

Italian G-market project

Summary of GECL's operation service

1. Basic contents of GECL's operation service

- ✓ **For the conduct of GECL's operation service, the company shall get the approval of the participation in the project from ITA.**
- ✓ **Whether products from Italian companies are suitable for the Korean market and culture, ITA and GECL will have review procedure.**
- ✓ **G-market project keeps valid for 12 months after the signing of the agreement. After 12 months, the company may discuss on it with GECL if it wants to extend the term.**
- ✓ **The company pays to GECL the project service fee while GECL conducts the operation service.**
 - ◆ The operation fee for 12 months service shall be paid in advance. Among €6,600, the amount of € 3,000 is supported by ITA. So, the amount which shall be paid by the company is € 3,600.
 - ◆ You can check the details on the operation service fee in 2 below.
- ✓ **For the conduct of the project, the company shall meet the following conditions.**
 - ◆ Company which has the experience in exports to foreign countries
 - ◆ Company which can communicate in English
 - ◆ Company which has product that belong to categories where project can be carried out
 - ◆ Company which has experience of operating the e-commerce
 - ◆ Company which can provide the information in a form designated by GECL (Product information including photo, product description, ingredients, country of origin etc.)
 - Product image shooting will be conducted by GECL if company does not have it (requires additional costs)
 - The company shall provide GECL with the sample product.
 - GECL will take a photo of the product only for sale at G market.

- ◆ Company which has at least 10 kinds of products.
(It means 10 products with different designs or types. For example, if 'bag A' has five colors, the number of product is considered one.)
 - ◆ Company that can guarantee products with a minimum expiration date of a year or more when selling food.
 - ◆ Company which can suggest the range of price at which it wants to sell after considering the G market deduction amount
- ✓ **The followings are the summary of the operation services provided by GECL**
- ◆ Simplifying the procedure of member's signing-in by using GECL total account inside G market
 - ◆ Exposure of the product's publicity for each brand by operating mini-shop inside G market
 - ◆ Translation into Korean and production of product pages which is based on information the company sent
 - ◆ Registration and control of product at G Market platform
 - ◆ Communication on the sales and promotion with G market
 - Operation of main promotion
 - Planning and operation of products by season/topic
 - ◆ Online marketing proper for the Korean market
 - Coping with the issues in the searching portal
 - Coping with the trend in Korean market
 - Advertisement of the research results
 - Advertisement of the product on the top area
 - ◆ Conducting the service to the customers
All kinds of works related to telephone, bulletin board, question on product, claims, and customs clearance at Korean customs
 - ◆ Inventory/distribution control for warehouse, Frankfurt, Germany
 - ◆ Provides a report on the number of monthly sales amount or sales of goods by company.
 - ◆ Provide the company with details of monthly sales settlement / remit to the euro after settlement (issuance of invoice in Italy)
 - ◆ Ordering and receiving requests for products requiring additional orders

2. Details in GECL's operation service fee

✓ Translation of product's description and production of G market's product pages

- ◆ The number of registered product pages less than 30: Basic offers for ITA promotion participants (€ 227 / ₩ 300,000)

Cost for 10 additional product pages: € 53 (₩70,000)

The registration of multiple/planned component sets for the sales promotion is continued by using the registered product pages and the cost for the registration of sets does not occur.

The 30 product pages can be produced in several installments (e.g. 15 product pages in the first time and the other 15 product pages in the second time).

Example)

Fee for registering 1 to 30 product pages : Basic offers for ITA promotion participants

Fee for registering 31 to 40 product pages : Additional costs € 53 (₩70,000)

- ◆ The number of registered product pages : It is counted into the number of product pages, not the number of product types.

Products that are distinguished by color/size, etc. within the same product are calculated in individual number of product pages.

If the same design product has different colors, each product page will be created individually.

Example)

A company has 4 type of bags including tote bag, shoulder bag, crossbody bag, backpack and each type of bag has 3 colors.

-> The number of product type : 4 types / 4 products x 3 colors = 12 product pages will be created.

-> A company can request 18 additional product pages because it completed 12 product pages among 30 product pages, which is a basic offer for ITA promotion participant.

- ◆ If company want to replace an existing registered product to another product, we also have to make and translate a new product page, so the company will have to pay an additional fee.

✓ **Monthly operation fee**

- ◆ Imposition of fee according to the monthly sales range for each company
 - In case the monthly sales amount is less than and equal to € 5,292.89 (7 million Won) for each company: there is no extra fee which company burdens because it is included in ITA project operation fee.

* ITA project participating company's GECL operation fee

- Basic monthly operation fee: € 529.20 (700,000 Won) x 12 months = € 6350.40 (8.4 million Won) + Product registration fee € 227 (300,000 Won)

- Operation fee for 12 months: € 6,600 (8.7 million Won) /Among € 6,600, the amount of € 3,000 is supported by ITA.

- Company's burden: € 3,600 (may vary depending on the foreign exchange rate at the time of signing)

- In case the monthly sales amount is more than € 5,292.89 (7 million Won) and less than € 15,122.53 (20 million Won) for each company: the company burdens the monthly operation fee which is 10% of the monthly sales amount.

In case the monthly sales amount is more than or equal to € 15,122.53 (20 million Won) for each company: the company burdens the monthly operation fee which is 7% of the monthly sales amount.

Company that participates in ITA project will burden the difference for the additional operating expenses due to the increase in sales, excluding € 529.20 (700,000 Won) which is the monthly operation fee because it paid the basic operation fee for 12 months in advance at the time of signing.

Please refer to the table below for the details about operation fee according to the monthly sales.

- GECL will invest the amount of € 3,000 among € 3,600 in the sales promotion and sales increase.

Monthly sales Amount		Operation fee (%)	Participant company of ITA / Monthly additional operation fee		Participant company of ITA
Euro (€)	Won(₩)		Euro (€)	Won(₩)	
~ € 5,292.89	~ ₩7,000,000	10%	€ 0.00	₩ 0	There is no extra fee
€ 5,368.50	₩7,100,000	10%	€ 7.56	₩ 10,000	Excluding prepaid operating costs € 529.20 (700,000 Won) and paying only the additional costs
€ 6,049.01	₩8,000,000	10%	€ 75.61	₩ 100,000	
€ 6,805.14	₩9,000,000	10%	€ 151.23	₩ 200,000	
€ 7,561.27	₩10,000,000	10%	€ 226.84	₩ 300,000	
€ 11,341.90	₩15,000,000	10%	€ 604.90	₩ 800,000	
€ 15,122.53	₩20,000,000	7%	€ 529.29	₩ 700,000	
€ 18,903.16	₩25,000,000	7%	€ 793.93	₩ 1,050,000	

(*Depending on the time of payment, the euro may change due to fluctuations in exchange rates.)

3. Logistics control (Frankfurt -> Korea)

- ✓ The goods to be sold in the warehouse located in Frankfurt, Germany must be stocked €34/CBM cost incurred when warehousing goods through logistics warehouse. (In-storage cost, warehousing product inspection cost)
- ✓ All product deliveries to customers after air transport, customs clearance.
- ✓ Storage of temperature sensitive products and perishable product are not possible
- ✓ Cold Chain's distribution is unacceptable.
- ✓ Products with expiration dates need to be recalled and exchanged by the company if it would not be sold within a certain period of time.

4. Pricing

- ✓ Company suggests a supply price to GECL.
- ✓ GECL determines a sales price with a method below.

Sales price includes: 1) Supply price, 2) G market service fee, 3) associate company fee, 4) Company's burden in G market discount policy, 5) international shipping cost.

- 1) Supply price: The amount to be settled to the company by GECL as a payment for the sales of a product.

2) G-market service fee: As a benefit to G market project participating company, 6% G market service fee is added to the supply price.
(In case of general company, 13% G market service fee is applied)

3) Associate company fee/Inflow from other websites: 2% fee is added to the supply price for the exposure of search portal and associate company and the resulting attraction of customers.

Benefits of exposure of search portal and associate company: Rise in the exposure/ application of additional discount in the G market/ increase in sales

4) Company's burden in G market discount policy: company burdens part (1.2%) of the discount amount which G market gives customers. G market occasionally does this sales promotion which gives the customers discount benefits and it is very helpful to increase the sales.

5) International shipping cost (including all the expense from Germany to the end Korean customer)

The transportation fee of product ordered to Korea would be claimed according to the actual expenses depending on the weight.

It includes picking and packing work, international shipping from warehouse in Frankfurt, customs clearance in Korea and lastmile in Korea.

Weight (KG)	Freight (EUR)
0.5 or less	€ 9.10
1.0 or less	€ 10.50
1.5 or less	€ 11.90
2.0 or less	€ 13.30
2.5 or less	€ 14.70
3.0 or less	€ 16.10
3.5 or less	€ 17.50
4.0 or less	€ 18.90
4.5 or less	€ 20.30
5.0 or less	€ 21.70

Weight (KG)	Freight (EUR)
5.5 or less	€ 23.40
6.0 or less	€ 24.80
6.5 or less	€ 26.20
7.0 or less	€ 27.60
7.5 or less	€ 29.00
8.0 or less	€ 30.40
8.5 or less	€ 32.30
9.0 or less	€ 33.70
9.5 or less	€ 35.10
10 or less	€ 36.50

Example)

Supply Price	G-market Service Fee (6%)	Associate Fee (2%)	Company's Burden in G-market Discount Amount (1.2%)	International Shipping Cost (ex. 5.8kg)	Sales Price
€ 66.00	€ 6.00	€ 2.00	€ 1.20	€ 24.80	€ 100.00

(*The example is used in Euros for easier understanding.)

- ✓ GECL suggests the sales price to the company and arranges it by mutual consent.
- ✓ GECL registers the product with the final sales price and starts to sell at G market Italian Pavilion.

5. Settlement and transfer of sales amount

- ✓ The monthly closing is conducted based on day when the sales amount is settled by G Market.
- ✓ The sales amount, settlement amount and deduction amount are filled out in monthly settlement document and then, the document filled in Korean Won will be sent to the company.
- ✓ If the settlement document is checked and confirmed by both the company and GECL, the amount is wire transferred to the Italian account in Euro on 15th to 20th of the next month. (The foreign exchange rate of Euro is based on the date of wire transfer or applying the 'when sending money' exchange rate set by the Korean main bank)
- ✓ If the settlement amount for the monthly sales amount is less than € 760 (₩1,000,000), it shall be added to the next month settlement list. The transfer of that amount to the next month is to minimize the company's burden such as wire transfer fee and receipt fee.
- ✓ The wire transfer fee and receipt fee shall be burdened by the company.

6. Start and period of GECL's operation service

- ✓ After the understanding of the operation and service of the Project, the GECL operation service agreement is made and the operation service fee is paid before the service starts and keeps valid for 12 months.
- ✓ After the signing of the agreement and the payment of operation service fee, GECL shall contact the company within 5 working days for the operation control.

7. GECL operation service fee

- ✓ The basic operation fee for 12 months and the expenses for the initial product registration shall be paid all at once.
- ✓ When the additional operation fee is accrued due to the rise in the sales, it shall be deducted from the monthly settlement amount before the balance is wire transferred.
- ✓ The actual monthly transportation expenses shall be informed to the company and then it is deducted from the monthly settlement amount before the balance is wire transferred.

8. Matters not included in the service and notices

- ✓ Any unauthorized use of all image and contents for sale produced by GECL shall be prohibited.
- ✓ The legal, commercial, engineering and process consulting services targeting Korea market are not provided.
- ✓ If there is any claim by customer on the provision of inaccurate information and the product defect and the product is changed/returned, any expenses arising from that shall be burdened by the company.
- ✓ Any damages/losses from the transportations in Korea shall be compensated and solved by GECL.