

GENERAL CONDITIONS OF SALE

1. - Scope of application

All current and future orders for yarns, fabrics, furniture items and private label finished goods by the buyer to Loro Piana S.p.A. - Textile Division - ("**Loro Piana**") shall be governed by the general conditions set henceforth. Each derogation shall be valid only if previously agreed in a written form.

The general conditions herein shall remain in force so long as they have possibly been replaced or amended by new general conditions stated by Loro Piana in a written form.

2. - Execution of the Agreement

Sending an order to Loro Piana shall be construed as acceptance of all the general conditions henceforth.

The order shall be interpreted as a binding offer for an agreement, which will be performed only through written confirmation by Loro Piana.

In the event of failure of written confirmation by Loro Piana within 15 days of the order date, the order shall be intended as rejected.

Orders possibly performed by Loro Piana including by way of derogation to the above shall be deemed as accepted, without need of notice, if and to the extent they are received and not rejected by the buyer upon delivery.

Art. 3. - Change in solvency conditions of the buyer

Should the economic or financial conditions of a buyer or its ability to pay previous supplies change in such a way that would jeopardise its solvency capabilities, Loro Piana reserves the right to cancel the confirmation of an order or suspend the performance thereof, pursuant to Art. 1461 of the Italian Civil Code, unless suitable warranties are provided.

Art. 4. - Supply to Government Institutions

Supply of goods by Loro Piana is subject to constraints consequent to supply requests arising from a general or coercive measures by Government or Semi-Government Institutions. In such instances, the total or partial quantity yet to be manufactured at the deadline for delivery shall be definitively cancelled.

Art. 5. - Terms of delivery

Delivery deadlines shall be deemed as fulfilled when the goods are handed to the carrier or to the freight company.

The deadlines for delivery that may be specified in the order confirmation or subsequently amended shall be deemed as fulfilled with a grace period of 15 days. In the event of delay exceeding 15 days, Loro Piana and the buyer shall liaise in order to resolve the issue amicably and in good faith.

Without prejudice to the above, delays caused by force majeure events may not be a cause of claims or cancellation of the order.

Art. 6. - Retention of title

Without prejudice to the provisions of Art. 6 a (applicable to German buyers only) hereby, property of goods is intended to be transferred by Loro Piana to the buyer upon full payment of the price of such goods pertaining to each order, including those orders already performed by Loro Piana. Prices include interests accrued as well as any other additional outstanding amount.

Art. 6 a - Retention of title (applicable to German buyers only)

- 1) Loro Piana shall retain the property in the goods until all receivables, including any ancillary rights, requests for damage compensation as well as for cheques and promissory notes, have been fulfilled.
- 2) The retention of title shall remain vested in Loro Piana also in the event individual requests by Loro Piana are included in an open account whose balance is calculated and acknowledged.
- 3) Should the purchaser transform the goods subject to retention of title into a new movable asset, said transformation is deemed in favour of Loro Piana and devoid of any obligation whatsoever for the latter. The new item shall become the property of Loro Piana. In the event of transformation, combination and amalgamation with goods not belonging to Loro Piana, the latter shall acquire the property right in the new item thus created, up to the value of the invoiced goods subject to the retention of title, against the total value.
- 4) The purchaser shall have the right to resell, subsequently process or combine the purchased goods subject to the retention of title only in compliance with the provisions here below and only to the extent to which the receivables pursuant to article 6) are, even in actual fact, assigned to Loro Piana.
- 5) The right of the purchaser to dispose of, transform or incorporate the goods subject to the retention of title within its ordinary course of business, shall cease upon rescission by Loro Piana, following a prolonged deterioration of the purchaser's financial and economic condition, however at the latest upon the default of payments by the purchaser or in the event of a petition, or else, a proceeding relating to an arrangement with creditors or bankruptcy filing with regard to its assets.
- 6) a) Consequently, the purchaser shall assign to Loro Piana all receivables, including any ancillary rights arising from the resale of goods subject to the retention of title, comprising credit balances if any.

b) In the event the goods have been transformed, combined or amalgamated and Loro Piana has acquired the property right up to the value of the invoice, Loro Piana shall be entitled to the purchase price thereof in proportion to the value of its rights on the goods. In the event the goods subject to the retention of title have been incorporated in a plot of land/a part of a building, the purchaser shall assign, from the present moment in time, all monies arising from such transaction or from the sale of such land/building, for an amount equal in value to the invoiced goods subject to the retention of title, together with all ancillary rights and a mortgage having priority over other liens.

c) In the event the purchaser has assigned the amount owed through a factoring agreement without recourse (or pro soluto), Loro Piana receivables shall become immediately collectible and the purchaser shall assign to Loro Piana the sum included in the factoring process and immediately forward to Loro Piana the proceeds so obtained. Loro Piana shall accept said assignment.

- 7) The purchaser is entitled – provided it complies with its payment obligations – to collect the accounts assigned. Said entitlement shall cease upon rescission or consequent to rescission, however at the latest upon the default of payments by the purchaser, or following a prolonged deterioration of the purchaser’s financial and economic condition. In such event, Loro Piana is authorised by the purchaser to notify the clients of the assignment and collect the accounts receivable. The purchaser is required to submit to Loro Piana, upon its request, an accurate statement of the sums owed to Loro Piana, stating the name and address of the clients, the amount of each receivable, date of invoice, etc., as well as to provide all the information necessary to assert claims by Loro Piana to the sums receivable and allow the validation of the information provided.
- 8) Should the value of the outstanding warranty for Loro Piana be more than 20% in excess of all other receivables, then Loro Piana – upon request made by the purchaser or by a third party that has suffered damages due to Loro Piana’s excess warranty – shall be liable at its judgement within limits for the release of the warranties.

Art. 7. - Tolerance

Small flaws and non-conformities in goods may be related to the intrinsic features of the components used to manufacture the goods and may not be a cause of claim.

The total amount of goods dispatched may be up to 5% lower or higher in quantity, weight and thickness than the confirmed amount.

(The following paragraph is applicable to yarns only) The total amount of goods dispatched – to be intended as the “scale weight” of goods – may be up to 5% lower or higher than the confirmed amount. Without prejudice to this provision, goods shall be invoiced at their “conditioned weight”, which may vary according to the item and its composition.

Art. 8. - Multiple deliveries

Without prejudice to the provisions of Art. 6 a (for German buyers only), in the event an order is performed through multiple deliveries, each delivery shall be construed as stand-alone in relation to the issue and payment of invoices. The payment may not be postponed by the buyer pending subsequent and future deliveries.

Art. 9. - Prices

Prices are intended net of VAT (when applicable).

Art. 10. - Terms of delivery

Unless otherwise agreed in writing, goods are sold *ex works (Incoterms 2010)* from the Italian warehouse of Loro Piana. Goods travel at the risk and peril of the buyer, even when the carrier has been selected by Loro Piana. The buyer shall provide at its own cost any possible insurance to cover transportation-related risks.

Art. 11. - Inspection of goods, claims and returns of goods

The buyer shall inspect the goods as soon as they are delivered, even when said goods are delivered to a third party chosen by the buyer.

(The following paragraph is applicable to fabrics only) No claims shall be accepted after the goods have been cut or processed.

Without prejudice to the provisions of Art. 7 herein, any claim regarding flaws and/or non-conformities of the goods to samples and/or orders and/or order confirmations must be submitted by the buyer within 15 days of receipt of the goods, without prejudice to the provisions of Art. 1495 of the Italian Civil Code.

No returns shall be accepted for goods that the buyer has ordered erroneously.

Loro Piana shall reject returns of goods that have not been previously authorized in written form.

Unless in the event of flaws and/or non-conformities of the goods, in which case Loro Piana and the buyer shall agree on the terms of return, returned goods shall be dispatched carriage and insurance paid - and DDP Incoterms 2010 if necessary - to the registered office of Loro Piana in Italy, or to a different Italian address if so notified in written form by Loro Piana.

In any event, the buyer shall request in written form to Loro Piana the confirmation of the address prior to dispatching the returned goods.

Art. 12. - Payments

Unless otherwise agreed by the parties in writing, payments shall be performed in advance by credit card (Visa or MasterCard).

Loro Piana reserves the right to reject payments that have been performed in ways and by means other than those stated in the order or in the invoice.

Trade bills and promissory notes shall not modify the location in which payments must be performed, which remains the domicile of the creditor.

Payments may not be suspended nor can they be reduced or set off in any way by the buyer unless otherwise agreed in writing by Loro Piana. Payments shall be attributed pursuant to the provisions of Art. 1193.2 and 1194 of the Italian Civil Code.

Art. 13. - Delay in payments

In the event of delay in invoice payments exceeding 15 days, Loro Piana reserves the right to terminate the agreement and cancel all pending orders, including confirmed orders, by notifying it in writing to the buyer.

Art. 14. - Late payment interests

Without prejudice to the provisions of art. 13 and to indemnification rights for any additional damage, in the event of late payments of invoices, the buyer shall correspond arrears from the day of expiry up to the actual day of payment

pursuant to Art. 5.1 and Art. 5.2, Legislative Decree 231 dated 9.10.2002, as amended pursuant to Legislative Decree no. 192 dated 9.11.2012 as applicable.

Art. 15. - Loro Piana name and Loro Piana brands

The buyer acknowledges and recognizes that the Loro Piana name is associated with excellence. The buyer therefore undertakes to cooperate to safeguard the image and renown of the Loro Piana name and its brands.

The buyer may not utilise or reproduce the name Loro Piana nor its brands for commercial or marketing purposes or any other purpose in general, unless otherwise agreed in writing with Loro Piana.

Any mention of Loro Piana or its products in any communication shall remain exclusively reserved to Loro Piana, unless otherwise agreed in writing on a case-by-case basis. The buyer shall therefore abstain from creating communication and/or materials and/or arrangements of any nature and with any means that would bear the name Loro Piana or its brands.

(The following paragraphs are applicable to fabrics only) Loro Piana labels that may be provided on a case-by-case basis with Loro Piana goods shall be used solely and exclusively with said goods. The buyer shall therefore abstain from using the Loro Piana labels in productions that differ from previous agreements and specifically during “special” commercial transactions that may involve goods in themselves or products that are used for their manufacturing, including for example destocking, high discount sales, promotional sales etc.

Materials and/or arrangements of any type and with any means (for example, bunch/bundles of fabric, folders etc.) in which the name and brands of Loro Piana are used, when supplied on a case-by-case basis with Loro Piana goods, shall be used only and solely with said goods and only in relation with retail sale activities by the buyer, with the exclusion of destocking, high discount sales, promotional sales etc., and they may not be sold in any event nor transferred to third parties and/or assignees, not even when they are sold with the goods.

(The following paragraph is applicable to yarns only) Should the buyer re-sell the goods, such sale may occur only if the name, brands and logos of Loro Piana as well as any reference thereto have been removed from the product and/or packaging and/or stocking material (including yarn distaffs).

Obligations deriving from this article are undertaken by the buyer also vis-à-vis his assignees (e.g. clients/resellers) pursuant to Art. 1381 of the Italian Civil Code.

The buyer shall be liable for all violations of provisions envisaged in the article herein which may cause damage to the image or rights of Loro Piana.

Art. 16. - Non-exclusivity

Purchases does not imply the right of exclusivity, unless otherwise explicitly agreed in writing by Loro Piana.

Supply of goods by Loro Piana in a certain season does not imply any further obligation regarding supply in subsequent seasons, nor any right of notification to the buyer should Loro Piana opt to discontinue further supplies of goods.

Art. 17. - Applicable law

These general conditions, every order, confirmation of order or agreement regulated by them are governed by Italian Law, with the exclusion of rules on conflicts of laws and international conventions, treaties or acts that may be applicable, and specifically the Convention of Vienna governing the international sale of goods, without prejudice to Article 6 a herein (applicable to German buyers only).

Art. 18. - Disputes

All disputes concerning the validity, interpretation, execution of general sale conditions or orders, confirmation of orders or agreements that are governed by the general conditions herein, if involving parties within the European Economic Area, shall be deferred to the exclusive jurisdiction of the Court of Vercelli.

If said controversy should arise with a party with domicile or registered office outside the European Economic Area, it shall be settled exclusively by arbitration pursuant to the Arbitration Regulations of the National and International Arbitration Court of Milan, by a panel of three arbitrators appointed in compliance with said Regulations. The arbitration seat shall be Milan and the proceedings shall be in Italian, under the rules of the aforementioned Regulations.

Art.19. - Payment injunctions

Any injunction for payment shall be deferred to the exclusive jurisdiction of the Court of Vercelli.

Art. 20. - Italian Legislative Decree 231/2001

The buyer undertakes, as far as applicable to this agreement:

- (i) to abstain from behaviours and/or actions which may result in one of the crimes contemplated in the Italian Legislative Decree 231 dated 8.6.2001 (the "**Decree**") - by way of example and without limitation thereto: corruption crimes, IT crimes, environmental crimes, crimes connected to the violation of the copyright, slavery, manslaughter committed with violation of labour health and safety rules - (the "**Crimes**");
- (ii) to view the Loro Piana S.p.A. Organization Management and Control Model pursuant to the Decree, including its Code of Ethics and Disciplinary System, (the "**Model**"), which is available on www.loropiana.com/media/Loro_Piana_SpA_Modello_231_ENG.pdf, and to respect the principles of Crimes prevention therein contained.

Failure to comply with the undertakings under (i) e (ii) above constitutes a serious contractual breach and results in the imposition of sanctions, to be determined in conformity with the Disciplinary System of the Model, ranging from a verbal or written warning up to the immediate termination of this agreement upon prior written notice.

Art. 21. - Trade sanctions

It is of paramount importance to Loro Piana that the buyer complies with all US and EU economic sanctions laws and regulations imposed by the US, the EU, the UN and any other countries and/or international organizations. The buyer represents and warrants to Loro Piana that neither itself nor any and all of its customers or other third parties to be involved in the distribution and sale of goods purchased from Loro Piana are included on any of the restricted party lists, including, but not limited to, the Specially Designated Nationals List or Foreign Sanctions Evaders List administered by the US Treasury Department's OFAC, the Denied Persons List, Unverified List or Entity List maintained by the US Commerce Department's Bureau of Industry and Security, or the Consolidated List of persons, groups and entities subject to EU financial sanctions, etc..

Failure to comply with all the laws, regulations, rules, orders, export controls and economic sanctions mentioned in this article shall constitute a material violation entitling Loro Piana to terminate unilaterally any commercial relationship with the buyer.

Pursuant to Art. 1341 and 1342 of the Italian Civil Code, the following articles are expressly agreed:

art. 6 and 6 a (Retention of title);

art. 7 (Tolerance);

art. 11 (Inspection of goods, claims and returns of goods);

art. 12 (Payments);

art. 13 (Delay in payments);

art. 17 (Applicable law);

art. 18 (Disputes);

art. 19 (Payment injunctions).