

These General Sales Conditions ("GSC") will be valid for every sale agreement (as defined below) entered into between the Seller (as defined below) and the Buyer (as defined below), even those not yet expressly referenced herein, as and when expressly accepted.

1) Definitions

When they begin with a capital letter, the terms and expressions used in these General Sales Conditions have either the conventional meaning or the meaning set out hereunder:

- **"Sale Agreement"**: the agreement between the Seller and the Buyer for the transfer to the latter of ownership of an object for consideration;
- **"Seller"**: Ceramiche Gresmalt S.p.A. group, with registered premises at via Statale 467, n. 45, Casalgrande 42013 (RE), Italy;
- **"Buyer"**: the natural or legal person to whom ownership of goods produced or marketed by Ceramiche Gresmalt S.p.A group is transferred;
- **"Parties"**: the Seller and Buyer referred to jointly;
- **"Products"**: ceramic tiles or other ceramic articles produced/marketed by the Seller, as stated on the price list thereof applicable at the time of entry into the Sale Agreement;
- **"General Sales Conditions"**: the terms and conditions set out herein, which are part and parcel of each Sale Agreement entered into between the Seller and the Buyer for the sale of the Products. The Seller reserves the right to amend or supplement the General Sales Conditions by simply giving the Buyer notice of these changes. If the amendments or supplements to the General Sales Conditions are not accepted in writing by the Buyer within 15 days of the date of the notice, the Seller may terminate any contractual relationship in place with the Buyer, in which case the latter may not claim any damage or compensation.

2) Entry into agreement

Subject to the provisions of Article 8 hereunder, the Sale Agreement will be entered into when:

- Through actions such as, but not limited to, sending the Seller a letter of credit or making payment of all or part of the price of the supply, the Buyer unconditionally accepts the contractual proposal, however made, by the Seller;
- Through actions such as, but not limited to, delivering the Products to the Buyer, the Seller unconditionally accepts the contractual proposal, however made, by the Buyer;
- Through actions such as, but not limited to, sending the Seller a letter of credit or making payment of all or part of the price of the supply, the Buyer unconditionally accepts the novation of the contractual proposal made by the Seller in response to the Buyer's original proposal, however notice thereof is given.

Unless expressly waived in writing, the General Sales Conditions referred to in this document apply to each individual Sale Agreement as described above, even if not expressly stated and accepted. Therefore, any other contractual conditions than those stated herein, even if stated in writing on paperwork (forms, etc.) issued by the Buyer, will have no validity unless expressly accepted in writing by the Seller. In no case may the Seller's conduct be construed as acceptance of any other contractual conditions than those referred to in these General Sales Conditions.

Likewise, the Seller's agents' conduct/actions cannot be held against the Seller since the said agents do not have power of representation thereof.

3) Scope of the agreement - Product features

Each Sale Agreement will cover solely the Products (type, quantity, ...) expressly stated in the contractual documents.

The Seller hereby declares that the Products comply with the applicable Italian and European regulations for the industry, but specifies that the representations and/or images thereof included in catalogues, brochures, websites, or the like are merely illustrative and in no way binding.

Before entry into each individual Sale Agreement, the Buyer must verify that the Products are suitable for the purpose and/or specific use for which it intends to purchase them. The Buyer must also verify, relieving the Seller from any liability in this regard, that the Products sold comply with the legislation in force in the country where it intends to import them.

Without prejudice to the no-fault guarantee, the Buyer will hold harmless the Seller against any claims by its assignees of alleged unsuitability of the Products or that the Products fail to meet their needs. In any case, the Buyer hereby acknowledges the quantitative and qualitative tolerance margins allowed to the Seller in accordance with the uses and/or practices of the ceramics industry.

4) Delivery terms

The delivery terms must be deemed approximate and the extension thereof will not, in any event, entitle the Buyer to seek compensation. Partial deliveries will also be allowed.

If the Buyer does not collect the Product within 10 (ten) days of the date of notice of goods ready, the Seller is entitled to establish a new delivery term.

If the Buyer subsequently fails to collect the Products within the second term established by the Seller, the former will become liable for the warehouse costs which accrue from that time onwards and the Seller will be relieved of any liability for damage or wear to the Products.

5) Packaging - Delivery methods - Seller's obligations - Buyer's obligations

The Products will be packed and prepared for shipment using the protective systems generally employed by the Seller for the Products in question based on the agreed transport methods. If the Buyer deems it necessary to use special packaging or additional protection, express request thereof must be made to the Seller and the higher costs therefor must be paid by the Buyer.

Unless specified otherwise in writing, the Products covered by each individual Sale Agreement will be made available to the Buyer ex works (EXW) at the specific warehouse stated by the Seller in the agreement. Upon delivery, the Seller undertakes solely to load the Products onto the delivery vehicle sent by the Buyer, with all further obligations hereby excluded, such as, but not limited to, those relating to customs clearance operations. The Seller will not be liable for any loss or damage to the Products following delivery. Any loss of or damage to the Products following delivery will not exonerate the Buyer from payment of the price thereof.

6) Products intended for export - VAT regime - Environment Contribution - CONAI (Italian packaging consortium) - Buyer's obligations

6.1) VAT

With reference to the Sale Agreements for the Products when intended for export, the Buyer, in the event, must notify the Seller in writing of any different destination of the goods with respect to that stated in the transport document, within 72 hours of the date set for delivery to the original destination. Following this notice, the Seller will arrange for VAT requirements to be met. In any case, the Buyer must hold harmless the Seller against any taxes, surcharges, penalties, interest, and expenses resulting from the delivery of the Products to a place other than that stated in the transport documents.

6.2) Environment Contribution - CONAI

Given that the packaging (known as "full packaging") used for the Products intended for export (whose waste is managed abroad) is exempt from the Environment Contribution payment and is outside the scope of CONAI, the Buyer will be exclusively liable for the management of the packaging of the Products purchased for export and, where applicable, for the environment contribution (however named) in the foreign country to which the goods are exported.

Based on the foregoing, if the Product was originally intended for export but subsequently delivered within Italy, and therefore the packaging will be handled in Italy, the Buyer must immediately notify the Seller of the new destination of the full packaging in order to arrange for the said contribution to be duly paid to CONAI.

7) Force majeure

Each party may suspend performance of the obligations arising therefrom for each specific Sale Agreement when such performance becomes impossible or objectively too burdensome as a result of an unforeseeable circumstance beyond the party's control. In such cases the deadline for performance will be extended by the length of time consisting of the duration of the force majeure event.

If the impediment persists for over 90 (ninety) days, either party may withdraw from the specific Sale Agreement by notifying the other party thereof in writing.

Purely by way of example, the Parties hereby acknowledge that the Seller deems the following situations force majeure events: wars, fires, earthquakes, floods, tsunamis, strikes, difficulties arising with the workforce, scarcity or difficulty in procuring raw materials, restrictions concerning energy use, suspension of or difficulties during transportation, plant failures, action by public authorities, or any other situation which cannot reasonably be foreseen or which the Seller cannot remedy with ordinary diligence.

8) Prices - Payment terms - Defaults

The prices of the Products on the price list applicable at the time the agreement is entered into are stated in euros, before VAT, and refer to the Seller's standard packaging methods for ex-work deliveries. Statutory VAT must be paid as stated on the invoice. The sums due for any costs and expenses charged to the Buyer, such as the cost of additional packaging, must be paid in advance by the Buyer to the Seller. The place of payment is hereby established as the Seller's registered premises, even in the event of issue of bank drafts or direct debits, or bills of exchange. Any acceptance by the Seller of bills of exchange, promissory notes, assignments, or bank cheques is always understood as agreed under usual reserve and/or subject to recourse and without novation of the debt. Payment is due in full as per the methods and terms stated in the specific Sale Agreement; if the agreement does not specify the terms and conditions of payment, these must be finalised when the Products are delivered.

In no event will the Buyer be discharged by payments made to the Seller's sales agents.

In the event of failure to make timely payment for the Products according to the agreed terms, in addition to any other protection offered by the law or the specific Sale Agreement, the Seller may also suspend deliveries that have not yet been processed and apply interest on arrears in accordance with the provisions of Italian legislative decree n. 231 dated 2002. Once 30 (thirty) days have lapsed since expiry of the term of payment without the payment being made, the Seller may consider every single Sale agreement in force with the Buyer terminated and demand immediate payment of all outstanding receivables originating therefrom, regardless of the payment terms originally agreed (including any deferred payments).

In the aforesaid event, the Seller will be able to offset the receivables due thereto for provisions supplied against any payables due thereby resulting from the collection of any advances.

The Seller may also suspend deliveries of the Products in the event that the Buyer - even if not yet in arrears to the Seller - has experienced a decrease in its assets or has failed to provide the guarantees promised.

Without prejudice to the suspension of performance of the aforesaid individual Sale Agreements, the Seller may withdraw from each individual agreement if the Buyer fails to provide an adequate guarantee of its solvency within 15 (fifteen) days of this being requested.

9) Retention of title

The Products covered by each individual Sale Agreement will remain the property of the Seller until the Buyer has paid the price therefor in full.

Until payment has been made in full, the Buyer will undertake the obligations and responsibilities of bailee and will not be able to sell, loan for use, or allow the Products to be sequestered or attached without declaring the Seller's ownership thereof. In the event of such activities/measures, the Buyer must immediately notify the Seller by recorded delivery letter with advice of receipt.

10) Guarantee

The Seller guarantees that the Products are faultless and flawless. The guarantee falls within the limits of Art. 1495 of the Italian Civil Code and is subject to the further limitations set out in this article and to the Raccolta Provinciale degli Usi 2005 (provincial compilation of customs for 2005) drafted by the Chamber of Commerce of Modena for the ceramics industry, as well as the customary tolerances. Any specification of weights, sizes, dimensions, colours, shades, and other data contained in the Seller's catalogues, brochures, and folder are illustrative only and in no way binding.

In any case, the Seller's guarantee is limited to first class products only, i.e. those - according to the aforesaid provincial compilation of customs for 2005 issued by the Modena Chamber of Commerce for ceramic materials - with a percentage of faulty tiles not exceeding 5%, and solely for the part exceeding this percentage, while the guarantee is expressly excluded for Products from any other quality class.

Any tonal differences with respect to the shade agreed cannot be claimed to be a fault in the Products and, more specifically, non-compliance with any samples provided to the Buyer by the Seller will not constitute a fault.

Upon receipt of the Products, the Buyer is required to perform a thorough visual inspection thereupon in accordance with the instructions set out in section 9 of standards UNI EN ISO 10545-2.

In the event that the Buyer finds faults in the Products, the former must file a complaint to the Seller in writing within eight (8) days of receipt thereof and keep the entire consignment of material at the Seller's disposal. Failure to comply herewith will result in forfeiture of the guarantee. The complaint must contain the relative invoicing data and a detailed description of the claimed fault, accompanied, where possible, by photographs. If the complaint should prove to be unfounded, the Buyer must make good to the Seller the expenses incurred for any inspection activities performed (appraisals, travel, etc.).

Hidden faults must be reported to the Seller in writing within eight (8) days of the date of discovery thereof and failure to comply herewith will result in forfeiture of the guarantee.

In any case, the Buyer's action to exercise the guarantee for faults must take place within 12 (twelve) months as of the date on which the Products were delivered.

If the faults reported by the Buyer are confirmed, the Seller will replace the faulty Products at its own expense. If replacement is not possible, the Buyer will be entitled to a refund for the price paid and to reimbursement of the carriage costs, with any other compensation for direct and/or indirect damage caused by the faulty nature of the Products hereby expressly excluded. The costs for returning the Products will be borne by the Seller.

The Parties hereby acknowledge and agree that the guarantee for obvious faults will terminate upon laying.

Likewise, the Buyer hereby acknowledges and declares that any fault or flaw due to incorrect use (e.g. inadequate laying methods) or alteration of the Products attributable to the Buyer is excluded from the guarantee.

11) Solve et Repete

The Buyer will not be able to suspend or delay payment for the Products for any reason, including alleged faults or flaws therein, without - naturally - prejudice to the right to a refund when it can be demonstrated that a payment has been made unduly.

12) The Seller's trademarks and distinctive signs

The Buyer is authorised to use the Seller's trademarks, names, or other distinctive signs for the sole purpose of distinguishing and advertising the Products thereof, but use of the aforesaid distinctive signs on the Buyer's headed paper, advertising material, or on other material in any way aimed at third parties must be agreed with the Seller in advance in writing.

The Buyer's right to use the Seller's trademarks, names, or other distinguishing signs will cease 180 (one hundred and eighty) days after the date on which the Parties enter into the last Sale Agreement.

The Buyer will inform the Seller of any infringement of the Seller's trademarks, names, or other distinctive signs which may come to its knowledge.

13) Confidentiality

The Buyer is bound to maintain utmost confidentiality regarding any technical and commercial information obtained through each individual Sale Agreement.

The confidentiality duty is undertaken for the entire duration of the relationship between the Parties and for one (1) year as of the date on which the Parties enter into the last Sale Agreement.

Failure to comply with this confidentiality duty will result in the right to compensation for any damage which may arise.

14) Applicable Law - Competent Authority

For each Sale Agreement entered into between the Buyer and the Seller, all matters not expressly governed by these General Sales Conditions will be governed by Italian law. In the event of an international sales relationship, for all matters not governed by these General Sales Conditions, the Vienna Convention of 1980 will apply and for all matters not governed by the latter, the Italian Civil Code will apply.

Any dispute arising between the Parties regarding the interpretation, validity, or performance of each Sale Agreement governed by these General Sales Conditions will be submitted to the exclusive jurisdiction of the Court of Reggio Emilia, subject to the jurisdiction of the Business Division of the Court of Bologna for the matters within the remit thereof.

However, only the Seller is entitled to take action before the competent authority within the geographical jurisdiction of the Buyer.

15) Personal data processing

The Parties hereby declare that they mutually authorise the processing of personal data for the purposes of performing the individual Sale Agreements entered into with the application of these General Sales Conditions.

16) Final provisions

Any invalidity of individual provisions of these General Sales Conditions, either in whole or in part, will not affect the validity of the remaining provisions. These General Sales Conditions may be amended or supplemented exclusively by the Seller and solely in writing.

These General Sales Conditions are written in Italian and in the event of divergence, the original wording will prevail over any translation.

