

## GENERAL SALES CONDITIONS

### Article 1 - Object and application of the conditions

1.1 These General Sales Conditions shall apply to all present and future commercial relationship (sales contracts, etc.) between the parties, unless exceptions are specifically made by mutual agreement in writing.

1.2 All references to any commercial terms (EXW, FOB, CIF, etc.) are understood to be made according to the INCOTERMS text of the International Chamber of Commerce in its most recent version.

1.3 All commercial relationship between the parties, as well as their sales contracts and these General Sales Conditions, shall be ruled by the Italian Law.

1.4 Acceptance of these General Sales Conditions, as well as all subsequent sales contracts and their execution, shall not imply, unless otherwise specifically stated in writing, granting of any exclusive rights to the Buyer, nor establishment of concessionaire, commission or agency relations, nor shall give the Buyer in any way the right to utilize, under whatever form, the brands or distinctive marks of the Seller.

### Article 2 - Formation of the Contract and regulations

2.1 Offers drawn up by the Seller's agents, representatives or sales assistants shall not be binding upon the Seller until they are confirmed in writing by the Seller himself.

2.2 The forwarding of these General Sales Conditions shall not imply acceptance of any request made during dealings under way. They do, however, cancel and replace those previously proposed by one of the parties thereto.

2.3 The forwarding by the Seller of descriptive materials or price lists for the goods which do not specifically bear the wording "offer" or other equivalent terms, cannot be deemed as having been proposed. The wording "without engagement" and "subject to availability" or other similar phrases applied by the Seller to an offer do not bind the Seller to the terms of the offer, even when the offer itself is accepted by the Buyer, unless there has been subsequent written confirmation or fulfillment performance by the Seller himself. The Seller's offer shall be deemed to be firm and irrevocable only if this is so specified in writing and only if the validity term is indicated.

2.4 Acceptance of an offer by the Buyer, regardless how this acceptance is performed, shall imply his acceptance of these General Sales Conditions. If the Seller has issued an order confirmation, even after the signature of the contract, it will be presumed that contractual terms correspond to those written in the order confirmation unless the Buyer immediately points out the discrepancies in writing.

2.5 The entry into force of the contract shall be in any case subject to the full approval by the *factoring* or credit insurance company to whom the Seller eventually turns. In the case where the aforementioned insurance company accepts to cover commercial credit risk only for part of the order, then the contract shall be reduced to that part of the order that has been so covered.

2.6 All the formalities (e.g. registrations, licenses, custom, tax, etc.) required by the Countries of the contracting parties or by the Country of destination of the goods in order to give full effect to the contracts governed by these General Sales Conditions must be performed by the Buyer at his own effort and expense.

### Article 3 - Drawings and technical documents

3.1 Weights, dimensions, capacities, prices, performance data, colors and other data given in the catalogs, brochures, circular letters, advertising, illustrations, price lists or other illustrative documents issued by the Seller, as well as the characteristics of the samples or models that the Seller sends to the Buyer, shall be considered as approximate and indicative. These data shall not be binding unless and only to the extent to which they are specifically stated to be so in the Seller's offer or order confirmation.

3.2 Any drawing or technical document that permits manufacturing or assembling of the goods, or parts thereof and that is delivered to the Buyer, either before or after stipulation of the contract, shall remain the sole property of the Seller. The aforementioned drawings or documents may not be utilized by the Buyer or copied, reproduced, transferred or communicated to any third parties without the Seller's written approval.

### Article 4 - Guarantee

4.1 The Seller guarantees that the goods shall comply with the agreed specifications. Guarantee shall be limited only to defects resulting from faulty design, materials or manufacture for which the Seller is liable.

4.2 The warranty period of each good shall run for a period of 12 (twelve) months as of the date of its putting into operation, but may not in any event extend beyond a period of 18 months following the date of its delivery to the Buyer and is subject to proper claim filed by the Buyer in accordance with the following article 5, as well as to express written request to the Seller to perform an intervention in guarantee. Subject to said request the Seller shall, at his option, within a reasonable time depending on the nature of the claim, either to:

a) furnish free of charge EXW Sgorbati Group premises, Italy, to the Buyer goods of the same type and quantity as those found to be defective or not complying with what was agreed upon. The Seller can, in this case, require that defective goods be returned DDP Sgorbati Group premises, Italy, which become his property, at the Buyer's expense; b) repair at his own expense the defective goods or modify that which does not comply with agreed-upon terms, performing the aforementioned operations *in loco* or at his own premises. In these cases all costs connected with shipment of the goods DDP Sgorbati Group premises, Italy shall be borne by the Buyer.

4.3 The warranty period for replaced or repaired parts of the goods shall commence from the date of the replacement or repair of the defective part in question and shall be for the same duration as provided for the main good of which it form part.

4.4 The warranty shall not apply:

- if the goods have not been stored or maintained in accordance with the Seller's instructions;
- if the goods have been submitted to abnormal conditions (mechanical, electrical or thermal) during installation or use;
- to parts which are subject to normal wear and tear;
- if the defects of the goods result from excess usage of maximum values (temperature limits, maximum voltage) in respect to those defined by the Seller or by the manufacturer of the goods, or from an incorrect choice of application by the Buyer;
- should any spare parts not supplied by the Seller be installed in the goods, and in any case, should any modifications have been made without the Seller's prior written consent.

4.5 The guarantee as per the present article supersedes and replaces all legal guarantees for defects and product non conformity and excludes any other possible liabilities by the Seller due to the supplied goods regardless of their origin. In particular, the Buyer shall not be entitled to any other reimbursement for direct, indirect, consequential or incidental damages (including damages based on lost revenues or profit however caused by the supplied goods), or to price reduction or to contract cancellation. No claims shall be valid against the Seller after expiration of the guarantee period.

## Article 5 - Claims

5.1 The following provisions shall apply to file a complaint: a) claims regarding quantity, weight, total tare, color or quality defects and flaws or non-compliance that the Buyer may note as soon as he enters into possession of the goods shall be filed by the Buyer within a short period of time after their enter into its possession and in any case, in order to maintain validity of the claim, not more than 8 days after receipt; b) hidden flaws (defects or non-compliance that cannot be discovered subsequent to the Buyer's inspection required by law and/or by the previous paragraph) shall be reported within a short period of time after discovery and in any case, in order to maintain the validity of the claim, not after the warranty expiry.

5.2 Claims shall be filed by registered letter sent to the Seller and shall indicate in detail the flaws, defects, non-compliance and include the related photos. Claims shall also include an estimate of costs for repairs or modifications of the goods *in loco* when possible. No validity shall be recognized to claims unless these prerequisites are satisfied.

5.3 Whenever claims are established to be groundless the Buyer shall reimburse the Seller for all expenses incurred by the latter for ascertainment of this condition (trips, expert appraisals, etc.) The Buyer shall be likewise obligated if the claim is only founded in part for a percentage not greater than 30 percent relative to the original claims.

## Article 6 - Technical rules and regulations - Product liability

6.1 It is hereby stated and understood that the Seller, insofar as goods characteristics are concerned, complies with existing Italian legislation and technical standards. The Buyer assumes all risks regarding any discrepancies between Italian regulations and those of the Country of destination of the Supply and will hold the Seller harmless.

6.2 The Seller shall be liable for damages to persons or property caused by his goods only in case of proven serious fault in the manufacture of the goods themselves, however within the limits and the terms/conditions of his product liability insurance.

6.3 Provided that all the terms set forth heretofore shall stand unaffected, the Buyer shall hold the Seller harmless against all and any actions brought by third parties founded on liabilities originated by the goods sold to him and shall make good the damages resulting from any claims. The Seller can involve the Buyer - who in turn shall take all the necessary measures to intervene - in the relative legal proceedings brought by third parties.

## Art. 7 - Testing

7.1 Testing will take place at the Seller's premises, unless the parties agree another location. The day for testing will be communicated by the Seller to the Buyer giving sufficient notice in order to allow the Buyer to attend the testing at his own expense. Testing is to be considered as positive: a) if the Buyer attends the testing, on condition that no specific written objection of the possible faults is made during or immediately after the testing has been carried out, or b) if the Buyer states that he does not want to attend the testing, or anyway he does not attend it, and no fault results in the test report drawn up by the Seller. If testing has a negative outcome, it shall be repeated and it will be carried out under the same conditions.

7.2 Testing can be carried out at the Buyer's factory if it has been agreed in writing between the parties. Testing is to be considered as positive on condition that the Buyer makes no specific written objection to the possible faults during or immediately after completion of testing. The date agreed upon for testing will be notified by the Buyer to the Seller giving sufficient notice to allow the Seller's personnel to attend. In any case the Buyer will have to make all arrangements at the proper time in order to carry out the testing at the date agreed upon: otherwise at the date agreed upon for testing, the test is to be considered as having had a positive result. All expenses incurred in the testing process at the Buyer's factory will be at his own charge, except those necessary for the Seller's technicians to take part in the testing.

7.3 The Buyer loses all rights, guarantees, right to action and exceptions regarding those faults which could have been diligently found out through testing.

## Article 8 - Buyer's obligations

8.1 Should the Seller be required the commissioning and/or testing at the Buyer's factory of the supplied goods, the Buyer shall supply the Seller all necessary properly functioning utilities at his own expense, including telephone lines and fax, internet connections and any other utility (electric power, water, gas) which, inside the plant, could be or could become necessary for these purposes.

8.2 The Buyer shall at its own expense make all necessary qualified personnel, including interpreters, for the purposes of the commissioning and the operation of the goods available to the Seller.

8.3 The Buyer shall provide the Seller with accommodation of a quality standard suitable for the personnel of the Seller in the country of destination of the goods, as well as the means necessary for transport *in loco* at its own expense.

8.4 The Buyer shall supply the Seller with all the administrative support and the services for obtaining visas and permits required by the Seller's personnel, just as any import/export license relating to the personal belongings and to the luggage of the above-mentioned personnel (where necessary) at its own expense.

8.5 The Seller has the right to suspend and/or terminate the contract with immediate effect, by way of a mere written communication to the Buyer: a) if the Buyer fails to regularly comply with its obligations for the payment of the price (including failure to pay the down payment); as well as b) if the Buyer is subject to any insolvency proceedings or its financial circumstances change substantially so as to place the attainment of the consideration in return in evident danger.

8.6 In the event of a delay of more than 45 (forty-five) days of the contractual payments owed to the Buyer following a notice for readiness of goods, the Seller shall have the right - as an alternative to terminating the contract - to re-sell the goods which have already been prepared to third parties (making any changes to the goods themselves to this end), save for compensation for any damages.

8.7 In the event of a serious breach by the Buyer of the obligations established as his responsibility by the contract, the Seller has the right to terminate the contract where the breach is not addressed within a time frame reasonably determined by the Seller, as well as considering the amounts paid by the Buyer as an advance payment and/or installments paid, whilst in any case, expressly keeping the recoverability of further damages.

8.8 The Buyer shall respect all safety regulations with regard to the goods, accident prevention, industrial hygiene, fire and ecology prevention, and undertakes to adopt the relevant precautions and to hold harmless the Seller in relation to any and all damages caused to goods or persons. The Seller shall have the right to interrupt, suspend or postpone any of his supply when in the Seller's opinion it is of unreasonable risk or danger or unhealthy or dangerous surroundings.

## Article 9 - Delivery

9.1 Unless otherwise agreed upon in writing, sales shall be understood to be EXW Sgorbati Group premises. This shall also apply where it is stipulated that shipment (or part of shipment) will be handled by the Seller. In this case the latter will act as an agent for the Buyer, and it is hereby agreed upon that shipment shall be performed at the expense and risk of the Buyer.

9.2 In case of delay in delivery the Buyer can cancel the part of the undelivered Supply only if such delay is exclusively attributable to the Seller's fault, and after having informed the Seller by registered letter with return receipt, of his intention to do so, and after having given the Seller 60 workdays reckoned from the date of receipt of said notice, within which time the Seller can deliver all the Supply specified in the registered letter that are still undelivered. In any case no liability shall be admitted for damages resulting from delay or failure to make partial or total delivery.

9.3 Unless otherwise agreed upon, delivery EXW Sgorbati Group premises of the goods shall be made by sending a written notice to the Buyer that the goods are at his disposal. The Buyer shall have 8 days from the date of delivery of this notice to make arrangements for collection.

9.4 If the Buyer fails to collect the goods within the terms specified in the previous paragraph, he shall refund the Seller for warehousing expenses established in a lump sum equal to 1% of the amount of the invoice relative to the goods for each week of delay. After 30 days have elapsed the Seller can also sell the goods by whatever means on behalf of the Buyer, withholding from the proceeds the entire price due (regardless of payment terms agreed upon) plus all expenses incurred.

## Article 10 - Payment

10.1 Payment shall be made, unless otherwise agreed upon in writing, at the time of delivery, through the Seller's banking establishment. When payment is by Letter of Credit, this letter shall be opened as instructed by the Seller at the time stated by him, and it shall be irrevocable and confirmed by a leading Italian bank.

10.2 Any delay in or improper payment shall entitle the Seller to withhold the delivery or to cancel standing contracts, even if these are not related to the payments in question, as well as reimbursement of any damages. The Seller, in any case, shall be entitled - effective from expiration term for payment and without having to claim default - to late payment interest rates according to the Directive 2011/7/UE.

10.3 Any eventual delay in payments gives the Seller the right to exclude the warranty for the whole period that delay may persist.

10.4 The Buyer shall make full payment even in the event of dispute or controversy. The Buyer shall not delay or suspended the agreed payments for any reason whatsoever, given the application of the "solve et repete" provision of law. The Buyer shall not commence any legal action, including actions for compensation or exceptions, in pursuance of the contract without having paid or continued to pay the installments at the dates agreed.

#### **Article 11 - Retention of Title**

**11.1** When payment is performed, in part or in full, after the delivery, then the goods delivered remain the property of the Seller until the time of full payment of the price.

**11.2** The Buyer undertakes to do whatever is necessary to build up in the end-user country an adequate reserve of assets in the most wide ranging form permitted.

#### **Article 12 - Force majeure**

**12.1** Whenever fires, floods, building collapse, interruption of supplies, shipping disruption, strikes, lockouts or other events arise and which are due to force majeure causes and which prevent or substantially reduce production in the Seller's or manufacturer's plants or which hamper shipments between the place of delivery and the place of destination of the goods, the Seller shall be entitled to an extension up to 60 days (further extensible to 90 days in the most severe instances) in delivery terms for the goods, provided that he shall promptly inform the Buyer of the onset of said force majeure causes.

**12.2** When the above-mentioned term has elapsed, but the force majeure cause continues, the Buyer can cancel the contract by sending a written notice to this effect by registered letter with return receipt to the Seller. In this case, the latter shall be entitled to the reimbursement for losses.

#### **Article 13 - Assignment of the contract**

**13.1** The Buyer cannot assign the contract unless otherwise stipulated between Seller and Buyer.

#### **Article 14 - Miscellaneous**

**14.1** The sole valid text for interpretation of these General Sales Conditions shall be text in the English language.

**14.2** All references to price-lists, General Sales Conditions or other materials belonging to the Seller or to third parties shall be understood to refer to documents valid at the time the reference is made unless otherwise specified. Corresponding texts previously valid between the parties shall be understood as having been canceled.

**14.3** Any representations made or the spirit maintained by the parties during the dealings or during performance of the contract can only contribute to interpretation of the sole contract to which they refer, and within the limits whereby they do not conflict with these General Sales Conditions or with written agreements made between the parties during finalization of the contract in question.

**14.4** Provided that the provisions set forth in article 2.4 shall be standing, all changes or additions made by the parties to the contracts governed by these General Sales Conditions must be made in writing otherwise they shall be considered void. Any deviation of these General Sales Conditions from other regulations shall not be construed broadly, nor by analogy, and shall not imply the desire to remove the application of the General Sales Conditions as a whole.

**14.5** In the case of invalid or ineffective contractual regulations the contract, as a whole, shall be completed as if it were to contain all the clauses that permit it to achieve, consistently with the Law, the essential purpose sought by the agreement containing the clause in question.

#### **Article 15 - Disputes**

**15.1** The Seller's Court shall have exclusive jurisdiction over all disputes relative to or in any way connected with the contracts where the present general conditions are applied. The Seller, however, shall have the right to take legal actions through the Buyer's Court of jurisdiction.