

STANDARD GENERAL TERMS AND CONDITIONS OF DELIVERY AND PAYMENT 2016/06/01

1. ACCEPTANCE OF ORDER – CONFIRMATION OF ORDER

a) We work exclusively according to the following Terms and Conditions of Delivery and Payment. These also apply between traders. They are valid for the entire duration of the business relationship with the buyer. Terms and conditions of our customers which contradict these Terms and Conditions of Delivery and Payment only apply if and in so far as their validity have been expressly recognised by us in writing. Silence on our part as regards to differing conditions even in any potential letter of conformation are by no means a form of acknowledgement or consent whatsoever. Our Terms and Conditions of Delivery and Payment in their current version are deemed binding upon acceptance of our delivery at the latest.

b) Orders will be brought about by acceptance of customer's order by the Seller. The Seller may withdraw from the contract to the exclusion of any damage claims within a period of ten (10) days after acceptance of the order. Furthermore, Seller is entitled to notify Purchaser – within a period of six (6) weeks as of the acceptance of the order – by separate letter of any deviations from the rules provided for in the order which will become binding for both parties also insofar as they are not covered by these Standard General Terms and Conditions (cf., inter alia, No. 11) unless Purchaser objects in writing within a period of ten (10) days after dispatch of the order confirmation. In the event of such an objection Seller shall be entitled to withdraw from the contract within a period of further ten (10) days by dispatch of a written declaration to the exclusion of any damage claims.

2. RIGHT OF WITHDRAWAL, RIGHT OF CASH IN ADVANCE, EXTENSION OF DEADLINES

A pre-requisite for the supply obligation is Purchaser's creditworthiness beyond reasonable doubt which the latter assures with the delivery of his order. In the event that – contrary to this assurance – there are doubts as to Purchaser's creditworthiness or if Seller becomes aware of any circumstances after conclusion of the contract by which Seller's claim to compensation in the amount indicated in the order is prejudiced and jeopardized, in particular, a considerable deterioration of financial circumstances, winding-up sale, insolvency petition, execution measures, protest of cheques and promissory notes, or if Purchaser fails to pay due invoices in substantial amounts, if direct debit orders admissible pursuant to § 6 are not honoured or if a credit insurance is not willing to insure an order of Purchaser or if Purchaser has not yet fully performed his payment obligations which are due under former purchase contracts with Seller or third parties, then Seller shall be entitled to demand advance payments or the provision of security or to claim compensation (see 8b), or to withdraw from the contract. Any delivery periods agreed shall be deemed to be interrupted as of such date.

3. INTERRUPTION OF DELIVERY

In the event of force majeure, industrial action, regulatory measures including such interruptions to operations beyond our control which persist longer than one week or are expected to last longer than one week, the current delivery or rectification periods shall be automatically extended by the duration of the hindrance, to exceed no later than five weeks plus the later delivery period. The extension does not apply if the other party is not made immediately aware of the reason for the hindrance. Should the delivery or acceptance of goods in the cases mentioned not take place within the extended delivery or acceptance period, the other party may cancel the contract after a grace period of 12 calendar days to be set.

Claims for damages are excluded in the cases described if the respective party has sufficiently met her or his obligation.

4. SUBSEQUENT DELIVERY PERIOD

After expiry of the delivery period a subsequent delivery period of eighteen (18) days shall commence without any further notice being required. After expiry of the subsequent delivery period the withdrawal from the contract to the exclusion of any damage claims shall be deemed to be effected unless Purchaser requests within a period of further twelve (12) days that the contract has to be fulfilled. If Purchaser intends to claim damages for non-performance or to withdraw from the contract, then he shall fix a subsequent delivery period of four (4) weeks for Seller threatening to deny fulfilment after expiry of the deadline. The subsequent delivery period shall be computed as of the day on which Seller is in receipt of this notice of Purchaser. Prior to expiry of the subsequent delivery period Purchaser's claims for late delivery shall be excluded.

The subsequent delivery periods for goods ready for despatch and NOS goods – „Never-out-of-stock“ is 5 working days. The buyer shall be informed immediately in the event of a subsequent delivery. The terms and conditions shall apply in all other respects.

Any rights of the buyer before expiry of the subsequent delivery period shall be excluded insofar as § 6 does not apply.

5. NOTIFICATION OF DEFECTS, PARTIAL DELIVERIES

a) The buyer is obliged to inspect the goods immediately upon receipt and inform the seller of any defects within a period of 8 days after receipt of goods. The goods shall also be considered as accepted if the buyer does not return the goods resulting from a complaint within one week of the seller's request. Statutory regulations apply for hidden defects. In case of a hidden defect, the buyer has only the right to reduce the purchase price or

cancel the contract with respect to the defective items, insofar as § 6 does not apply.

b) Standard or minor technically unavoidable deviations with respect to quality, fit, colour or style form no grounds for a complaint. In the event of a legitimate complaint, the seller has the right to rectify or deliver replacements free of faults within 14 days upon receipt of the goods. Upon failure to rectify a complaint or provide a replacement, the buyer shall still be entitled to a reduction or cancellation of the contract regarding the defective items.

c) Seller is entitled to effect partial deliveries according to the progress of production and to invoice them separately.

d) In case of a purchase on approval or by sample Seller's liability for apparent defects shall be excluded if the products delivered are in compliance with the sample.

e) If the complaint is not made within the proper period, the goods are considered as accepted.

6. COMPENSATION

Claims for damages by the buyer are excluded, provided nothing to the contrary has been regulated in these terms and conditions.

The exclusion shall not apply if liability as defined by the Product Liability Law, in the event of wilful intent, gross negligence of owners, legal representatives and managers, fraudulent intent, breach of an assumed warranty, case of culpable injury to life, limb or health or the culpable breach of fundamental contractual obligations cannot be established; material contractual obligations are those whose performance affects the agreement and on which the buy may rely. Claims for damages due to breach of fundamental contractual obligations is limited to direct losses foreseeable and typical for this type of agreement, provided no other case has been described in clause 1.

A change in the burden of proof to the buyer's detriment has no connection to the provisions above.

7. PAYMENT, DISCOUNTS AND ALLOWANCES, ELECTRONIC INVOICES, STATEMENTS OF ACCOUNT, DIRECT DEBIT

a) Invoice are issued on the date of despatch.

Payment terms: Pre-orders: within 10 days of invoice date with 4% discount, from the 11th to the 30th day net. Re-orders: non-reduced stock items are payable net after 15 days. Reduced stock items are payable immediately due net.

b) The client also consents to electronic invoicing and shall provide the Seller with a valid email address.

c) In the event that Seller provides account statements with regard to outstanding invoices, the ordering party shall be obliged to review them whether they are correct. In the event that – not with- standing a respective reference in the account statement – he fails to notify any discrepancies in writing within a period of ten (10) days, the receivables as calculated in the statement shall be deemed acknowledged.

d) Seller shall be entitled but not obliged to have the invoiced amounts, which have not been received by Seller within five (5) days after their due date, debited by means of direct debiting including any costs and interest. The same shall apply to all further receivables of Seller which have become due and payable on the basis of Purchaser's arrears of payment.

e) Payments are first credited towards costs, then to interest and – as soon as they have been settled – towards the least secure claim, otherwise towards the longest outstanding main claim. The buyer's right to specify performance pursuant to § 366 para. 1 of the BGB (German Civil Code) is excluded.

8. ARREARS OF PAYMENT, EXCLUSION OF SET-OFF, ALL-INCLUSIVE COMPENSATION IN THE AMOUNT OF 50 %

a) If Purchaser falls in arrears in whole or part with his purchase or payment commitments to a significant extent and for a period exceeding ten (10) days, then the payment deadlines originally granted to Purchaser shall be reduced to seven (7) days as of the date of invoicing. This forfeiture of the originally agreed period for payment shall apply to all claims (receivables) of Seller under the orders given by Purchaser until the day of forfeiture and their complete payment. If payment is made after the due date, then Purchaser shall pay interest in the amount of 8 percentage points above the basic interest rate as of the due date. The interest rate is higher in case that Seller proves a burden at a higher interest rate. Prior to the complete payment of invoiced amounts due including costs and interest or in case of unjustified refusal of acceptance of a delivery of Seller by the ordering party, Seller shall not be obliged to effect any further delivery under any current contract.

Any offset by Purchaser or any retention of goods is admissible only in case of undisputed or legally established claims.

b) In case that Purchaser has not to be supplied by the Seller (e.g. according to § 2 or § 7 a of these Standard General Terms and Conditions of Delivery and Payment), in particular since Purchaser is in arrears with his acceptance or payment obligations, then Seller shall be entitled after expiry of ten (10) days after dispatch of a written notice to that effect to dispose of the products otherwise and to assert the loss suffered by him vis-à-vis the ordering party unless he intends to make use of his right of performance. If Seller

claims damages, this amounts to 50% of the invoice value excluding value-added tax. The amount of damage is to be fixed higher or lower, if Seller proves a higher or if Purchaser proves a lower damage.

9. RESERVATION OF TITLE

a) The delivered goods shall remain the property of the seller until full payment of all principal and ancillary claims of the seller arising from the current business relationship, including claims for damages property, have been settled by the buyer. The retention of title shall also remain in effect if individual claims of the seller are included in an outstanding account and the account is balanced and confirmed. The buyer is only authorised to sell the goods within the scope of ordinary operations of trading business for the duration of this retention of title as long as the buyer's financial circumstances do not deteriorate significantly afterwards. The buyer is also not entitled to pledge goods subject to reservation of title or assign them as collateral or to organise special sales. In the event of a seizure of goods, the buyer is obliged to inform the seller immediately of the seizure by identifying the goods seized and in particular to notify the seller of the creditor's address, the auction date and address of the responsible bailiff. The buyer shall bear the cost of the goods to avert seizure by third parties.

b) Should the buyer be in arrears with the payment of one or more of the seller's outstanding invoices in part or entirety more than 10 days, the seller is entitled to demand the goods subject to reservation of title from the buyer or prohibit the buyer from further use of these goods without requiring exercising this right to be associated with a cancellation of the contract or a transition from the contractual purchase price claim to a claim for damages.

c) If the marketable value of the goods subject to reservation of title by the seller exceeds more than 20%, the buyer shall require that ownership of the goods in the value of the excess amount be transferred to her or him. The seller is entitled to select the goods to be transferred.

d) The buyer is authorised according to the stipulations of the following conditions when reselling the goods subject to reservation of title:

1. The buyer transfers all claims from the resale of the goods subject to reservation of title including all ancillary rights to the seller who in turn accepts this transfer.

2. The seller receives co-ownership in the amount of her or his claim in proportion to the value of her or his rights to the goods.

3. The buyer is entitled to collect claims from the resale of the goods herself or himself, as long as she or he meets the payment obligations on time and as long as her or his financial circumstances do not deteriorate. In the event of such negative developments, the seller will disclose the assignment to the customers and collect the respective claims herself or himself. In such case, the buyer is obliged to provide the seller with the address of the customers to which a summons may be served, and provide the seller with all documents (orders, invoices pp.) which are required to enforce the claim.

4. The buyer is entitled to sell its claims against customers as non-recourse factoring, provided the buyer informs the seller about the factoring company. The buyer relinquishes her or his claims in the amount of the seller's claim to the factoring company who in turn accepts the assignment. He or she collects the proportion of the sale proceeds in trust to the seller's benefit and transfers the amount to the seller. In case of default or deterioration of financial circumstances, the buyer is obliged and the seller entitled to disclose the assignment to the factoring company.

e) The buyer stores the goods subject to reservation of title for the seller free of charge. She or he must insure them within the usual scope against common risks such as fire, theft and water. The buyer hereby assigns her or his claims for damage, entitled to her or him from damages of the nature mentioned above against insurance companies or other liable parties, to the seller in the amount of the goods invoiced. The seller accepts the assignment.

10. PRICE, PACKAGING, DISPATCH (SHIPMENT)

Unless otherwise provided the prices shall be in Euro ex Seller's seat and shall be increased by statutory value-added tax, if any. Unless otherwise provided Seller shall determine the manner of shipment. The goods are not insured without explicit agreement, they travel at the buyer's expense and risk.

11. DELIVERY DATES

a) Unless otherwise expressly provided the delivery dates specified shall be the approximate dates of dispatch.

b) The running of agreed delivery periods shall be interrupted as soon and as long as the ordering party is in default, in whole or in part, with his other payment and acceptance obligations vis-à-vis Seller – also under any further agreements, if any.

c) No fixed-date purchases shall be made.

12. EXCLUSION OF DELIVERY

In the event that on the part of suppliers certain materials and designs are not delivered or if – by reason of a thin order book – the manufacture of individual products is cancelled,

then Seller shall be entitled to adjust the order given accordingly. An overall cancellation on the part of Purchaser shall be excluded in these cases.

13. ON-APPROVAL CONSIGNMENTS

In case of on-approval consignments Purchaser shall be obliged to assume firmly, at least, 50% of the invoiced amount of the on-approval consignments. On-approval consignments which are not again in Seller's possession within eight (8) days after shipment shall be deemed to have been firmly accepted. Late return consignments shall be rejected. For the calculation of the payment date the date of the delivery slip shall be decisive in case of on-approval consignments.

14. RETURNS, SALE

Any returns – with the exception of on-approval consignments or notices of defects announced in advance – require the approval of Seller without which they can be rejected. Any products resulting from inadmissible returns or the rejection of acceptance can be sold by Seller within ten (10) days after an appropriate advance notice like his other remaining stock unless delivery of such products has before been demanded by Purchaser and payment has been made. In case of a sale by Seller Purchaser shall receive a credit note in the amount of the proceeds realized by Seller.

15. EXCLUSIVITY

The Purchaser shall offer the products purchased in his business premises specified in the order. Any other form of sale, in particular online sales, is only permitted with the written consent of the Seller. Purchaser shall be liable for all damages incurred by Seller by any violation of this Agreement. In case of the violation of exclusivity commitments made by Purchaser, which are based on the violation of this Agreement by other customers, Seller shall assign his claims under this Agreement to the injured party – on the latter's request – so that the latter is able to proceed against the infringer. Any more far-reaching claims against Seller shall be excluded hereby.

In principle, Seller shall make no exclusive sale commitments. Exceptions shall be subject to minimum purchasing quantities. Such a commitment shall only relate to the façons and models ordered and shall only apply to the respective season.

16. SIDE AGREEMENTS

a) Any side agreements with persons, whose representative authority for Seller does not follow from the commercial register, shall be ineffective unless they have been expressly confirmed in writing by Seller.

b) Any statements of Purchaser relating to the order shall be addressed exclusively to Seller whose representatives are not entitled to accept the notification of defects, the declaration that the products will be made available, or similar statements.

17. PLACE OF PERFORMANCE AND VENUE

a) Place of performance, also in case of the conclusion of fixed-date transactions, if any, shall be Seller's seat.

b) Venue – also for proceedings based on promissory notes or cheques – shall be Munich for all disputes between the parties. In the event that a domestic purchaser is not a merchant the foregoing agreement on the venue shall be concluded only for the case that the person against whom a claim is asserted by legal action – after conclusion of the contract – transfers his residence or habitual abode outside the purview of the German Code of Civil Procedure or if his residence or habitual abode is not known at the date of the filing of the action.

c) At his option, Seller shall be entitled at any time to file an action at the seat of Purchaser.

d) The legal relations also with foreign ordering parties shall be governed exclusively by German law. The applicability of the uniform UN Sales Convention – CISG – shall be excluded. Only the purchase law of the German Civil Code and the German Commercial Code shall be decisive. Even if this is not provided for in their domestic law, foreign – and domestic – purchasers shall be obliged to reimburse the supplier for all costs incurred in connection with the prosecution of his claims arising under a purchase order, including any costs incurred in Germany.

18. MISCELLANEOUS

a) In the event that a provision of these Standard General Terms and Conditions is or becomes ineffective, in whole or in part, then this shall not affect the validity of the remaining provisions.

b) Insofar as these Terms and Conditions do not contain a regulation or are ineffective, in whole or in part, then the Uniform Terms of the German Textile and Clothing Industry as amended shall be applicable.

In case of discrepancies between the standard conditions of the German textile and clothing industry and these Terms and Conditions of Delivery and Payment, our terms and conditions shall take precedence

c) In the event that tacitly a party does not make use of any rights to which it is entitled this shall not constitute a waiver of these rights.

d) Seller is entitled to store personal data of Purchaser obtained within the course of the business relationship for his purposes.

e) Insofar these Terms and Conditions require the written form for a statement, this shall also be deemed met if the statement is submitted in text form.