

- PERSICO S.P.A. GENERAL CONDITIONS OF SUPPLY -

1. FIELD OF APPLICATION

- 1.1 Any contract underwritten between Persico S.p.a. (the "Supplier") for the supply of its products (the "Products" or "Product") and a customer (the "Purchaser") will be disciplined, should they be referred to in the acts that form said contracts, by the General Conditions of Supply that prevail over those possibly provided by the Purchaser. The acceptance by the Purchaser of the offer or order confirmation of the Supplier, including when this takes place with the simple execution of the contract by means of concluding behaviour, involves the application of the General Conditions of Supply. They can only be derogated in writing by the Parties and, in this case too, these General Conditions will continue to be applicable in the parts not derogated. Possible general conditions of the Purchaser will not be applied, not even partially, unless they have been explicitly accepted by the Supplier in writing.
- 1.2 A possible acceptance, on the part of the Purchaser, not conforming to the Supplier's offer is equivalent to a new proposal, to be considered refused and rejected by the Supplier unless explicitly accepted by this latter in writing.
- 1.3 The Supplier reserves the right to modify and/or vary these General Conditions of Supply, attaching these modifications to offers or to any other written correspondence sent to the Purchaser. The General Conditions of Supply and their possible modifications are understood to be accepted by the Purchaser should there be no specific objection in the fifteen days following receipt or in the correspondence immediately following.
- 1.4 In its offers the Supplier indicates the terms within which the conditions proposed therein are to be considered valid.
- 1.5 In the interpretation of these General Conditions of Supply the following terms have this meaning:
- "Products" The object of the sale between the Supplier and the Purchaser as described in the offer form

2. RESPONSIBILITIES OF THE SUPPLIER FOR THE INFORMATION SUPPLIED

- 2.1 The Purchaser declares that he has negotiated directly with the Supplier for each contract, receiving from same an adequate illustration and the technical and structural properties of the Product: therefore the parties do not rely in any way on the weights, dimensions, capacities, prices, performances and other data appearing in the Supplier's catalogues, brochures, circulars, advertisements, illustrations and price lists, which take on an exclusively publicity character, except in the case where the individual contract explicitly refers to them.

3. PRICE, PACKAGING, IMPORT PERMITS AND OTHER AUTHORISATIONS

- 3.1 The prices of the Products are always understood to be exclusive of VAT, referring to "bare goods" and not inclusive of the packing costs, except when otherwise specified in the offer.
- 3.2 The Purchaser guarantees that the goods can be imported freely and formally commits himself to total payment for same, including if, at the time of importing, limitations or prohibitions in this regard have been instituted in the country of destination. Where administrative authorisations from the Supplier's country are needed to export the Products, the agreed delivery terms will be automatically extended by the time needed for the issue of these authorisations.

4. TRANSFER OF THE RISK

- 4.1 When there is no information about the delivery method in the individual supply offer and/or contract, the Products are sold "EX WORKS" (Incoterms 2000) ("Free ex-Works").
- 4.2 The Supplier will not respond in any case of deterioration of or damage to the Products after the transfer of risks. In no way is the Purchaser freed from the obligation of paying the price when the deterioration of or damage to the goods occurred after the transfer of risks.
- 4.3 In the case of other forms of sale, the time the risk will be transferred will be determined on the basis of the agreements reached between the parties in writing with reference to Incoterms 2000.

5. DELIVERY

- 5.1 The Product delivery date shown will be automatically extended by a term equal to the Purchaser's delay in issuing the order and fulfilling the obligation of paying the part of the price possibly owed by the Purchaser as a payment on account.
- 5.2 Similarly, when the Purchaser or another party appointed by him has to communicate processing specifications, technical data (e.g. drawings, model confirmation) or other instructions for preparing the Products, the delivery term of the Products will be automatically extended by a period equal to the delay in transmitting the required technical documentation.
- 5.3 In the case of modifications to the Products agreed between the Parties following the contract stipulation date and while making the order, modifications that, moreover, will only be valid if agreed in writing, the delivery term will be automatically extended by the period reasonably needed to make these modifications.
- 5.4 The delivery terms, unless explicitly provided for by the Parties, are not fundamental and can be extended by the Supplier. The Supplier will do everything in his power to deliver then Products within the agreed terms.
- 5.5 If the Purchaser does not collect the Products in the place and at the time specified in the contract, he must still make all the contractually planned payments as if the Products had already been delivered. In this case the Supplier will take steps to store them at the Purchaser's expense and risk. The Supplier also has the right to payment of damages and repayment of all the expenses he has incurred due to the failure to collect.
- 5.6 The Supplier may deliver all the Products covered by the order or only part of them in advance; in the case of anticipated delivery the Supplier retains the right, up to the planned delivery date, to deliver possible missing parts and to supply fresh goods to replace other nonconforming ones already delivered, as well as to remedy any conformity problem in the goods. In any case, any responsibility on the part of the Supplier for possible damages relative to anticipated deliveries is excluded.
- 5.7 Delay penalties will not be accepted. Wherever the parties agree penalties in writing for a Supplier delay, these can only be applied if the following conditions have arisen: (i) Written Purchase Order, technical specifications and CAD data have been supplied by Purchaser before the start of the project related to the Products (ii) the payments have been regularly made by the Purchaser, (iii) no substantial modifications to the work-in-progress have been requested by the Purchaser; (iv) the specifications and drawings submitted to the Purchaser for approval were confirmed within the term of 3 (three) days.

6. PAYMENT

- 6.1 Payments must be made in the ways and exactly on the due date or due dates agreed by the Parties. In the absence of a different agreement in writing, payment is due thirty days following the moment of delivery.
- 6.2 If the Purchaser is late in making any payment, the Supplier can suspend fulfilment of his obligations until the payment has been made and demand, by means of a written request sent in suitable time to the Purchaser, the default interest from the due date, in the amount determined by art. 5 of Law Decree 9.10.2002 n° 231, in addition to greater damage. In the same way, failure to observe the payment terms and conditions relieve the Supplier from any delivery obligation, including those relative to goods other than those to which this non-observation applies, and gives him the right to proceed with the anticipated collection of the entire credit, provided he does not prefer to resolve the contract as per art.

6.3

6.3. Should the Purchaser's non-fulfilment extend for over 15 (fifteen) days from the due date, the Supplier has the right to resolve the contract with a simple registered letter, holding good the right to retain, as a penalty, all the sums paid by the Purchaser for the Products up to that time, holding good the interest as per art. 6.2 and greater damage.

6.4. The Purchaser cannot have recourse to possible non-fulfillments of the Supplier if he himself is not up to date with the payments: possible non-fulfillments by the Supplier do not allow the Purchaser to suspend or delay the payments.

7. ACCEPTANCE, THE RIGHT OF THE PURCHASER TO REFUSE THE GOODS

7.1. At the time of receipt of the Products the Purchaser must promptly check the correspondence of all the Products received with the relative delivery documents and promptly perform the production tests needed to check their correspondence to the promised quantity and quality requisites. The Purchaser must declare quantity and/or quality defects of the Products with a registered letter, containing the specification of same defects (or of Products not delivered), received from the Supplier within the expiry term of 8 (eight) days from delivery or 8 (eight) days from the discovery of these defects if hidden. The costs and/or expenses sustained by the Purchaser or third parties relative to tests, consultancy and inspections cannot be charged to the Supplier in any way.

7.2. The Supplier will check the objections formulated within a reasonable time and, in the case of acceptance of the objection, the Supplier will replace the missing or defective Products at his own expense, with the limits as per art. 8.

7.3. In the case of defects detectable by inspection, the use of the Products causes the Purchaser to lose any guarantee right in any case. Similarly if, before or during use of the Products, the Purchaser detects or can reasonably suspect the existence of faults or defects in the Products purchased, the Purchaser is obliged to immediately interrupt all use of the same Products and take all steps needed for the purpose of reducing and/or not making worse these faults and defects caused by same.

7.4. Unless otherwise requested by the Supplier, the Purchaser has the obligation of sending the refused goods to the Supplier, provisionally bearing the cost of this; the Supplier will only refund the cost of this dispatch after a check has confirmed the defects complained of.

8. GUARANTEED PRODUCT QUALITIES.

8.1. The Supplier guarantees to the Purchaser that, at the time of delivery and for a period of the next 12 (twelve) months ("Guarantee Period"), his Products are free of design or production defects, as well as of faults inherent in the material used ("Guarantee"). In the case of purchasing the Products from a vendor authorised by the Supplier, the Guarantee will run from the delivery date of the Products certified by the vendor.

8.2. This Guarantee is not applicable, therefore the Supplier cannot be held responsible in any way nor can he be charged with possible costs, should (i) the Products not be used in normal conditions of use and/or without respecting the instructions given by the Supplier; (ii) the possible defects in the Products are due to incorrect installation, maintenance or repair or due to modifications made without the written consent of the Supplier; (iii) the defects are due to the normal deterioration or normal wear of the Products such as, merely as examples: oil and air filters, cylinder gaskets, fuses, static and mechanical relays, control relay and contactors, safety control devices, control buttons and their contacts, Venturi meters, suction cups and halogen bulbs.

8.3. Holding good what is otherwise specified by these General Conditions, given the particular nature of the Products, the Guarantee also does not extend to the operations relative to putting the Products into production, thus including all the operations that are functional and necessary for them: in any case it is the Purchaser's responsibility to verify and check the quality of what is made using the Products, by means of preliminary trials and/or tests on the use of the Products.

8.4. Should the Products not retain the guaranteed characteristics as per the previous paragraphs during the Guarantee Period, the Purchaser, on pain of forfeiture, must report these faults and defects within 8 (eight) days from when he discovered them according to that specified in art. 7.1. In this case the Supplier will fulfil the guarantee obligation with the repair or replacement, free of charge, of those components that prove to be defective at origin. Interventions under guarantee will be done promptly, with respect for the planning of the intervention on the basis of the Supplier's operative priorities and without any commitment as regards maximum times needed, since these are also conditioned by the complexity of the intervention and of the availability of replacement parts and/or components. The repair or replacement of Products in fulfilment of the guarantee obligation does not involve any extension of the current Guarantee.

8.5. Unless otherwise agreed in writing between the Parties, the travel, board and lodging cost of the personnel appointed by the Supplier for the repair and/or replacement of the defective Product are excluded from the Guarantee in any case; however the transport of the Product and/or its defective parts is the charge of the Supplier when the Guarantee is operating.

8.6. The signalling of possible defects in the Products, or the actual existence of same, does not exempt the Purchaser from making the relative payments on the agreed due dates; in any case, a delay in the payments involves the immediate lapsing of the Guarantee.

9. LIMITATIONS OF RESPONSIBILITIES AND EXCLUSION OF OTHER GUARANTEES

9.1. The Guarantee specified here is the sole and only guarantee relative to the Products and replaces any other guarantee, oral or written, implicit or explicit, relative to the Products. Replacement as per paragraph 8.4 is the only obligation of the Supplier and the only legitimate right of the Purchaser deriving from this Guarantee: it excludes recourse to possible different remedies provided for by the applicable law. Beyond what is stated here, the Supplier does not recognise any other guarantee, explicit or implicit, including any guarantee relative to the marketability, the adequacy of the Products for specific purposes and ends or (relative) to the infringement of the rights of third parties.

9.2. The Supplier is not responsible in any way for further and different guarantees issued by the Purchaser to third parties, including, without limitations, possible guarantees regarding the period of useful life and duration of the Products, the product made with the Products or one in which the Products are incorporated.

9.3. Apart from the malice and serious fault of the Supplier, the possible payment of any damages to the Purchaser cannot, in any case, exceed the value of the single component of the defective Product and/or the value of the defective Product; in no case will the Supplier be responsible for possible losses of profit or loss of earnings or for any other type of economic damage (as mere examples: machine stoppage, loss of production, defects in moulded articles) and for the consequent indirect damages deriving from or in relation to the use, conditions, possession, performance, maintenance and failed or delayed delivery of the Products, including in the case where the Supplier was informed or learnt about these damages.

9.4. The Supplier cannot be held responsible for damages deriving from the choice made by the Purchaser of a particular use and/or employment of the Product and/or for events occurring, including dependent on the Product supplied, in the exclusive sphere of the Purchaser and/or on which the Supplier cannot exercise his own control or that, in any case, cannot be solely attributable to the direct and exclusive responsibility of the same Supplier for the failure of quality promised in the Product.

9.5. In case patent or utility model exists at international level that is in contrast with the concept proposed in the offer, the Supplier cannot take charge of any responsibility like legal or judicial fees. This responsibility is requested to the Purchaser with this notice. Similarly the Supplier cannot take charge of any responsibility related to legal or judicial fees in case the owner of the above mentioned patents or utility models perceives a violation to them and takes legal proceedings against the Supplier. This responsibility is similarly requested to the Purchaser. Nevertheless, it could be possible that the Purchaser could run into a patent violation for structural elements.

In any case, this has to be checked by Purchaser's patents agents, because the Supplier cannot take charge of any responsibility for the sovrastructures in material of the constructive part, in this case named "Insert".

10. GUARANTEE FOR THE COMPLIANCE OF THE PRODUCTS TO EU STANDARDS ONLY

- 10.1 The Supplier guarantees that the Products will conform to those standards of the European Union (EU) possibly applicable to them.
- 10.2 No guarantee will be issued by the Supplier regarding the conformity of these Products to the standards and regulations, this explicitly including the standards on the subject of safety and accident prevention in force in the Purchaser's country, when the latter is resident outside the EU or, more in general, in any country not belonging to the EU.

11. GENERAL AGREEMENTS

- 11.1 The notification of defects as per arts. 7.1 and 8.4 must be sent with a description of the defects and photos documenting the problem that has arisen to:

Persico S.p.A.
Via Follereau, 4
24027 Nembro BG Italia – Italy
- 11.2 Salespersons, agents or other similar people do not have any authority to further guarantee the Products with respect to what has been defined here, to extend the Guarantee Period or to change, modify or amend the conditions of this Guarantee save for in result of written instructions from the Supplier's legal representative. This Guarantee applies to all the Supplier's Products sold to the Purchaser starting from the acceptance date of these General Conditions of Supply and up to the time when the Purchaser receives a new Guarantee signed by the Supplier's legal representative.
- 11.3 The failure or delay on the part of the Supplier in exercising the rights, powers or remedies deriving from these General Conditions of Supply, including that deriving from this Guarantee, must not be considered a derogation of these General Conditions of Supply, neither can the partial exercising of the rights, powers or remedies deriving from these General Conditions of Supply, including those deriving from this Guarantee, preclude the subsequent or future exercising of the rights and relative powers.
- 11.4 Should a clause of these General Conditions of Supply, or part of one, be considered illegal, invalid or inapplicable by the competent Court, the other clauses or parts of a clause not considered illegal, invalid or inapplicable will continue to regulate the relationships between the Supplier and Purchaser relative to the sale of the Products.
- 11.5 The Purchaser cannot transfer, transmit or in any way cede his rights deriving from this Guarantee without the prior approval in writing of the Supplier. Any transfer, transmission or cession without the prior approval in writing of the Supplier is null and void and in any case without validity and effect. This Guarantee is effective and binding between the Supplier and Purchaser and their respective legitimate successors and assigns. Possible claims deriving from this Guarantee can only be presented by the Purchaser and not by the Purchaser's customers or another party.

12. PROPERTY RESERVE

- 12.1 Up to the date on which the Supplier receives payment of the full price for the Products supplied, these Products will remain the property of the Supplier.
- 12.2 Should the Purchaser, during the course of his activities, sell these Products or new products in which the Products supplied him by the Supplier have been incorporated and does not provide for paying everything that is owed in full, the Supplier will have the right to all revenues until they equal the price owed by the Purchaser to the Supplier for the supply of these Products.
- 12.3 The Supplier will have the right to give notice to the Purchaser of the revocation of the right to sell Products whose ownership, in consequence of that defined in art. 12.1, has not yet passed to same Purchaser, should the Purchaser have remained in default for a period of time of more than 7 (seven) working days with respect to the payment of any sum owed to the Supplier (both in respect of these Products and of any other goods or service provided by the Supplier to the Purchaser).

13. INTELLECTUAL PROPERTY RIGHT

- 13.1 Copyrights, patents, trademarks and any other intellectual property right relative to the supply of the Products will remain the full and exclusive property of the Supplier.

14. PROPRIETARY INFORMATION AND CONFIDENTIALITY

- 14.1 Any data, drawing, design, equipment or other material or information which is provided by Supplier shall be considered Supplier's proprietary and confidential information.
- 14.2 Purchaser agrees to keep strictly confidential any and all materials and information under 14.1 as well as any other Supplier's proprietary materials and/or information received for the purposes hereof and to avoid communication or disclosure of such material and/or information to any third party unless with prior written consent of Supplier .
- 14.3 Any advertising or oral or written communication concerning the order or its details shall be subject to Supplier's prior written approval

15. COMPETENT COURT

- 15.1 The exclusive jurisdiction of Italian Law is agreed for any dispute or controversy deriving from or connected to the Product supply contracts, or about their interpretation, performance and validity and of those of the General Conditions of Supply and to this end the exclusive competence is with the Court of Bergamo.

16. APPLICABLE LAW

- 16.1 The Contracts underwritten between the Supplier and the Purchaser for the supply of the Products as well as the guarantee and the rights and obligations deriving from same will be exclusively regulated by Italian Law: however the regulations (Italian) on the subject of conflicting Laws will not be applied. Application of the Vienna Convention on international sales of goods is excluded.

Seen, read and underwritten on the.....

THE SUPPLIER

THE PURCHASER

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Within the meaning and effects of arts. 1341 and 1342 of the Civil Code the following clauses are explicitly approved:
6.3 "Explicit resolution clause"; 6.4 "Solve et repete' clause"; 7.1 "Expiry term for exercising the guarantee right"; 7.3 "Acceptance"; 8.4 "Guarantee obligation limits"; 9.3 "Payment of damages limits"; 13.1 "Intellectual Property Rights"; 14.1 "Proprietary Information and Confidentiality"; 15.1 "Competent Court"; 16.1 "Applicable Law".

THE PURCHASER

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