

# **GENERAL TERMS AND CONDITIONS WEAVING**

## ***1. Validity***

Without exception, all supplies and services provided by the Seller shall be governed by these General Terms and Conditions. General terms and conditions of whatever type, especially conditions of purchase, which contradict these General Terms and Conditions shall be totally invalid, irrespective of when and in which form these are brought to the attention of the Seller. Agreements deviating from individual items of these General Terms and Conditions shall only be effective with regard to the specific points in question and in order to be valid shall require the prior, explicit and written confirmation of the Seller. Silence in respect of the General Terms and Conditions of the Buyer shall in no way be construed as consent.

## ***2. Retention of Title:***

The Seller reserves its title to any goods delivered until full payment of the purchase price has been effected. In case of any resale of such goods on a cash sale basis, such portion of the proceeds obtained from such transaction as equals the purchase price still outstanding at that time shall not pass into the ownership of the conditional Buyer, who shall keep such an amount separate and then transfer it immediately to the Seller. In the case of any other resale transaction, the Buyer shall be obliged to assign to the Seller such portion of the claim payable to the Buyer by the purchaser under such a transaction as equals the purchase price still outstanding at that time, and to notify the Seller immediately of such a resale transaction, specifying the name of the purchaser. The Buyer shall be obliged to provide the Seller with any information required for the assertion of such an assigned claim and to allow the Seller to verify such information. If the Buyer combines, mixes or processes any reserved goods to form a new chattel, this shall not put the Seller under any obligation whatsoever. The Buyer does not acquire ownership of such a new chattel by virtue of such combination, mixing or processing. In the case of the combination, mixing or processing of any reserved goods with goods not owned by the Seller, the Seller shall acquire co-ownership of the new chattel at a ratio corresponding to the proportion of the invoice value of the Seller's reserved goods to the total value. In such cases where the chattel has been combined, mixed or processed, the Seller shall be entitled to a share of the purchase price proportionate to the value of its title to the goods. The Buyer shall be obliged to ensure the proper storage of any reserved goods. Furthermore, the Buyer shall be obliged to insure the goods against the usual risks, such as fire, flood and theft, and to assign to the Seller any claim for compensation the Buyer may have against any insurance company or other entity liable to pay compensation in connection with any such damage, to such extent as equals the outstanding purchase price of the goods.

## ***3. Arbitration and Governing Law***

The Parties hereby agree to oust the jurisdiction of a court and to submit any and all disputes arising out of or in connection with this Contract or any future business transactions concluded between the Parties to the Arbitration Rules and the court of arbitration of the Vienna Commodity Exchange, which shall apply Austrian law subject to the exclusion of the UN right of purchase.

#### **4. Terms of Payment**

Invoices shall be payable in accordance with the agreed terms of payment. In the case of payment after the due date, default interest will be charged. The interest rate shall be 3.5 percent above the base interest rate applicable at the due date. In the case of any delay in payment, the Buyer shall reimburse all dunning and collecting charges incurred. In such cases where payments have become due and the payment of interest and charges has been requested, the Seller shall have the right to suspend any crediting pursuant to § 41 of the rules governing general usage. The Buyer shall not be entitled to offset any counterclaims against the claims of the Seller, withhold any invoiced amounts due, or make any other deductions.

#### **5. Delivery**

5.1.

The Buyer shall be obliged to examine any delivered goods for transport damage prior to acceptance and, should any damage be established, to request a confirmation thereof from the carrier. In such cases where damage is established, such goods shall not be processed prior to an inspection by the average adjuster. Should the Buyer fail to fulfil these obligations, the delivery shall be deemed accepted in perfect condition. In such cases, the Seller shall not be liable for any compensation whatsoever.

5.2.

In the case of a failure to adhere to delivery dates due to circumstances beyond its legal rights, the Seller shall neither take responsibility, nor pay any compensation for resultant damages. In particular, delayed payments shall release the Seller from delivery date obligations.

5.3.

Should delivery be delayed due to circumstances for which the Buyer is responsible, risk shall be transferred to the Buyer on the date on which the goods were ready for dispatch. Should delivery on call have been agreed, at the latest goods shall be regarded as called upon one year after the order. All the deadlines subject to fulfilment by the Seller shall commence with the dates stated.

#### **6. Force Majeure, Interruption of Operations**

In case that a Party hereto is prevented to comply with a contractual obligation due to an event of force majeure, this Party is released from its performance obligations for the time of its prevention. After the event has lapsed, the respective Party will endeavor to recover the services not yet provided as far as this is possible, taking into account its technical capacities, and as far as it is reasonable, taking into account its other obligations. With

respect to price changes in such case, Section 7. applies; however, for the computation of the period the agreed date of delivery is replaced by the actual date of delivery. Force majeure in the meaning of this provision are, in particular, fire, high water, explosion, labor struggles and extraordinary disturbances of operations which go significantly beyond the scope and frequency of normal disturbances of operations. The Parties hereto are obliged to inform each other without delay about events by which they are concerned and to provide evidence for such events upon request. In case that an event of force majeure lasts for more than three weeks, each Party hereto is entitled to withdraw from this Contract without keeping a notice period. However, this right of withdrawal may only be exercised until the Party concerned by the event has notified its ability to supply the goods.

## **7. Price Changes**

Price changes shall be permitted in such cases where a period of more than six weeks has lapsed between the conclusion of the contract and the agreed date of delivery. Should there be any increases in wages, material costs or market-based input prices during the period preceding completion of the delivery, we shall be entitled to a reasonable price increase, conforming to such cost increases. The Buyer shall be entitled to withdraw from the contract only in such cases where the price increase exceeds the general cost-of-living increment between the time of order and the time of delivery to a significant extent.

## **8. Warranty and Damages**

8.1.

The Seller gives a warranty for a period of 6 months from the delivery date, provided, however, that the Buyer notifies the Seller of any defects in writing within a period of 12 days from acceptance. Any further warranty shall be explicitly excluded. Any presumed defectiveness at the time of delivery shall be explicitly excluded. Should delivery on call have been agreed and no call take place within 6 months of a report to the Buyer that the goods are ready for dispatch, then optical and qualitative changes to the fabric emanating from excessive storage shall not be regarded as a defect. The Buyer shall be obliged to examine the goods immediately upon receipt, in order that defects in the fabric under consideration can be determined. Where necessary, the Buyer shall enlist the assistance of experts for this purpose. If at the request of the Buyer, the goods are not to be delivered to the same, but to a third party, the obligations of the Buyer with regard to the examination for and notification of defects shall remain unaffected. The quality controls completed by the Seller shall not exempt the Buyer from its obligations relating to the examination for and notification of defects. To this end, where necessary the Buyer shall enlist the assistance of experts for this purpose at own expense.

8.2.

In the case of claims for damages relating to non-delivery, delayed or defective delivery, the Seller shall be free of liability, where merely slight negligence is involved. In such cases where the Seller assumes liability, damages shall be limited to an amount equal to 1.5 times the value of the rejected fabric.

8.3.

The absence of any fabric features that have not been expressly guaranteed, or are not

customary characteristics, shall not entitle the Buyer to any warranty or damage claim. Any assessment of the customary quality of the goods shall be based on the intended use of which the Seller had, or must have had, knowledge. This shall also apply to such cases where deliveries are made on the basis of samples.

## ***9. Tortious Liability***

Any claims in tort shall be excluded except where the claimed damage was caused intentionally or by gross negligence. This shall also apply to acts performed by any of our vicarious agents.

## ***10. Other Provisions***

10.1.

Should individual provisions of this Contract be or become ineffective, this shall not affect the validity of the remaining provisions hereof. Any ineffective provision shall be replaced by such valid and legally admissible provision that serves the economic purpose of such ineffective provision as closely as possible.

10.2.

Oral collateral agreements shall be invalid. Any alteration of or amendment to the foregoing provisions shall only be effective if confirmed by the Seller in writing. Any Buyer's General Terms and Conditions shall not be applicable.

10.3.

The Buyer shall be obliged to sign the copy of the Fabric Sales Contract provided by the Seller and to return such signed copy to the Seller within a period of 8 days. If the Buyer fails to fulfil this obligation within such period of time, this will be taken as signifying consent.