Seller's signature

Buyer's signature

"The Buyer, pursuant to Articles 1341 and 1342 of the Italian Civil Code, hereby declares to have read and approve all the above mentioned clauses and in particular those under points 10 (Fabric Defects), 11 (Claims), 17 (Express Termination Clause in favour of the Seller), 19 (Applicable Law), 20 (Disputes)

"Place and date"

Buyer's signature

"The Seller, pursuant to Articles 1341 and 1342 of the Italian Civil Code, hereby declares to have read and approve all the above mentioned clauses and in particular those under points 8 (Late Deliveries), 10 (Fabric Defects), , 18 (Express Termination Clause in favour of the Buyer), 19 (Applicable Law), 20 (Disputes)

"Place and date"

Seller's signature

Use of the online SMI Standard Agreement incorporated by reference in the Purchase Order/Order Acceptance.

As an alternative, the "SMI Standard Agreement" can be efficiently used also without signing and attaching its printed version to the Purchase Order/Order Acceptance. In this case, companies are required to include a simple statement in their Purchase Order/Order Acceptance which specifies that

<<the contract is regulated by the "SMI Standard Agreement - terms and conditions of sales for orthogonal clothing textiles" available for free on this link to SMI website <http://www.sistemamodaitalia.com/Prj/Hom.asp?qsAppLanCur=EN&qsPagTyp=2&qsMnuNav=01M:3114,01L:0,01C:0,02M:3114,02L:3,02C:3> choosing the file "Standard Agreement - terms and conditions of sales for orthogonal clothing textiles">>

However, in order to approve the unfair contract terms, a specific declaration should be added at the bottom of the Purchase Order/Order Acceptance, and the following specimen should be separately undersigned:

<<We hereby declare to have read and expressly approve all the clauses included in the online "SMI Standard Agreement - terms and conditions of sales for orthogonal clothing textiles" located on on this link to SMI website <http://www.sistemamodaitalia.com/Prj/Hom.asp?qsAppLanCur=EN&qsPagTyp=2&qsMnuNav=01M:3114,01L:0,01C:0,02M:3114,02L:3,02C:3> choosing the file "Standard Agreement - terms and conditions of sales for orthogonal clothing textiles. The Agreement, shall be applicable to the present Purchase Order/Order Acceptance. In particular, pursuant to Articles 1341 and 1342 of the Italian Civil Code we expressly approve the clauses No.: ...>>

The numbered clauses which are deemed to be oppressive pursuant to the previous paragraphs must be added for the counterpart who is also required to undersign.

Approved by the Board 16 May, 2013
Rev. 5/9/2013