

GENERAL CONDITIONS OF SALES ABROAD

1. CONTRACTUAL REGULATIONS

1.1. These general conditions (hereinafter referred to as “the Conditions”) form an integral part of all the sales contracts in which Coem S.p.A. (hereinafter referred to as “the Seller and/or the Supplier”) is a party. Except for single cases in which these conditions have been departed from through express written agreements signed by the Seller, they shall constitute the exclusive regulations for such sales, also if not specifically referred to. If one or more parts of these Conditions or of the single contracts to which they refer turn out to be invalid, the general or particular Conditions shall remain valid as a whole; the invalid parts shall be replaced with agreements that correspond as closely as possible to the original intention of the parties.

1.2. The general conditions, whatever they are, shown on the Buyer’s correspondence and/ or confirmation, may not in any way be in contrast with those of the Seller, nor prevail over them. The Buyer and/or Placer of an Order shall be considered as the company/individual that acquires a product or service from Coem S.p.A.

2. SUBJECT MATTER OF THE SUPPLY

2.1. The supply includes all ceramic tiles, other materials, services (hereinafter referred to as “the Products”) in the quantities specified in our order confirmation.

3. CONCLUSION OF THE SALES CONTRACT

3.1. The contract is considered as concluded when the proposer or placer of an order are aware of the written acceptance of the counterparty.

3.2. An order not confirmed in writing may not, in any event, be considered as accepted except in the event of execution of the order on the part of the Seller by shipment or delivery of the Products. Partial delivery of ordered Products does not imply acceptance of the entire order, but only that part of the products actually delivered.

3.3. In all events, the text of Coem S.p.A.’s order confirmation shall take precedence over a different text of any offer or order.

3.4. In the event that Coem S.p.A.’s order confirmation contains differences in the single elements making up the order compared to agreements or orders, the Buyer that has not raised objections within 7 days from conformation shall be considered as having accepted the order confirmation as it is written.

3.5. All requests for reprogramming or cancelling any order in whole or in part shall be invalid unless they have been accepted in writing by the Seller. In the event that, without prejudice to any other right of the Seller, this consent is granted, the Seller shall have the right to charge a fee for the reprogramming or for approval of the cancellation of such order.

4. PRICES

4.1. The sales prices of the products are those indicated in the Seller’s price list in force upon the confirmation of the order. These prices are not binding and therefore the Seller reserves the right to modify them before accepting the order. In the event of sales contracts involving a number of deliveries, unless otherwise agreed in writing, the price shall be that of the price list in force at the time of the single deliveries.

4.2. For all Products intended for abroad, the prices may be calculated, at the Seller’s discretion, in the foreign currency of the country of destination or in Euros.

4.3. The prices agreed for each single sale are considered as net of value added tax, similar duties and accessory costs, for deliveries ex-Works, except in the event of a different written agreement.

4.4. If there are price increases in the costs of raw materials, labour, fuel, production costs, transport costs, etc. between the order date (also after the order confirmation) and the delivery date, Coem S.p.A. may increase the agreed price giving due written communication to the Buyer also by fax or e-mail.

If, however, this price exceeds the price agreed at the time of the order by more than 20%, the Buyer may withdraw from the contract, informing the Seller by registered post of such wish within the mandatory term of 10 days from receipt of the notification of the price increase. Otherwise, the new price shall be considered as accepted.

4.5. In the event of specific requests for “non-palletised” material, an increase of 10% shall be applied to the price lists in force.

4.6. Packaging such as crates, cages, etc., are invoiced at cost price and are considered as “non-returnable”. Normal pallets are included in the prices, Europallets at cost.

5. DELIVERIES

5.1. Except where there is a different written agreement, the delivery of the Products and their shipment to Italy and abroad shall occur according to Ex-Works delivery. This formula, as also in the shipment formulae that may be alternatively be agreed in writing, shall make reference to the “Incoterms” of the International Chamber of Commerce of Paris, in the edition in force at the time of the sale.

5.2. The carrier assigned to transport the goods shall be indicated by the Buyer.

5.3. In all events, from the moment the Products are delivered by the Seller to the Carrier and/or Shipper, they travel at the Buyer’s risk and danger. All responsibility of Coem S.p.A. ceases upon delivery to the Carrier, towards which the Placer of the Order, having carried out appropriate checks, shall make any claims.

5.4 The Buyer shall be the only party responsible for the deposit or storage of the Product, which must be carried out in such a way as to permit correct preservation of the technical and functional characteristics of the supplied Product. No liability may be attributed to the Seller for improper storage or deposit.

6. DELIVERY TERMS

6.1. The term established for the delivery of the Products must be considered as in favour of both the contracting parties. The term of delivery is purely indicative and not essential: any delays in deliveries, interruptions, suspensions (total or partial) of the supplies shall not give rise to the right to compensation and/or reimbursement of any damages (direct or indirect) unless otherwise agreed to in writing. The Buyer expressly waives request for termination of the contract in the event of failed compliance with the terms for delivery of the Product on the part

of the Supplier.

6.2 With the acceptance of the delayed delivery, the Buyer waives any claim with respect to the delay.

6.3. In the event that the goods ready for shipment remain (according to the wishes of the Placer of the Order) at their disposition at the Seller’s factory, the invoice shall be issued as if the shipment of the Products had occurred and the Products shall be stored at the Buyer’s risk, danger and costs.

7. FORCE MAJEURE

7.1. The Seller is not liable towards the Buyer for any breach, including failed or delayed delivery, caused by events out of its reasonable control such as, by way of example and purely indicatively, the failed or delayed delivery of processing materials on the part of suppliers, plant breakdowns, strikes and other trade union actions, interruptions in energy supplies, and transport suspensions or difficulties.

8. SAMPLES

8.1. The figures shown in Coem S.p.A.’s illustrative documents, as well as the characteristics of sample and models sent by the latter to the Buyer, are approximate indications. Such data are not binding unless to the extent that they have been expressly referred to as such in the offer or in Coem S.p.A.’s written acceptance.

9. PAYMENTS

9.1. Payment of the price must be made in the terms and in the ways indicated in the order confirmation and/or in the invoice and, except in the event of a different agreement regarding the currency, in Euros.

Each and every payment obligation between the contracting parties must be fulfilled at Coem S.p.A.’s offices.

Any payments made to Coem S.p.A.’s agents, sales representatives or sales assistants are not considered as carried out until the relative sums are received by Coem S.p.A.

9.2. Except in the event of a different written agreement, payments shall be made by the Buyer, by bank transfer, within 30 days from the invoice date.

All bank charges and transaction costs are payable by the Buyer.

9.3. Any discounts or specific agreements regarding single supplies are to be considered as valid only if expressly stated in writing in the invoices relating to such supplies.

9.4. No offsetting against any credits, however arising, with respect to Coem S.p.A., is permitted.

9.5. In the event of delay in payments, also partial, the Seller shall have the right, without any need for notice of default, to receive interest in arrears as established by Leg. Dec. 231/2002, besides possible damages.

The Buyer expressly approves to pay the Seller all the costs (including, but not limited to, legal costs) incurred by the Seller for collection or the intention to collect any amount not paid and therefore outstanding.

In addition, the failed or delayed payment (also partial) of invoices, for any reason, gives Coem S.p.A. the right, without prejudice to any other action, to demand the payment in advance of the remaining supplies even if not yet delivered, or the provision of suitable guarantees on assets that cover all the relative amounts.

The failed or delayed payment, also partial, of the price according to the agreed terms are grounds, as per art. 1456 of the Italian Civil Code, for termination of the contract to which such payment refers and justifies in all events, as per art. 1460 of the Italian Civil Code, refusal to fulfil further contractual obligations and to cancel the processing of any other orders in progress, without the Buyer being able to make any claim for compensation, allowances or otherwise.

In the event that the Buyer is subject to insolvency proceedings (arrangement with creditors, receivership, bankruptcy, compulsory liquidation, extraordinary administration proceedings), the Supplier may, in compliance with the specific legislation regarding the recovery of receivables, suspend further supplies or consider the contract as terminated.

10. SOLVE ET REPETE

10.1. No exception, contestation or dispute relating to the quality of the goods, to flaws or defects, or to any other any other aspect of the contract, save those relating to nullity, possibility of annulment, or rescission of the contract, shall be valid or may be taken into consideration, and no action may be brought unless after the due full payment of the price.

11. CHARACTERISTICS OR THE PRODUCTS, WARRANTIES AND CLAIMS

11.1. The Seller undertakes to deliver the product free of flaws and conforming to the specifications as per the order Confirmation.

The ceramic tiles and other ceramic Products manufactured and/or marketed by Coem S.p.A. comply with the international laws applicable to the corresponding class of product. For Products sold to professional resellers, the latter are responsible for the correctness of the technical information provided to final users and/or to retail stores. The classification of the product is indicated by Coem S.p.A. on the advertising material, on the invoices and/or on the price lists. The Buyer must, therefore use the products on the basis of the classification provided by the Seller.

To simplify indications for use, and to adapt the standard classifications to the specific characteristics of Coem S.p.A.’s products, signs are placed against every product in the price lists or on the catalogues that indicate the specific use recommended by the Seller.

11.2. Differences in tone are not a defect of the Products, but rather, a characteristic of the specific material fired at high temperatures. The particular frost-resistant characteristic applies only to Products that the Manufacturer expressly guarantees to be such, with a specific indication on the advertising material and/or price lists. In the absence of such indication the ceramic materials are only and uniquely for use in interiors or, in any case, in locations protected from bad weather. The frost-resistant warranty has a duration of one year.

11.3. Suggestions and recommendations regarding the adoption of qualities and sizes, considerations of a technical nature regarding the installation of the products and the operation

of plant where the materials are used, while representing the best of our knowledge, are always given without any liability. Chemical analyses and physical and chemical-physical data regarding the materials supplied are approximate, but reliable, averages, subject to usual levels of tolerance.

11.4. Images of the Products on the Seller’s brochures and other advertising materials are purely illustrative and do not necessarily represent the final installed appearance of the specific product shown.

11.5. The Seller guarantees the good quality of, and the absence of flaws in, the Products supplied. The warranty is limited to 1st choice materials, with a tolerance of 5%. The warranty does not apply to Products classified by Coem S.p.A. as of a quality lower than 1st choice or for consignments of end-of-series Products sold in bulk and/or marked as special/occasional consignments.

11.6. The Seller is not responsible for flaws and/or anomalies found on the Products not due to the quality of the Products themselves but due to improper use on the part of the buyers and/ or their assignees. In particular, the Seller does not accept claims or contestations in relation to the above-described situations.

11.7. The Buyer is obliged to check the goods in terms of quality and quantity within a short time from receipt and, in any case, before the goods are installed.

Material considered as defective shall be kept at Coem S.p.A.’s disposition for checks that it shall consider as appropriate; every further action (return, repair or other) must be authorised beforehand in writing by the Seller.

Claims must be communicated by the Purchaser to Coem S.p.A. in writing within 8 (eight) days from the delivery of the goods. In the absence of complaints or reservations within the above-indicated period, the product shall be considered as accepted with respect to type and quantities. For hidden flaws the term is 8 days from the discovery of the flaw and, in any case, within a year from delivery. In no event shall Coem S.p.A. be answerable for flaws that are reported after a year from delivery of the products to the Seller’s first buyer.

The claim must, compulsorily, contain the list of defects or flaws and the number of the packages and/or pieces on which they have been found, the procedures used for the checks and the number of lots, besides any other element useful for allowing the supplier to precisely identify the Product to which the complaint refers.

For this purpose, in express departure from the provisions of art. 131 of Consumer Code, the reseller may bring a claim against the Seller exclusively within the term of 1 (one) year from the delivery of the Products.

11.8. In general, the warranty applies only to flaws found in products not yet installed. For any hidden flaws detectable only subsequent to installation, for the purpose of the application of the warranty, the Seller needs to ascertain that the installation has been carried out in a workmanlike manner (according to national installation codes or according to European regulations – standards regarding installation).

11.9. The Seller’s warranty is limited to the replacement of the defective products with others of the same type free of flaws, including transport. The reimbursement of other expenses and/ or accessory costs and, in particular, costs for the demolition and re-installation of the Products, lost earnings for interruption or the suspension of activities, disturbances, indirect damages, etc., is excluded.

The presence of defective tiles does not affect the quality of the supply as a whole, nor implies the obligation for full replacement, but remains limited to the packages and/or pieces found to be defective.

This clause shall be valid also after the expiry or termination of the contract.

11.10. In express departure from what is otherwise provided for by these general conditions, or otherwise differently provided for by laws, customary practice or whatever else, the amount of refunds due by the Seller, for whatever reason, may not exceed the net total of the invoiced amount relating to the single order (and/or of the single programmed order referred to) in which the Product that caused the damage is included, with a maximum of Euro 10,000.00 (ten thousand). In the event that a number of Products are present in the single order, the limit of refundable turnover is to be considered as referring to only the Product that caused the damage and, in any case, not more than Euro 10,000.00 (ten thousand).

11.11. The Seller is not answerable for complaints due to a classification of the ceramic material on the part of non-European control and/or certification bodies on the basis of specific techniques that do not correspond to those used by the Seller. Any technical expert opinions obtained by the Buyer must necessarily be based on the conformity of the material sold to the technical specifications indicated by the Seller, in force in Italy.

11.12. The Buyer may not seek expert reports on the material received, unless it immediately notifies to the Seller the appointment of the expert and gives the Seller time to intervene during the expert’s investigation.

11.13. Any complaints or contestations regarding the material do not give rise to the Buyer’s right to suspend or delay payment (in whole or in part) according in the agreed terms, according to article 10 above. Any complaints or contestations regarding a single delivery of a Product shall not release the Buyer from the obligation to withdraw and pay for the remaining quantity of goods, as established in the order confirmation.

11.14. In the event that the complaint turns out to be groundless, the Buyer shall reimburse Coem S.p.A. all the costs incurred for the verification (travel, expert investigations, etc.).

12. LIABILITY

12.1. The Supplier may not be liable for Product defects when they are attributable to:

- materials supplied by the Buyer or by third parties indicated by the latter;
- design or drawing errors when they are carried out by the Buyer or by third parties indicated by the latter;
- use of equipment indicated or recommended by the Buyer or by third parties indicated by the latter;
- treatments or tampering carried out without the Supplier’s approval;
- inappropriate, non-permitted, anomalous, atypical or particular use of the product on the part of the Buyer or by third parties;
- normal wear and tear of the product or its deterioration ascribable to events attributable to the Buyer or to third parties;
- lack of compliance with the Supplier’s recommendations, indications or suggestions with regards to the maintenance, preservation or use of the Product.

12.2. Any liability for indirect damage, image loss, lost income, loss of earnings, loss in the financial period, loss of profits, shutdowns or, in any case, as an indirect consequence of the Product defect, is expressly excluded.

The Supplier shall not, moreover, be liable for damage, whether direct or indirect, possibly suffered by the Buyer, due to the use, on the part of the latter, of technical documents,

information, product data, indications regarding the technical or functional characteristics, when such use has not been previously and specifically authorized in writing by the Supplier. In no event shall the Supplier be answerable for lack of performance of the product manufactured.

13. RETENTION OF TITLE

13.1. It is agreed between the Parties that the sale of the Products occurs with retention of title in favour of the Seller until the total payment of the agreed price, pursuant to art. 1523 and following of the Italian Civil Code. In all events, the risk of loss of the goods passes to the Buyer upon the delivery of the Products to the carrier.

For sales abroad, in the event that the goods are sold and delivered to third party customers as part of the Buyer’s normal commercial relations before the transfer of title, the Seller’s retention of title remains also with respect to such third parties, where the law permits.

13.2. In the event of the Buyer’s default, the Seller may withdraw all the goods subject to retention of title and, possibly, if the law permits, all third party debt instruments relating to the Buyer, without the need for any formalities, including formal notification of default, and subject to any further appropriate legal remedy for the injury suffered.

13.3 The Buyer shall inform third parties of this clause.

14. TERMINATION

14.1. The Supplier shall have full legal right to terminate the contractual relationship deriving from the Order Confirmation, at any time, by means of written communication addressed to the Buyer, expressing its intention to make use of this express termination clause in the event of the breach of one or more of the obligations contained in these General Conditions of Sale. The Supplier shall, moreover, have the right to terminate the supply relationship in force in the event that it has given formal written notice to the Buyer of the breach of any obligation other than those previously indicated and the Buyer has not remedied such breach within the term indicated in the Supplier’s warning to comply.

14.2. The Buyer is obliged to inform the Supplier of any significant change in its shareholding structure or management-administrative organisation or the due undersigning of the transfer of the enterprise or part of it, when such an event affects the supplies of the Product. The Supplier, having examined this information, or in its absence, may decide to inform the Buyer of its intention to terminate the business relationship. In this case, all the Supplier’s receivables shall be considered as immediately falling due.

15. AGENTS

15.1. The Seller’s agents promote sales and are not authorised to act in the name and on account of the Seller except in the event of specific written authorisation.

15.2. Orders transmitted by agents do not bind the Seller and therefore must be expressly accepted in writing by the Seller.

15.3. Changes in the general conditions of sale, offers, credits and allowances agreed by agents or other intermediaries, are not valid unless accepted in writing by the Seller.

16. TRANSFER OF THE CONTRACT

16.1. The Buyer may not transfer its position in the contract or in single obligatory relations deriving from the contract without Coem S.p.A.’s written acceptance; also in this case the Buyer remains, in all events, jointly liable along with the transferee for the obligations transferred.

17. CONFIDENTIALITY OBLIGATION: PROTECTION OF KNOW-HOW

17.1. The Supplier is the only holder of relative rights for every datum, piece of information, drawing, characteristic, process composition, functional feature for every and any element relating to the Product. Ownership of such rights shall remain also after the delivery of the Product. The execution of the supply contract does not imply, in any event, the transfer of intellectual property rights or rights for license to use the Know-how relating to the Product. The Supplier, as owner of the above rights, reserves the right to use for its own use the results of experiments or tests carried out on the Product, also after delivery.

17.2. The Buyer is obliged to keep all information, experience and knowledge developed in relation to the Supplier’s business activities, of which it becomes aware during the course of negotiations, in the execution of the contract and in company visits, including information relating to the composition of the Products, plant, means of production and other company assets, as well as the organisation of production and of the company, the services offered by the company, commercial initiatives and the clientele, company management and business performance, relations with third parties and so on, strictly confidential and not to reveal or make public such information to third parties extraneous to the contract. The above-defined information must be considered as confidential and not useable wither directly or indirectly by the Buyer unless within the limits necessary for the execution of the contract.

17.3. The Buyer undertakes to adopt every reasonable precaution to keep such information secret, communicating it only to its employees, co-workers or possible consultants, which must necessarily have the information for the execution of the contract, obliging them to comply with the terms and conditions of this clause. During the valid term of the contract and subsequent to its termination, the Buyer may not reveal, publish or disseminate, copy, imitate or use in any way any part of the know-how owned by the Supplier.

18. APPLICABLE LAW – COURT OF JURISDICTION

18.1. The contract is regulated by Italian Law, including customary practices in the sector to which Coem S.p.A. belongs.

18.2. For any dispute in any way deriving from the supply contract, brought by Coem S.p.A. or by the Buyer, the Court of Reggio Emilia has exclusive jurisdiction. Coem S.p.A., nevertheless, has the right to bring the matter before different courts.

18.3. No waiver of omission on the part of the Seller (either express or implicit) relating to the execution of any of its rights regulated by this contract shall affect its future rights.

19. PRIVACY POLICY

19.1. Pursuant to Leg. Dec. 196/2003 (“Privacy Code”), as amended, the Supplier is the data controller of the processing of the Buyer’s personal data, the provision of which is of a mandatory nature.

For the purpose of the management of the supplies and of the relative orders, the Buyer’s personal data shall be stored in the computerized and/or paper records of Coem S.p.A. (the data supervisor for the processing of personal data).