



COSETEX Snc GENERAL SALES CONDITIONS

1. Definitions

1.1 Within the following General Sales Conditions the terms reported below shall have the meaning hereinafter specified: "**Cosetex**" and/or "**Seller**": the company Cosetex S.n.c. having its registered office in (24030) Medolago (BG), Via Roma, n. 69 (C.F./P.IVA 00725440168) - "**Client**" and/or "**Buyer**": a professional (person or entity) who, exercising its business, requires the purchase of the Cosetex Products - "**Party**" and/or "**Parties**": Cosetex and the Client individually or jointly considered.- "**Purchase Order**": the purchase order or purchase orders issued by the Client and submitted to Cosetex - "**Order Confirmation**": the order confirmation or orders confirmation issued by Cosetex and submitted to the Client - "**Contract**": the legal relationship arisen between the Parties following the acceptance of the Purchase Order by Cosetex - "**Products**" and/or "**Goods**": all the products offered by Cosetex and reported within the catalogues and/or on its official web site - "**General Conditions**": the general sales conditions reported hereinafter whether included in the Order Confirmation, attached to the latter as a stand-alone document or reproduced inside the invoices sent to the Client.

2. Field of Application

2.1 The General Conditions applies to all of Cosetex supplies involving the sale and purchase of the Products to the Clients.

2.2 The Client, under no circumstances, shall be entitled to demand the application of conditions other than those contained in the General Conditions. For this reason, a) the different sales and/or purchase conditions which may be specified in writing by the Client on its Purchase Order or, in any case, specified at any other stage of the contractual negotiation and/or specified after the acceptance of the General Conditions, and b) any general purchase conditions of the Client, even if they are linked within its website; shall not have any binding effect for the Parties. Therefore, the execution, even partial, of the Purchase Order by Cosetex, shall not imply and shall not be interpreted as a tacit or implicit acceptance of any other general condition that has not been specifically signed for acceptance by Cosetex.

2.3 In the event that the Client, within than 10 (ten) days from the date of its issue by Cosetex, fails to return a copy of the documents in which are attached the General Conditions duly countersigned for acceptance, the General Conditions, whether listed in the Order Confirmation, attached thereto or provided within the invoice sent to the Client, shall be considered as definitively accepted by the Buyer.

2.4 In any case, the Parties agree that, in case the General Conditions (whether contained within the Order Confirmation, attached to the latter as a stand-alone document or reproduced in full in the invoices issued by the Seller) will be sent to the Client by fax, certified mail or, in any case, by simple e-mail message, the same will be considered as known to the client and, for this reason, fully accepted.

2.4 The General Conditions should apply only to the contractual relationship between Cosetex and professionals (individuals and/or entity), so Law n. 206/2005 (so called "*Codice dei Consumatori*"), and following modifications, shall not apply.



2.5 In case the Parties will agree in writing to sales conditions different from those provided within the General Conditions, the first shall prevail over the second.

3. Modalities of execution of the Contract

3.1 The Purchase Order that the Client send to Cosetex shall have to be consider as an irrevocable contract proposal binding for a period of 10 (ten) working days, counted from the moment of knowledge of the same by Cosetex. It is understood that, in case the Client need the Products with specific qualities characteristics, including but not limited to: a) residual sericin percentage; b) fat residual percentage; c) the average length of the fibers; d) percentage incidence of the fibers, upper or below the average; e) number of naps; f) type of naps; g) presence of white and / or colored extraneous parts (i.e. everything that is not silk); h) background color; must necessarily specify it in writing within the Purchase Order and, otherwise, Cosetex shall be entitled to use their own samples as the only qualitative reference for the Products ordered.

3.2 The Contract is concluded upon acceptance of the Purchase Order by Cosetex by means of an appropriate Order Confirmation. Alternatively, if no Purchase Order has actually been formalized by the Client, the Contract shall be deemed concluded at the time of the acceptance, express or tacit (no objection sent to Cosetex within 5 (five) working days from receipt of the Order Confirmation) of the Order Confirmation by the Client. Until the effective conclusion of the Contract, any offers and quotas formulated by Cosetex or its representatives and / or agents, shall not be considered binding for the Seller.

3.3 No penalty clause relating to the Purchase Order of the Client will be accepted, unless Cosetex not assume, through its administrator, a specific written undertaking to that effect.

4. Modalities of delivery of the Products

4.1 Unless otherwise agreed in writing by the Parties, the Products are delivered, subjected to what is expressly stated within article 4.8, to the Client or to a third party commissioned by the latter in "FCA" modality (Incoterms 2010 - so called "*franco magazzino compratore*"). In such cases the costs for the transportation of the Products shall be borne by Cosetex.

4.2 In any case, Cosetex shall have the right to negotiate - in writing - with the Client different modalities for the delivery of the Products.

4.3 The delivery date of the Products provided within the Order Confirmation are purely indicative and, in any case, they have to be considered valid only under normal conditions of work and supply. Cosetex, in particular, will not be considered in late if not after 30 (thirty) days from the date of the delivery contractually agreed. The Parties agree that date of delivery shall not be considered as "essential terms" for the purposes of compliance with the Contract by the Seller.

4.4 The abovementioned delivery terms shall commence only on the condition that the Parties have reach an agreement on all the other contractual details of the supply.

4.5 The Client waives any claim for damages or compensation towards Cosetex for direct and indirect damages caused by delay or partial fulfillment of the deliveries, except in case of fraud or gross negligence of the Seller. Considering the particular characteristics of the Products sold by Cosetex, is henceforth established: a) a tolerance threshold, representing 10% of the Goods quantity indicated within the Order Confirmation, within which the Seller cannot be considered in breach of the Contract; b) any weight discrepancies of the Goods



determined by humidity variations of the Product, should fall under the official rate of the silk (11%), they must be accepted by the Client and, for no reason, can be considered as breach of the Contract.

4.6 In the event that the execution of the Contract is prevented by the occurrence of force majeure causes, failure of regular supply of raw materials or other unforeseeable circumstances arising after the conclusion of the Contract, delivery terms shall be deemed to be extended, without any liability of Cosetex for the delay, and the Parties shall have to negotiate new delivery terms. In no event of delay or partial fulfillment of the supply of Products, the Client shall be entitled to refuse the risk, even partial, of the Products or to refuse the delivery of the same.

4.7 In any case, if the Client fails to collect the delivered Products or collect the same with delay, the Buyer shall have to compensate the Seller all damages resulting from failure or delay in the collection. The Products will be invoiced to the Client even if the Goods are not delivered or collected.

4.8 The Products, even if they are sold in "FCA" modality (Incoterms 2010 - so called "*franco magazzino compratore*") always travel at the risk of the Buyer, even in the case of theft, damage, tampering that may occur during transport. The Seller is not responsible for shortages, damage, delays and events of any kind that may affect the Products during the Transportation. In any case, shall be the Client responsibility to treat the complaints and actions with the carrier company and the insurance company.

4.9 The Client is required to provide clear and precise information about the type of packaging that has to be used for the shipment of the Products ordered. In case of inaccurate and / or contradictory information, Cosetex, at its sole discretion, shall be entitled to deliver the Goods with the following types of packaging: a) pressed bales; b) cardboard boxes.

5. Qualities of the Products and warranty

5.1 Subjected to what is stated within article 6 of the General Conditions, Cosetex warrants, for a period of 30 (thirty) days from the delivery of the Products, that the Goods have all the qualities necessary for their normal use.

5.2 In any case, it is agreed that the warranty of the Products provided within this article is intended to be valid only with reference to the Client and cannot, in any way, be transferred and / or sold to subsequent purchasers of the Products. For these reasons, Cosetex shall not be held responsible for any direct and / or indirect damages or loss that may be suffered by third parties resulting from any defect of the Products.

5.3 This warranty does not operate if the Client has not properly performed the complete payment of the purchase price of the Products.

6. Limitation of the Products warranty

6.1 The Products sold by Cosetex are by-products or derived from by-products (waste) of natural silk. Therefore, the main component of the Products is an animal origin textile fiber, non homogeneous for its nature and production methodology and, moreover, not classified into any quality standards internationally recognized or, even less, can be identified certain defined percentages of impurities tolerance and / or imperfections of the Products that can and / or should be accepted by all Clients. In light of the above, as already specified at art.



3.1 of the General Conditions, any specific requirements regarding the quality characteristics of the Products, shall be necessarily specified in writing by the Client within its Purchase Order, duly signed for acceptance by Cosetex.

6.2 Within the commercialization procedure of the Products, Cosetex may be required to sign some protocols by means of which warrants the conformity of the Goods to certain quality standards. Usually, such protocols have the purpose: a) to exclude and / or limit the use of certain substances (in particular chemicals), b) to certify compliance with certain parameters of environmentally sustainable products (so called "*detox*" and / or "*cruelty free*") ("**Protocols**"). Given the particular characteristics of the Goods as specified in art. 6.1, in case of disputes on the Products, related to alleged violations of the Protocols, the warranty provided within the art. 5 shall be subjected to the following limitations:

- a) the claims related to the alleged violations of the Protocols shall be necessarily submitted in accordance with the procedure specified within art. 7 of the General Conditions.
- b) The maximum Cosetex liability shall be, in any case, subjected to what is stated within art. 8 of the General Conditions.
- c) It is understood that the Products warranty provided within the Article 5 of the General Conditions shall not be invoked by the Client and, consequently, Cosetex shall not be held liable for damages, for whatever reason, arising out from any alleged violation of the Protocols, upon the occurrence of the following circumstances:
 - i. The Client has already performed any kind of additional treatment on Products;
 - ii. The Goods object of the claim has not been preserved in its original sealed packaging and, in any case, in all cases in which the Products have not been conserved in an appropriate manner;
 - iii. the claim of the Client has been submitted in a manner not consistent with the procedure described in Article. 7 of the General Conditions;
 - iv. the Products sold has become a component of another product of the Client or, in any case, of another product of a third party;
 - v. the non-conformities in the Goods have been caused by the incompetence and / or negligence attributable to the Client.

6.3 It is agreed that, in case of conflict between the provisions provided within the Protocols and what it is provided within the General Conditions, the second shall prevail over the firsts.

6.4 Considering the particular characteristics of the Goods as provided within art. 6.1, in case of disputes relating to quality defects of the Products in terms of, among others (for example but not exhaustive), a) residual sericin percentage; b) fat residual percentage; c) the average length of the fibers; d) percentage incidence of the fibers, upper or below the average; e) number of naps; f) type of naps; g) presence of white and / or colored extraneous parts (i.e. everything that is not silk); h) background color and i) smells, the warranty provided at art. 5 shall be subjected to the following limitations:

- a) the claims related to the alleged quality defects of the Products shall be necessarily submitted in accordance with the procedure specified within art. 7 of the General Conditions.
- b) If the sale of the Goods is carried out based on a sample, it is understood that the sample of the Goods supplied by Cosetex to the Client, represents only an approximate



index of the quality of the Products sold and, in no case, such sample shall be considered as the sole benchmark of the quality of the Goods.

- c) If the Client, contrary to what is provided within art. 3.1 of the General Conditions, has not clearly indicated in the Purchase Order any specific quality characteristics of the Goods (particularly, but not limited to, the presence of extraneous fibers such as plant parts, hair, man-made fibers) the Product sample provided by Cosetex shall represent the only quality reference (approximate, as provided at the previous point) of the Products sold and the Seller shall have no obligation to provide any other specific quality standard.
- d) The maximum limit of Cosetex liability shall be, in any case, subjected to what is reported in the art. 8 of the General Conditions
- e) It is understood that the Products warranty provided within the Article 5 of the General Conditions shall not be invoked by the Client and, consequently, Cosetex shall not be held liable for damages, for whatever reason, arising out from any alleged quality defects of the Products, upon the occurrence of the following circumstances:
 - i. The Client has already performed any kind of additional treatment on Products;
 - ii. The Goods object of the claim has not been preserved in its original sealed packaging and, in any case, in all cases in which the Products have not been conserved in an appropriate manner;
 - iii. the claim of the Client has been submitted in a manner not consistent with the procedure described in Article. 7 of the General Conditions;
 - iv. the Products sold has become a component of another product of the Client or, in any case, of another product of a third party;
 - v. the non-conformities in the Goods have been caused by the incompetence and / or negligence attributable to the Client

7. Claims

7.1 Any claim related to the alleged violations of the Protocols and / or related to alleged defects of the Products qualities pursuant to the articles 6.2 and 6.4 of the General Conditions ("**Non-Conformities**") must be submitted in writing to Cosetex subject to following procedure:

- a) no later than 8 (eight) days from the delivery of the Products in cases of manifest (obvious) Non-Conformities;
- b) no later than 8 (eight) days from the discovery in cases of hidden Non-Conformities(so called "*difetti occulti*");
- c) in any case, any right to file a claim related to the Products shall expire after 30 (thirty) days from the delivery or collection of the Goods.

7.2 The claim submitted shall be considered admissible only if the Client shall be able to demonstrate in writing the validity of the Warranty, the correct storage of the Products and provide to Cosetex adequate documentation proving the existence of the alleged Non-Conformities of the Products purchased. It is agreed that the Client, at the time of the submission of the claim, shall provide all the documents needed to empirically certify the existence of the Products Non-Conformities. Any claim relating to the alleged Non-Conformities of the Products shall be addressed to Cosetex and shall also strictly indicate the transport documentation and the production lot of the Goods allegedly not complying.



7.3 In any case, the Client shall not be allowed to return the Products without obtaining the prior written consent of Cosetex, without which, the Goods will be immediately returned to the Client.

7.4 In the case of authorized return, the Products must be returned with the so called "*franco destino*" modality - at the expense and risk of the Client and at the warehouses of Cosetex - within the essential term of 8 (eight) days from the receipt of the return authorization by Cosetex.

7.5 Upon the receipt of the Goods - allegedly not in conformity - Cosetex shall analyze the Products and shall evaluate whether they fall within the scope of the Warranty provided within Art. 5 of the General Conditions.

7.6 In case the returned Goods shall result covered by the warranty and the limitation of the Products warranty provided within art. 6 of the General Conditions will not apply, the Parties shall, within 20 (twenty) days from the return of the Goods, determine, by mutual agreement, the existence of the Non-Conformity.

7.7 In case the existence of the Non-Conformities is established, Cosetex shall, at its sole discretion, provide the replacement of Products or refund the purchase price of the non-conforming Products.

7.8 In case of replacement of the Products, the warranty provided within article 5 of the General Conditions, shall not be considered renewed.

7.9 The submission of a claim shall not relieve the Client from its contractual obligations. The failure to pay the purchase price of the Products by the Client shall prevent the possibility to submit the claim.

8. Limitation of liability Cosetex

8.1 In any case, the maximum liability of Cosetex - with the exception of the mandatory rules required by law and with the exclusion of fraud and gross negligence, shall in no case exceed the price paid by the client for the purchase of Products. Therefore, the costs for the replacement of the purchased Products shall represent the maximum limit of Cosetex responsibility for any circumstances relating to the contractual relations governed by the General Conditions.

8.2 The Client shall negotiate, within all of its contractual relationships relating to the Products, a limitation of liability clause equivalent to that provided within this article, assuming full and sole responsibility for the further movement of the Products sold by Cosetex.

9. Retention of title-payment of the price

9.1 The Products are sold with the express retention of title (so called "*riserva di proprietà*") in favor of Cosetex and this provision shall also apply if the Products are sold as a component of other product. The Client, therefore, shall acquire the ownership of the Products only with the full payment of the purchase price, while the risks of loss and damage of Goods, as well as any other risks, shall be transferred to the Client at the time of the delivery and /or at the time of the collection.

9.2 The payments of the goods shall be made via bank receipt, wire transfer or through other means agreed in writing by the Parties. It is understood that, regarding the payments performed by bank transfer or bank receipt, any collection fees and stamp duty shall be



borne by the Client. The payments terms shall be those specified within the invoices issued by Cosetex.

9.3 The delay, even partial, in the payment of the invoices beyond their terms gives the immediate right to the application of the interest under law. 231/2002, in addition to the charging of any bank fees and expenses and the compensation for any other damages.

9.4 Failure to perform, for any reason, the due payment, as well as the non-fulfillment of any other obligation by the Client, shall immediately authorize Cosetex to suspend the sale and the delivery of the Products. In addition, in the event that payment delays are more than 15 (fifteen) days, Cosetex shall be entitled to demand the immediate payment of its credit or, in any case, shall have the right to immediately terminate the contract pursuant to the art. 11.1 of the General Conditions.

9.5 Cosetex, in case there will be a significant change in the economic situation of the Client (by way of example, composition with creditors, bankruptcy, termination of activities, serious financial difficulties), shall be entitled to suspend the supply of the Products and terminate the Contract.

9.6 The discount, that it may be agreed in writing between the Parties, it is in any case conditioned to the strict compliance with the payment terms. Failure to pay within the agreed payments terms shall immediately result in the loss of the benefit of the agreed discount and the Client that he had improperly withheld it, shall be immediately obliged to return it.

9.7 Any claim submitted by the Client, shall not give any rights to the Buyer to suspend and / or delay the payment of the purchase price. In any case, the Client shall not be entitled to claim any contractual breaches by Cosetex, including the violation of the warranty provided within the art. 5 above, if it has not regularly fulfilled all its payment obligations.

10. Force majeure

10.1 Cosetex shall not be responsible for any delays in deliveries if such delays are caused by unpredictable events outside of its control (natural disasters, wars, riots, sudden strikes, etc ...). In case the force majeure event will continue for a period likely to delay, beyond the tolerance period of 45 (forty five) working days, the delivery of the Products, the Parties - without any right for the Client to be indemnified - shall be entitled to terminate the Contract by means of prior written notification to be made, with minimum notice of 15 (fifteen) days, by registered letter or certified mail (PEC).

10.2 Cosetex, in any case, shall promptly inform the Client of the occurring force majeure event and shall adopt the most appropriate measures in order to mitigate its effects.

11. Termination clause

11.1 Cosetex shall be entitled to immediately terminate the Contract, pursuant to and for the purposes of Art. 1456 cod. civ., if the Client:

- a) fails to perform (in full or even in part) the payment of the Goods;
- b) has been declared insolvent or has been involved and / or subjected to any of the insolvency procedures;
- c) violates the provisions contained in Articles: 9.4; 10.1; 13.3 and 13.4.



11.2 In the cases mentioned above, the termination of the Contract is automatic, prior the written notification to be sent to the Client - with a minimum notice of 15 (fifteen) days - by registered letter or certified mail (PEC).

11.3 It is understood that the termination of the Contract as described above operates without prejudice to the other remedies and, in general, for the other instruments of protection under the law, including direct action to obtain compensation for the damages suffered by Cosetex.

12. Applicable Law and Jurisdiction

12.1 All the Contracts executed by Cosetex, regardless of the nationality of the Client and the place of destination of the Products, shall be governed by Italian law.

12.2 Any dispute arising therefrom, or in connection therewith, shall be subjected to the exclusive jurisdiction of the Court of Bergamo, Italy.

12.3 It is hereby expressly excluded the application of the Vienna Convention on international contracts of sale of goods dated April 11, 1980 and, in any case, the application of any other international convention that may be in force in the field of the international sales of the goods, regulating the conflict of laws.

13. Miscellaneous

13.1 The General Conditions shall replace in full (even with reference to matter not treated) any other approved document having earlier date.

13.2 Possible tolerances by Cosetex to the Client's failure to correctly perform its contractual obligations, shall not be considered as a precedent or, in any case, shall not undermine the validity of the clauses provided within the General Conditions.

13.3 Save in case of written approval received from Cosetex, the Client, under no circumstances, shall be entitled to transfer to third parties, even partially, the Contracts governed by these General Conditions or, in any case, the rights and obligations arising out from the Contract.

13.4 The commercial terms and conditions - with particular reference to the budget, incentives and discount - as well as any other documents or financial and / or technical information representing the commercial relationship between the Parties and qualified by Cosetex as confidential, shall be treated as strictly reserved and confidential. For this reason, the Client formally agrees - for the entire duration of the contractual relationship, as well as for the period of 1 (one) year following the fulfillment of the Purchase Order - not to disclose or communicate such confidential information to any third parties or use them for different purposes than the conclusion and the execution of the Contract. Cosetex reserves any rights to pursue, even judicially, any breach of this confidentiality clause.

[Place and Date]

[Stamp and signature of the Client for acceptance]



For specific approval ex Articles 1341 et seq. cod. civ.

The Client declares to have read all the articles of the General Conditions, specifically approving, in accordance with articles 1341 et seq. of the Civil Code, the following clauses: **4.5** (Indemnifications); **4.6** (Limitation of Liability) **4.8** (Risks allocation); **5** (Product Warranty); **6** (Limitation of the Product Warranty); **7** (Claims); **8** (Cosetex limitation of liability); **9** (Retention of title and payment of the purchase price); **11** (Termination clause); **12** (Governing Law and Jurisdiction).

[Place and Date]

[Stamp and signature of the Client for acceptance]