TEXTILE AND APPAREL PROCESS COMMISSION Sistema Moda Italia

SALES CONDITIONS AND QUALITY REGULATIONS

Woven Fabrics

December 2000



1. Confirmation of order

The order can be considered as accepted only after the Supplier has issued, within 10 consecutive days of receipt of the order, his confirmation of order indicating the agreed delivery date.

2. Standard piecegoods

Sales to the Garment Manufacturers are made taking as reference samples the sample swatches and/or standard piece. The Garment Manufacturer will carry out tests of cutting, sewing and ironing and will verify its fitness for the use which he intends to make of it. Subsequent supplies will refer to the same sample as regards the appearance, handle, color of the shade variant and results of the cutting, sewing and ironing tests. All unless modified by any possible later agreement between the Garment Manufacturer and the Supplier.

The above characteristics refer to the standard piece that has not undergone any additional treatment, in the absence of an data sheet.

The Garment Manufacturer is advised to inform the Supplier beforehand of any coordination of fabrics, designs, or colors differing in the weight and/or composition.

3. Data sheet

For all products for which the Garment Manufacturer has requested yardage in order to prepare the sample collection and/or the standard piece, the data sheet must always be supplied at the same time, containing the elements listed hereafter (a sample form is enclosed):

- special features of the fabric;
- composition of finished fabric (fiber and yarn counts);
- weight per square meter and per linear meter;
- total width (including selvages);
- usable width excluding selvages, stenter clip holes, or other indelible marks caused by finishing machines or, if the fabric is free of selvages, the width between the two edges minus 1 cm per side, unless other agreements have been reached to satisfy specific requests of the Garment Manufacturer;
- dimensional stability to steam and possible washings;
- color fastness of shade variants defined and applied;
- strength of seams, pilling, tensile strength and wear resistance shall be indicated only upon explicit request.

The Garment Manufacturer, after examining all parts of the data sheet will decide whether or

not to use the product in his sample collection depending on the use for which it is intended.

Other elements, which may be definable through laboratory tests and are not included in the

data sheet, if requested by the Garment Manufacturer, can be supplied with the charge at cost

of the expenses sustained for the relative tests.

In case of claims, the control tests must be carried out in laboratories authorized by the

National System for the Authorization of Laboratories (SINAL).

4. Piece length

The physical length of the piecegoods delivered is normally the length indicated on the data

sheet. Pieces having a length $\pm 10\%$ of the declared length are considered acceptable.

5. Tolerance on quantity supplied

The tolerances considered acceptable for supplies of every seasonal order for each type and

color variant are as follows:

- up to 1,000 m: $\pm 5\%$

- from 1,000 to 5,000 m: \pm 3%

- over: $\pm 2\%$

Between the length invoiced and the measured length, the Garment Manufacturer shall accept

a tolerance for a lesser length of 1% for warp/weft fabrics and 2% for fabrics elasticized in the

warp.

6. Fabric width

For the width of the fabric reference shall be made to the measurement indicated in the data

sheet for each product and repeated in the confirmation of order.

Measurement of the width shall be made on the fabric that has not undergone additional

treatment, unless otherwise agreed upon between Garment Manufacturer and Supplier.

If the width is inferior to the usable width declared, the Garment Manufacturer may reject the

piece or accept it with an allowance of 4% plus the difference in percentage between the

effective and declared width.

For example:

- width defined by contract: 150 cm;

- usable width: 147 cm:

- difference: 3 cm. = 2%:

- allowance: 4% + 2% = 6%.

If the Garment Manufacturer should sustain a higher specific damage than the allowance mentioned, he may agree with the Supplier on a higher allowance.

7. Fabric weight

The fabric weight refers to the finished product, with a tolerance of -4/+6% per square meter with respect to the weight declared in the data sheet. However, these parameters do not apply to special types of fabrics (stretch fabrics, etc.), where the tolerances shall be as indicated by the supplier in the data sheet.

8. Bowing in linear weft (in relation to total width of piece) and waviness (in relation to the length)

Bowing and waviness are subject to variation depending on the type of fabric defect.

The following tolerances are allowed, unless indicated otherwise in the data sheet

Bowing in linear weft:

- fabrics with visible weft including printed fabrics: 2%;
- fabrics in which the weft is not visible: 3%.

Waviness:

- fabrics with visible weft including printed fabrics: 1%;
- fabrics in which the weft is not visible: 2%.

9. Measurement of ratios

In case of fabrics with ratio, a tolerance of \pm 2% on the measurement of the ratio is allowed, unless indicated otherwise in the data sheet.

The method of detection is the following:

Material

- table at least as wide as the piece to be controlled
- graduated ruler.

Procedure

Measure the length of at least 10 ratios. In case of ratios inferior to 10 cm. measure at least one meter of fabric.

Measurement must be made in a point that is free of defects, with at least 5 measurements along the piece.

Results

The measurements obtained shall be compared with those required by the contract or, in the absence of this type of definition, with those found on the standard sample.

The greater deviation shall be taken into account, whether more or less.

10. Dimensional stability

The dimensional stability of the fabric cannot be standardized on account of the structure, type of yarn, type of weave and category of the product; therefore reference should be made to the data sheet specific for each product.

The Supplier agrees to comply with the data on the data sheet. If the stability declared in the data sheet is accepted by the Garment Manufacturer, the piecegoods on order must present the same maximum values. If not, the Garment Manufacturer shall reach an agreement with the Supplier to restore the stability to acceptable values. If the Supplier is unable to reach acceptable values the Garment Manufacturer may return the fabric or negotiate an appropriate allowance.

For possible controversies, reference is made:

- for menswear fabrics, to standard DIN 53894;
- for womenswear fabrics, to the following test procedure:

15" of steaming on semi-closed plate + 10" of suction;

measure values;

move the fabric:

15" of ironing + 10" of suction on the same piece;

measure values.

NOTE: In case of claims, the tests must be carried out in a conditioned environment (not in the normalcy of the tests themselves).

11. Reproducibility of colors – Tolerance

Colors must always be evaluated under a light source that conforms with lighting D65 of the International Illumination Commission (C.I.E.) and in the absence of metamerism.

In the first place, the Garment Manufacturer is required to declare the use of the fabric, if it is for composè or mix and match apparel

On an industrial scale, perfect reproduction of the colors produced on samples with lab dips and print runs cannot be guaranteed with respect to production with hand-machine or cylinder printing. The supplier will do his best to ensure that the color of the pieces in production is as close as possible to:

1) the shade cards sent to the Garment Manufacturer for approval of code numbers and color, that must be returned counter-signed for acceptance. If there is no shade card for the samples, the approval of the Garment Manufacturer must be requested on the lab-dip;

- 2) supplier's shade card;
- 3) sample yardage.

In the sphere of the same order, if it should be necessary, for technical reasons, to divide the production into dye/print lots, there may be slight differences in color between one lot and another, that must not exceed the spectrophotometric parameters indicated in the table:

Plain fabrics (piece-dyed or yarn-dyed), in the absence of particular finishing treatment such as emery treatment, etc.

Specifications: CMC (2:1) - D65

Fiber	D E
Wool	0,8
Silk	0,8
Cotton/Viscose/Acetate	1,2
Synthetics and blends	1,2

The reference to the lot of pertinence shall be indicated by the Supplier on the tags of the separate pieces, considering that a single piece, unless agreed otherwise, cannot constitute a lot. It remains understood that the operation of assembly for each garment will be made solely from parts cut from the same piece. In case of cutting in pads, the Garment Manufacturer will take care to maintain a definite separation of the pieces.

If the Garment Manufacturer has notified the Supplier that different fabrics in different fibers and weights are to be coordinated, used in compose and/or for mixing and matching, the Supplier will do the utmost to ensure that the color of the same or different products on order, matches as closely as possible, possibly submitting it to the Garment Manufacturer for final ratification.

12. Color variation for: center-selvage, head-tail, etc.

Evaluation of uniformity shall be made by a qualified person by visual examination of the piece and relative sample ring under lighting type D65.

By center-selvage is meant:

- a) the difference between the center and the two selvages;
- b) the difference between one selvage and the other;
- c) the difference in shading between one selvage and the other.

The color differences measured with a spectrophotometer, formula CMC (2:1) - D65, must not exceed $\Delta E = 0.5$ for all plain fabrics (piece-dyed or yarn-dyed).

For fabrics dyed in black or navy blue the tolerance is $\Delta E = 0.3$.

For fabrics that undergo special finishing treatments, such as emery grinding, or open-width dyeing, the values indicated in the data sheet apply.

By head-tail is meant the color difference between the center of the ring of head and tail.

In this case the color differences measured with a spectrophotometer, formula CMC (2:1) -

D65, must not exceed Δ E = 0,6 for all fabrics. Measurement is made from center to piece center of the head ring and tail ring.

Listing and other types of uneven dyeing are difficult to detect visually and as such are considered among hidden faults.

13. Color fastness

For the following fastnesses: to light, to perspiration, to dry cleaning with perchlorethylene, to washing in water, to rubbing, to ironing, to water drip and fastness in water, the values declared in the data sheet apply, according to the ISO 105 standards.

14. Fabric flaws

Visible or apparent flaws are defects that can be detected visually on the fabric as delivered and that are prejudicial for the finished garment.

Hidden or invisible flaws are defects that can only be detected using special scientific instruments, or that appear during or after normal manufacturing operations or during use of the garment.

15. Allowances

The commercial consequences of defects vary depending on the following ratings.

The defect is considered:

- 'small' if it measures less than 10 cm in either the warp or weft;
- 'medium' if it exceeds 10 cm, but does not exceed 70 cm;
- 'large' if its dimensions in the warp or weft exceed 70 cm.
- for a small defect, indicated with a green sticker, the standard allowance is 15 cm;
- for a medium defect, indicated with a yellow sticker, the standard allowance is 30 cm;
- for a large defect in the weft, indicated with a red sticker, the standard allowance is 60 cm;
- for a large defect in the warp, exceeding 70 cm, the standard allowance is equal to the length of the defect, indicated with a blue sticker at the beginning and end.

The piecegoods shall be accepted by the Garment Manufacturer with no more than eight flaws on a basis of 50 meters, or relative allowance of 8%.

For classical menswear fabrics, the piecegoods shall be accepted by the Garment Manufacturer with no more than six flaw on a basis of 50 meters, or relative allowance of 5%. Beyond these limits the Garment Manufacturer may return the piecegoods or negotiate the appropriate allowance for acceptance.

16. Claims

Specifically as regards visible flaws, the responsibility of the supplier is limited to goods in their original state, not subjected to any other treatments (such as steaming or decatizing), unless the parties have agreed otherwise.

Any claim for visible flaws must be notified in writing within 10 working days of receipt of the goods to the Garment Manufacturer. The claim may also be announced previously by phone and continuation of processing shall be agreed upon with at the reciprocal responsibility of the parties.

As regards hidden flaws, these must be reported within 8 days of discovery by the Garment Manufacturer and/or receipt by the Garment Manufacturer of notice from the final client.

Claimed goods must remain for 10 consecutive days at the disposal of the supplier for any necessary examination and must be preserved with normal diligence.

Definition of the damage due to hidden defects will be negotiated by the parties.

17. Returns

Returns of piecegoods due to defects must be authorized by the supplier in writing or by phone within 10 consecutive days of receipt of the claim, after ascertaining the grounds of the claim, at the request of the supplier. If no inspection is made, the goods are automatically returned.

Authorized returns are shipped at the supplier's expense.

The returned piecegoods must be rolled on a cardboard tube and protected by suitable packing materials, with the right side of the fabric on the inside of the roll. Pile fabrics must not be rolled against the nap.

The stickers (or other markers) signaling flaws shall be present on the returned piecegoods, if the reason for the return is defective quality found during inspection of the piecegoods by the Garment Manufacturer.

When the returned piecegoods can be reprocessed, they must be returned to the Garment Manufacturer within 10 consecutive days unless agreed otherwise.

18. Terms and methods of delivery

By date of delivery is meant the date agreed upon and indicated in the confirmation of order. Starting from the 19th until the 30th consecutive day after the agreed date of delivery, a penalty of 2% shall be applied. From the 31st to the 45th day the penalty is 4%. After the 45th day the Garment Manufacturer shall have the faculty to refuse the goods and may also charge the supplier for damages due to failure to deliver, or negotiate an allowance with the supplier. Delays in delivery due to events beyond the control of the supplier (strikes, exceptional weather, material damages, etc.), if promptly reported to the Garment Manufacturer, indicating a new delivery date, are not grounds for cancellation, returned or requests for damages.

The piecegoods delivered must be wound in full width on a cardboard tube and protected by suitable packing materials, with the right side of the fabric on the inside of the roll. Pile fabrics must not be rolled against the nap.

19. Cancellations

Requests of cancellation by the Garment Manufacturer shall be evaluated by the supplier in relation to the amount of progress made in their production of the materials and the possible resale of the fabric in question. In case of cancellation of orders for goods on exclusive, the Garment Manufacturer shall be charged for the expenses sustained for the production of the product (panels, cylinders and plants for jacquard designs).

20. Payment terms

The payment terms are as agreed between the parties and indicated on every order and relative confirmation of order.

Payment must always be made directly to the address of the supplier, unless agreed otherwise. Failure to make payment at the exact deadline will cause the loss of right to any discount agreed upon.

If the client should fail to meet his obligation to pay an invoice or installment on a bill, after clarification with the Garment Manufacturer, the supplier shall be authorized, unless otherwise agreed, to suspend further deliveries of any other orders, pending receipt of payment in full of the debt, without the need to place the client in default. For any controversies not resolved by mutual agreement the laws on the subject of supplies shall apply.

21. Validity of price lists

At the time of selecting the products, the supplier shall communicate the list prices to the Garment Manufacturer (samples and regular production) with the relative minimum amounts per product/variant. At the time of the sample order the Supplier shall confirm to the Garment Manufacturer the prices in effect for the entire selling season.

22. Arbitration

Any possible controversies that should arise in relation to the performance or interpretation of the supply contracts stipulated, by virtue of the letter of offer and these general conditions, including controversies relative to the determination of possible damages, shall follow the normal arbitration procedure.