

**FOSCHINI RETAIL GROUP (PTY) LTD,
FASHION RETAILERS (PTY) LTD,
FASHION RETAILERS (ZAMBIA) LTD,
FOSCHINI (BOTSWANA) (PTY) LTD,
FOSCHINI (SWAZILAND) (PTY) LTD,
TFG APPAREL SUPPLY COMPANY (PTY) LTD,
(each individually referred to as "FRG")**

**STANDARD TERMS AND CONDITIONS FOR LOCAL SUPPLIERS
FOR PROCUREMENT OF MERCHANDISE GOODS AND SERVICES**

Orders

1. Purchase orders for the procurement of goods must be generated by FRG's computer system, by an authorised employee and bear a valid order number and signature/s ("the FRG purchase order"). FRG shall not be bound by any purchase orders that fail to comply with these requirements in any respect, and all FRG purchase orders shall, subject to clause 26 below, be subject only to the terms and conditions contained in this document.

When orders/invoices are despatched by means of Electronic Data Interchange ("EDI"), you shall comply with the FRG standard operating procedure with regard to the EDI process, which is available upon request.

Supplier's Obligations and Warranties

2. Upon confirmation of acceptance of any order, you acknowledge that you have accepted the FRG purchase order subject to its, and these terms and conditions.
3. You undertake that you shall not accept and/or perform in terms of an FRG purchase order, unless the goods which you intend to supply to FRG have been imported, purchased, obtained and/or manufactured by you, as the case may be, lawfully and in strict compliance with all applicable legislation, regulations, directives, guidelines and the like issued by any governmental or regulatory authority in the country of origin and destination, and you hereby warrant to and in favour of FRG that the goods have been so imported, purchased, obtained and/or manufactured, as appropriate. Without in any way limiting the foregoing, you warrant that the goods you supply to FRG do not infringe any import restrictions and regulations into South Africa and that the correct tariff codes have been and will be used in relation to all such goods.
4. All goods shall be delivered strictly in accordance with the FRG purchase order, as updated and/or amended from time to time, and these terms and conditions. All goods shall be delivered together with a detailed delivery note in the manner and form as FRG may reasonably require. Unless the face of the FRG purchase order is specifically endorsed to the contrary by FRG, you warrant that the goods delivered are free from any defects whatsoever (including latent defects).
5. FRG and its representatives shall be entitled to access your books, records and documentation, premises, equipment and/or operations and/or information that relates and is relevant to your business conducted with FRG from time to time for the purposes of assessing your ability to supply goods, to monitor the performance of your duties, functions and obligations in terms hereof and your compliance with FRG standards. FRG shall determine the criteria to be utilised by FRG for the purposes of this process.
6. You warrant that:
 - (1) You comply with all the requirements of all labour and employment legislation including but not limited to the Basic Conditions of Employment Act, Labour Relations Act, Employment Equity Act, Skills Development Act, Compensation for Occupational Injuries and Diseases Act, Occupational Health and Safety Act, including any Sectoral Determination or Collective Agreement that may be applicable to you in your business;
 - (2) You comply if and where applicable in all respects with the Merchandise Marks Act and specifically with notices regarding labelling published in terms of this Act;
 - (3) You will ensure your compliance with the Consumer Protection Act ("CPA") including any applicable industry code which shall include but not be limited to correct labelling, accurate trade descriptions, compliant packaging, warnings on hazards, ensuring that products are not unsafe, defective or hazardous, plain language wording of product inserts and product information and a product recall system.
In addition to the indemnity at Clause 16 below, you indemnify and hold FRG harmless against any claims arising out of or in connection with your non-compliance with the CPA. In addition, FRG shall be compensated at retail price for any products that are returned to it by customers where the product has caused an adverse or allergic reaction or where the product has been recalled. You shall carry out product recalls with minimal interruption to FRG's business and FRG shall be compensated at the retail price of products which have been recalled;
 - (4) You comply with the Medicines and Related Substances Act ("MRS") as amended, in particular by Act No 72 of 2008, whereby cosmetics as defined in the Foodstuffs, Cosmetics and Disinfectants Act will be regulated by MRS. Your compliance obligations shall include but not be limited to packaging, registering with the correct authority, obtaining licences where required, discounting, rebates and bonuses applicable to products, incentive sales and schemes.
The indemnity in respect of the CPA shall mutatis mutandis apply in addition to the indemnity at Clause 16 below. Furthermore, where goods have been confiscated by the relevant authority and removed from FRG stores due to your non-compliance with the MRS, FRG shall be compensated as provided for in clause 6 (3) above;
 - (5) You will not engage in any anti-competitive conduct whereby competition is substantially prevented or lessened, including engaging in any cartel activities or conduct;

(6) You comply with all legislation concerning taxation and revenue, in this regard specifically the Income Tax Act, Value Added Tax Act, Customs & Excise Act and Skills Development Levies Act; It is specifically recorded that under the Customs and Excise Act, 91 of 1964, (as amended) FRG is obliged to provide the South African Revenue Service ("SARS") with information and documents on request. FRG shall make full and frank disclosure to SARS if required. It is accordingly a condition of any business that you do with FRG that you agree:

- (1) That, within 7 (seven) days of being asked to do so, you give SARS or FRG all information required by either SARS or FRG in relation to any customs duty or excise investigation carried out by either of them;
- (2) That SARS and FRG may disclose to each other all or any of the information which either of them receive from you, provided that FRG undertakes not to disclose any of the information to any third party; and
- (3) In relation to the disclosure contemplated in 6 (1) and (2), you hereby waive any right you might have regarding the non-disclosure of the information to either SARS or FRG;
- (7) Any and all electrical goods supplied by you to FRG comply with all relevant legislation and conform, at least, to the most up-to-date SANS/SABS requirements and standards. You agree that FRG is entitled to inspect certificates, letters of authority or other documents which you may be required to keep/obtain in terms of such standards / requirements;
- (8) Where you supply diamonds to FRG, you carry on your business in all respects in compliance with the provisions of the Diamonds Act as well as the Kimberley Process Certification Scheme for Export and Import Unpolished Diamonds. You warrant further that all diamonds supplied by you have been procured from their countries of origin in a lawful and ethical manner and that you comply with all laws applicable to precious and semi-precious stones including, but not limited to, the Mining Rights Act and the Mineral and Petroleum Resources Development Act;
- (9) You comply with all laws concerning the manufacture and distribution of your goods including the provisions of the National Road Traffic Act and Road Traffic Ordinances of 1996, and all other applicable national, regional or local statutory provisions, common law, rules and by-laws applicable to the manufacture and carriage of goods and distribution of goods within South Africa and anywhere FRG conducts business and road usage and road transport in general;
- (10) Any and all foodstuffs or cosmetics supplied by you to FRG comply with the relevant provisions of the Foodstuffs, Cosmetics and Disinfectants Act and regulations, and any other applicable legislative requirements, SANS/SABS (or higher) standards of quality and/or safety and, in addition that none of your goods are "prohibited articles" as defined in the above act;
- (11) You are not a "Rogue Trader" and/or are not engaged in "Rogue Trading" in the meaning of the words assigned to it by the Consumer Goods Council of South Africa;
- (12) To the best of your knowledge and belief,

(1) No notice has been given to you by either the Minister of Environmental Affairs, the Premier of any area within which you conduct business, the local authority or other governmental institution or official ("the Authorities") indicating that you are performing any activity or failing to perform any activity as a result of which the environment is or may be damaged, endangered or detrimentally affected;

(2) None of the Authorities have given notice to you to take steps within a period specified with a view to eliminating, reducing or preventing the damage, danger or detrimental effect or to perform any activity or function with a view to rehabilitating any damage caused to the environment as a result of any activity or failure on your part, nor have you, nor will you become liable to any of the Authorities for any expenditure incurred by them in regard thereto other than in the normal course and scope of your business; and

(3) There are no existing, pending or threatened claims, assessments, or litigation against you for any failure or alleged failure to comply with any environmental laws, including, without limitation, the receipt of any notice from any governmental agency or authority claiming or alleging any such failure or the need for any remedial works, rehabilitation, repair, reinstatement or decontamination of any property or any water resources affected by activities conducted by you, nor any act, omission, event or circumstance giving rise to any action, claim, investigation, proceedings, suit or any liability concerning your business under any environmental laws;

7. You confirm that you have not been and undertake and agree that you shall not be engaged in any act or omission proscribed in the Prevention and Combating of Corrupt Activities Act and the Prevention of Organised Crimes Act and further undertake that you shall comply with the spirit of this legislation as well as FRG's Code of Ethics (the "Code") insofar as the Code may apply to the giving of gifts to employees of FRG. (a copy of the Code is available on request)
8. You undertake and agree to cede and assign to FRG all your right, title and interest including but not limited to intellectual property rights in any artwork and design and/or concepts developed by you for and on behalf of FRG and further undertake and agree that all and any information, documents, materials, knowledge, know how, trade secrets and proprietary interests vesting in and belonging to FRG disclosed to you which is not in the public domain, is confidential and may not be used or disclosed to any third party during the course of or after the termination of this agreement save as may be strictly necessary for the due fulfilment of your obligations in terms hereof.
9. You agree that in the event that you fail to inform FRG of any non-compliance or defective compliance with any legislation, regulations or mandatory requirements as contemplated above, FRG is entitled to assume that you are fully compliant. You agree to inform FRG, without delay, of your failure to comply, in any respect, with any legislation, regulations or other mandatory requirements as and when such event arises.
10. These terms and conditions shall operate in addition to and shall, in no way derogate from any warranties that may be contained in your standard terms and conditions and/or which may be implied in law.

Payment

11. Your delivery notes and invoices must quote the applicable FRG purchase order number as well as the relevant FRG entity and any other information, which FRG may reasonably require.
12. If your business is registered as a vendor for VAT purposes, your invoice to FRG must be a valid "Tax Invoice" and must comply with the requirements in section 20 of the VAT Act 89 of 1991, as amended from time to time. Debit and credit notes must, similarly, comply with section 21 of the said Act.
13. FRG will accept only original tax invoices unless expressly agreed in writing to the contrary. If an original tax invoice is not received timeously, this may delay payment thereof.

All invoices must be posted to:

Foschini Retail Group (Pty) Ltd,
Merchandise Creditors Dept,
P O Box 6020,
Parow East 7501,
South Africa.

14. Subject to your due and proper fulfilment of all terms of the FRG purchase order, your compliance with these terms and conditions, and agreements concluded in respect of goods that do not clear as planned where you may have inter alia agreed to swap stock or accept return of a certain percentage (recorded in accordance with clause 30), payment will be made at the end of the month following the month in which the goods were delivered, provided that if month end falls on a Saturday, Sunday or public holiday, on the first business day thereafter, less 5% discount (recorded in accordance with clause 30). In the event that you request payment earlier than the negotiated payment terms, in addition to the 5%, FRG will deduct a further 1.25% of the gross cost per week from your payment. In respect of suppliers of Jewellery and Cosmetics, FRG will deduct a further 2% above the ruling prime rate of the gross cost per week from your payment.

Liability and Indemnities

15. The risk in any goods ordered shall pass to FRG upon acceptance of delivery thereof. FRG shall signify its acceptance of delivery of the relevant goods by signature (by an authorised representative of FRG) of the delivery note. For the avoidance of doubt, such signature shall not be construed as confirmation by FRG that the goods have been received in good condition or otherwise in accordance with the FRG purchase order, but merely as acknowledgement of receipt thereof. The date on which the goods are delivered to and accepted by FRG shall be the delivery date of the goods.
16. FRG will not be liable for any loss or damage resulting from non-compliance with any of these terms and conditions and you indemnify FRG from any and all such claims without limitation. Without limiting the generality of the foregoing, you indemnify FRG against any damages it may suffer in the event of it being held liable for the infringement of any copyright and/or trademark infringement in respect of goods supplied by you.
17. If either party is prevented, whether in whole or in part, or delayed from performing any of its duties, functions or obligations in terms hereof, whether timeously or at all, as a result of or arising from any contingency beyond its control, the obligation to perform shall be suspended to the extent and during the continuance of such prevention provided that the relevant party shall use its best endeavours to minimise any delay occasioned thereby.

Claims

18. (1) FRG shall be entitled to institute a claim against you arising from quality control problems, missed appointments, late deliveries, shortages, breakages, packaging and ticketing issues as advised by FRG's Distribution Centres from time to time. All such claims are to be instituted within 30 (Thirty) days of date of delivery to FRG's Distribution Centre and shall be settled within 30 (Thirty) days of the claim being instituted. Without limiting the generality of the foregoing, if, after a 100% quality audit, an order received at FRG's Distribution Centre is found to be unacceptable and cannot be sent to and sold in FRG stores, FRG will recover from you the cost price of the units together with all costs incurred after the arrival of the order at FRG's Distribution Centre, which will include but may not be limited to the costs of the quality audit, transportation costs to and from the processing house and any processing costs. These claims must be settled by you within 6 weeks of the claim being instituted;
(2) Claims shall be raised in writing with you, detailing the problem and advising of the action required by FRG to remedy the claim. In the event of you requiring a sample, it will be sent to you;
(3) Notwithstanding 18 (1) above, claims in respect of products which must be recalled from FRG stores may be raised within 90 (Ninety) days of the actual delivery date into FRG's Distribution Centre;
(4) FRG shall further be entitled to return for a refund or credit, all goods supplied by you which were purchased at any FRG store and subsequently returned by customers for reasons arising from manufacturing defects and unsatisfactory quality. These items may be returned to you provided that the goods in question have been delivered by you to FRG in the preceding 12 month period;
(5) Settlement of FRG claims may be made either by means of a direct deposit into FRG's nominated bank account, or alternatively by means of a credit note, the amount of which will be deducted from the next payment due to you by FRG;

Breach and Cancellation

19. If you fail to comply with any aspect of the FRG purchase order and/or these terms and conditions, FRG shall be entitled but not obliged, in its sole discretion and without prejudice to any rights, which it may have in law, to:
- (1) Refuse to take delivery of any/all goods until such time as you have duly complied with these terms and conditions and/or the FRG purchase order (the risk in and responsibility for such goods, including any storage, transport or other expenses incurred in respect thereof, shall remain yours until such full compliance); or
- (2) Accept delivery of any/all goods provided that, in either event, FRG shall be entitled to withhold payment of the whole or any part of the purchase price until such time as you have complied with the FRG purchase order and these terms and conditions;
20. If these terms and conditions are not acceptable to you in whole or in part, FRG reserves the right to cancel/withdraw any and/or all order/s.
21. Your failure to comply with all or any of these terms and conditions or any aspect of the FRG purchase order will entitle FRG to cancel any and all orders current at the relevant time, in its sole discretion.
22. FRG may cancel any order by written notice to you to such effect should you commit an act of insolvency, be liquidated, whether compulsory or voluntary, or be placed under judicial management.
23. FRG may in its sole discretion, having due regard to any prejudice that may be suffered by you, cancel any order placed.
- Alert Line**
24. If you become aware of any fraudulent (or potentially fraudulent) activity committed by FRG employees, you agree to report it. You can do so, anonymously by contacting one of our Alert Line toll free numbers – depending on what country you are in:
- 0800 118 444 (South Africa)
 - 061 228510 (Namibia)
 - 0800 600 828 (Botswana)
 - 002711 678 0822 (Swaziland)(Leave your contact number for Alert Line to call you back)

You may call Alert Line at any time – 24 hours a day / 7 days a week and all calls will be treated in the strictest confidence.

Broad-Based Black Economic Empowerment (BBBEE)

25. FRG will regularly request information from you regarding your BBBEE status, including asking for your annual accredited BBBEE verification certificate and will include the completion of a BBBEE questionnaire. You undertake to promptly comply with all such requests and to provide information that is accurate, true and correct.

General

26. This document together with the relevant FRG purchase order and supplier manuals contains the entire agreement between you and FRG, and neither party shall be bound by any undertakings, representations, warranties, promises or the like not recorded herein, save for as provided in clauses 1 and 10 above.
27. The head notes to the paragraphs are inserted for reference purposes only and shall not affect the interpretation of any provisions to which they relate.
28. Any reference to the term "goods" shall mean goods and/or services as the case may be.
29. Any reference to you, the supplier, shall include your directors, members, officers, shareholders, employees, representatives and agents as the case may be.
30. No variation or purported variation hereof by any means whatsoever shall be of any force and effect unless FRG, in its sole discretion, has consented thereto in writing.
31. Despite anything to the contrary contained or implied in this document, FRG shall be entitled to amend these terms and conditions in its sole discretion from time to time.
32. These terms and conditions or any agreement which arises from your acceptance of the FRG purchase order ("the agreement") shall be governed by and construed in accordance with the laws of the Republic of South Africa and you and FRG hereby consent to the jurisdiction of the Western Cape High Court (Cape Town) in respect of all or any disputes which may arise between you both in relation to or arising out of the implementation of the agreement and/or these terms and conditions.
33. FRG shall be entitled to sell, cede, assign, delegate or in any other way alienate or dispose of any or all of its rights and obligations under and in terms of these terms and conditions or any agreement arising from your acceptance of the FRG purchase order ("the agreement") to any other company/ies in the Foschini Group, without prior notice to or approval from you. You shall not be entitled to sell, cede, assign, delegate or in any other way alienate or dispose of any or all of your rights and obligations under and in terms of these terms and conditions or this agreement without the prior written approval of FRG. Regardless of any subcontracting or outsourcing arrangement you may enter into, you

- (1) Will ensure that the relevant third party/ies binds itself to your obligations and warranties as set out herein; and
- (2) Acknowledge and confirm that regardless of such arrangement, you will remain liable to FRG for the due performance of all obligations to FRG;

Dated: 15/07/2011