



GENERAL TERMS AND CONDITIONS OF SALE AND GUARANTEES

1. PREAMBLE

1.1. The present General Terms are applicable, unless otherwise agreed in writing.

2. FORMATION OF CONTRACT

2.1. The Seller's offers both verbal and written are not binding if not specifically declared. Orders sent to the Seller will be regarded as accepted only if confirmed by the Seller in writing. The contract is considered executed when, on receipt of an order, the Supplier has sent an acceptance in writing.

2.2. If the Supplier in making his firm offer, has set a term-limit for the acceptance, the contract is considered executed where the Buyer has sent an acceptance in writing before the expiry of the said term. Yet there shall be no valid contract if the acceptance should not reach the Supplier within a week after the said term-limit. It is peremptorily determined that the supply shall concern uniquely what listed in the order, nor shall be invoked particular conditions which are different from those already written. The following activities are excluded from the provision: assembly and testing of the whole equipment, travel return costs by means of transport both of the Seller and other (airline tickets etc.), board and lodging for the Seller's personnel during the period of assembly and testing, possible building work, product feed channel to the weighing group, three-phase 380 volt electricity supply to the general control panel, compressed air supply to the filter-lubricator group placed on one side of the machine, possible lifting devices, empty sacks for equipment testing (which shall be provided by the Buyer) and anything not explicitly specified.

3. PICTURES AND DESCRIPTIVE DOCUMENTS

3.1. Weights, dimensions, capacity, prices, outputs and other data shown in catalogues, tables, circulars, advertisements, illustrations and price lists are approximate indications. These data are not binding except insofar as they are explicitly referred in the contract.

3.2. Any picture or technical document permitting the manufacture or assembly of the work and their parts¹, and delivered to the Buyer before or after the stipulation of the contract, remains the exclusive property of the Supplier. They cannot be used by the Buyer, or copied, reproduced, transmitted or communicated to a third party without the consent of the Supplier.

4. PRICE

4.1. The price agreed upon and reported in the order, will be affected by the increases that should occur during the supply, on the price of materials, of the labor and expenses relating thereto. For this reason the cost of the supply will be subdivided as follows: 40% will follow the increase of the materials; 50% will follow the increase of the labor and the related expenses; 10% will remain fixed and invariable. The Buyer shall pay the agreed deposit strictly within 5 working days after signing the present contract. Payment over that period charges the Buyer with any additional spending with higher prices.

5. LOCAL LAWS AND REGULATIONS

5.1. The Buyer must assist the Seller in the best possible way to obtain the necessary information about local laws and regulations applicable to works and to the taxes and fees relating thereto.

5.2. If, following an amendment of such laws or regulations occurring after the offer, the cost of the assembly should increase, the amount of that increase shall be added to the agreed price.

6. WORKING CONDITIONS

- 6.1.
- a) works shall not take place in unhealthy or dangerous places;
 - b) the Supplier's staff must be able to find adequate and affordable board and lodging near the installation area, and to receive appropriate health services;
 - c) the Supplier must be provided on the spot in time and without charge, unless otherwise agreed, equipment, supplies, water and energy as specified in the contract;
 - d) the Buyer must make freely available to the supplier, unless agreed otherwise, closed or guarded places, in the same area or nearby, that will allow him to keep safe from theft and damage the material intended for installation, equipment and tools necessary, as the effects of clothing of the personnel;

¹ In these General Conditions it is meant by "Materials" every kind of machines, device, materials and other objects that the Supplier must provide according to the contract. By "works" it is intended both the "materials" and all the works that the Supplier must perform according to the contract.



- e) the Supplier is not required to undertake construction and demolition works or to take other exceptional measures regarding the transport of material from the discharge point to the place of assembly, unless He adhered to the delivery of equipment on assembly site.

If any of the conditions set forth in this paragraph is not observed, the prices will be increased.

- 6.2. If because of the failure of one or more of those conditions, should occur a situation which would make unreasonable to require from the Supplier the execution of the works, He may refuse without prejudice to actions that could itself entitle.

7. ECONOMY ASSEMBLY AND FLAT RATE ASSEMBLY

- 7.1. When the assembly is the "economy" type the following items are charged separately:

- a) travel costs met by the Supplier for his staff and those of equipment and personal effects transport (within reasonable limits), according to the methods and classes of transportation as specified in the contract;
- b) a daily subsistence allowance for the personnel for each day of absence from its normal residence, including rest days and holidays;
- c) time worked, calculated according to the number of hours marked on the attendance sheets signed by the Buyer. Extra hours, those working on Sundays or public holidays, and night hours are billed at special rates mentioned in the contract. Unless otherwise stated, the hourly rates cover the wear and depreciation of portable tools and light equipment of the Supplier;
- d) time necessarily spent for:
 - I) preparations and formalities at departure and return,
 - II) travel return,
 - III) the daily journey from lodging to the workplace, morning and evening, where longer than half an hour and there is no housing available closer to the workplace;
 - IV) waiting times when work cannot take place for reasons of which the Supplier is not liable under the contract;
- e) expenses gone to by the Supplier under the contract about the provision of tools, as well as, where appropriate, the rental price of heavy equipment owned;
- f) taxes and fees paid by the Supplier on the total bills in the country where the assembly takes place.

- 7.2. When the installation must be paid by flat rate, the price stated in the offer includes all items detailed in the whole paragraph 7.1. However, if the duration of the assembly is extended for any reason due to the Buyer or its Suppliers other than the contract Supplier, and, therefore, the work of its personnel is to be cut or increased, each and every waiting time and job, subsistence allowances and additional travel expenses for this personnel are billed more.

8. COMMISSIONING AND TESTING

- 8.1. **(Subject and modalities of the tests at the Buyer's headquarter)** – Any possible test at the Seller's headquarter shall concern the verification of compliance of the machine with the contract agreed and shall take place in the manner usually adopted by the Seller.

For machines where the test is agreed, the same will happen at the buyer's establishment. When the assembly or installation of the machine should not be performed by the seller, the buyer must conclude them before the date planned for the testing. It will be communicated to the buyer with sufficient notice to allow its staff to be present. The test shall be considered successful: a) if the Buyer assists to the test, if there is no specific objection in writing in the inspection about any lack of conformity of the machine, during or immediately after the conclusion of testing or b) if the Buyer declares that he do not want to assist to the test, or in any case he does not assist to the test, if any lack of conformity of machinery result from any test report drawn up by the Seller. If the changes introduced to make the machine comply are relevant, test can be repeated, if the Seller agrees, and will be held in the same manner and consequences of the first. The delivery terms are extended for a period equal to that necessary to make changes, or, in case of a second test, a period equal to that between the first and second test. The possible second test will deal with the verification of the specific lack of conformity of the machine resulting from the report of the first test; the buyer will not in any case have the right to challenge the existence of exorbitant defects in the object of testing, just indicated. To any test or tests after the second will be applied the same rules set forth above, but with the smaller object resulting from the report of previous testing.

- 8.2. **(Commissioning at the Buyer's establishment)** - When this has been expressly agreed in writing between the parties, the machine shall be set going at the Buyer's establishment, to his care and charge.

Setting the machine going shall concern:

- a) verification of implementation, as agreed, of assembly or installation, when they were made by the Seller.

Setting the machine going must be considered successful if there is no specific objection in writing in the report of operation of any lack of conformity of machinery or defects in implementation of the assembly or installation, during or immediately following the conclusion of the operation; the Buyer will not in any case have the right to challenge the existence of defects different from those resulting from verifications referred to in point a).



When the assembly or installation of the machine should not be executed by the Seller, the Buyer has to finish them before the scheduled date of commissioning. The Buyer must notify the seller of the date of operation with sufficient notice to allow the Seller's staff to attend it. Unless otherwise agreed between the parties, the Buyer will arrange the commissioning so that it happens no more than 30 days from the date of the testing conclusion: otherwise, at that time, the commissioning must be considered successful.

When the Buyer does not allow the carrying of setting the machine going, or otherwise if such operation shall not be taken within the abovementioned term (or for the Buyer's delay in arranging in time the commissioning or because the Seller believes that the necessary connections have not been made adequately and set up whatever is necessary for the commissioning, or for any other reason not attributable to severe failure of the seller) the testing must be considered successfully passed. In any case, the Buyer will arrange in time all that is necessary or helpful for the smooth conduct of the commissioning on the date set. All costs still needed to execute the commissioning at the Buyer's headquarter shall be borne by him; the Buyer must provide, free of charge and within reasonable limits, the motive power, lubricants, water, fuel and any material generally used during setup and installation. He will also install free any equipment necessary for the operations mentioned above.

- 8.3. When the works shall be completed under the contract and pass all the acceptance tests to be carried out at the end of the assembly, it is believed that the Buyer takes over the works, and the warranty period shall begin.
- 8.4. **(Effect of testing)** - The Buyer forfeit any right, warranty, action and exception related to lack of conformity and defects of the machine which could be detected through testing the machine, unless the lack of conformity of the machine or defects have been specifically challenged in writing in the report of testing, during or immediately after the testing.

9. TRANSFER OF RISK

- 9.1. All the risks associated with the sorting, lifting to the floors of the building and installation of machinery or parts thereof are the sole responsibility of the Buyer even in the event He was to make use of the staff of the Seller. It shall not constitute a derogation in the latter case the resulting demand for payment of the work provided.
- 9.2. The goods are transported at Buyer's risk and peril even if delivered free destination and even if transport is shipped by Seller's carrier.

10. DELAYS IN DELIVERY AND INSTALLATION

- 10.1. If the delivery or installation of machinery shall be protracted because of the Buyer, payment must anyway be made in accordance with the conditions, any exception removed, intended to delay the payment itself even if, after signing the order, should cases considered of force majeure arise.
- 10.2. If the Buyer does not collect the material deadline, He must also make all payments associated with the delivery as if the material had been delivered. The Supplier must provide for storage of material at the expense and risk of the Buyer and shall be entitled, upon notice in writing to the Buyer, and without asking the pronouncement in His favor of any Court, to cancel the contract and thus to obtain the same compensation for any damage suffered as a result of non-compliance.

11. PAYMENT

- 11.1. Payments are to be remitted to the registered office of the selling company. It is expressly recognized to Molitecnica Sud snc the right under Article. 1461 c.c.
- 11.2. Any payment in advance made by the Buyer is considered as a down payment and does not constitute a deposit, the renunciation to which would give one or the other party the right to recede from the contract.
- 11.3. If delivery was made before payment of the amount due under the contract, the goods delivered shall remain the property of the Supplier to the extent permitted by law in the country where the material is after delivery, until full payment has been made. If that law does not grant the Supplier the retention of title, the Supplier has the right to benefit from all those other rights on the material that this law will allow him to retain. The Buyer must give every assistance to the Supplier to take any measure necessary to protect the property rights of the latter or any other rights as stated above.
- 11.4. If the Buyer delays in making any payment, the Supplier has the right, upon written notice sent to the Buyer, to the payment of interest for delayed payment at the rate of two percentage points more than the legal measures. If on expiry of the period of delay in payment of 30 days the Buyer is still in default, the Seller is entitled, upon written notice to the Buyer and without asking the pronouncement in His favor of any Court, to cancel the contract and thus to obtain from the Buyer the compensation for damages suffered.

12. PREPARATIONS

- 12.1. It is duty of the Buyer the execution of the preparatory works according to the indication and data as specified by the Seller. This performance must be completed in time, and the basements of foundation shall be such as to receive the material at the appropriate time. The buyer must make freely available the additional labor, skilled and unskilled, that may be necessary.



13. SAFETY REGULATIONS

- 13.1. The Buyer must notify the Supplier in detail the safety rules that he prescribes to its staff and the Supplier is required to ensure compliance by its employees.
- 13.2. If the Buyer finds breaches to those rules, as soon as possible He must inform in writing the Supplier and has the right to immediately inhibit the access to the installation area to the perpetrators of such violations.
- 13.3. The Supplier must make known in detail to the buyer the special risks arising from the execution of work.

14. EXTRA CONTRACT WORKS

- 14.1 The Buyer may not, without the prior consent of the Supplier, employ the personnel of the latter for work outside of that subject matter. If the Supplier consents to Him doing it, the Supplier shall not accept any responsibility for that work, and the Buyer is responsible for the safety of personnel of the Supplier for as long as it is used in the work itself.

15. RIGHT OF THE SUPPLIER TO INSPECT

- 15.1. Until the take-over and during any work resulting from the operation of the guarantee, the Supplier has the right at any time to inspect the works during working hours on the site of installation.

16. EDUCATION OF THE BUYER'S PERSONNEL

- 16.1. Where this is necessary, the contract specifies the conditions under which the Supplier provides education to be given to staff of the Buyer who shall operate the equipment.

17. WARRANTY

- 17.1. **(Conformity of machinery)** - The Seller agrees to deliver machines conform to the agreement and free from defects that make them unfit for use for which machine of the same type are used. When the Buyer requires the provision of a machine with variations of any type and size compared to the machine in the catalogue of the Seller (or, however, requires the provision of a custom machine), He shall provide in writing to the seller drawings, technical documents, data and any other instruction, it being understood that the Seller will be required to deliver a machine conform to these changes only if they shall be confirmed in writing by the Seller. Any warranty is excluded for goods different from machines.
- 17.2. **(Extended warranties)** - The Seller is not liable for any lack of conformity of the machinery and defects arising, even indirectly, by drawings, plans, information, software, documentation, directions, instructions, materials, semi-finished works, components, and other material goods and whatever supplied, suggested, or requested by the Buyer or third parties acting in any capacity on behalf of Him; the Seller does not respond moreover for the lack of conformity and for the defects of materials, software, semi-finished works, components and any other product incorporated or not into the machine, supplied, suggested, or requested by the Buyer or third parties acting in any capacity on behalf of Him. The Seller does not respond also for the lack of conformity of the machinery and defects caused by normal wear of those parts, which are by their nature subject to rapid and continuous wear (e.g.: gaskets, belts, brushes, fuses, etc..). The Seller is also not liable for any lack of conformity of the machinery and defects caused by breach of the rules written in the operating manual and by improper use or handling of the machine. Nor is he liable for any lack of conformity and the vices that depend on a misuse of the machine by the Buyer or on having carried out alterations or repairs made without the prior written consent of the seller. In case of machines shipped disassembled, which must be assembled by the Seller, any warranty is considered invalid if the assembly at the Buyer is not made directly by the Seller or at least under the supervision of specialized personnel. In no case the Seller is responsible for any lack of conformity and those vices that have their cause in an event subsequent to the transfer of risks to the buyer. The Seller does not guarantee the absence of claims or rights based on industrial property or intellectual property rights of third parties relating to the machine or to the documentation sent to the Buyer. It is excluded in any case the liability of the Seller regarding the calculation of foundations. This warranty excludes electrical parts, the damaged parts for misuse or lack of maintenance, the labor required for replacement details. It will not be recognized any compensation - for expenses, damages or lost profits - supported by the Buyer.
- 17.3. **(Duration of warranty)** - The warranty period lasts 12 months from the date of delivery or testing.
The warranty for replaced or repaired parts fall on the same day of the end of guarantee period of the machine.
- 17.4. **(Complaint of lack of conformity)** - The Buyer, under penalty of forfeiture, must report the lack of conformity or the defect in the machine to the Seller specifying in detail in writing the nature of the problem, within 15 days after he has discovered it or could have found it out through a careful examination and testing of the machine. In no case the complaint of lack of conformity or defect may still be validly made after the expiration date of the warranty terms set out in art. 17.3. The Buyer also forfeits the warranty if He does not allow any reasonable control the Seller would ask, or if the seller had requested to return the defective part, the Buyer fails to return this piece shortly after the request.



17.5. **(Repairs or replacements)** - Following regular complaint of the Buyer, made pursuant to art. 17.4, the Seller, at His option, after making sure of the defect, will:

- a) provide free to the Buyer the necessary parts to replace those defective; or
- b) make or let make at His own expense by a third party the repair; or
- c) refund the Buyer the price paid for these parts proved defective.

Any supply of the parties to replace the defective ones will be ex factory.

17.6. **(Limitation of liability of the seller)** - Unless fraud or gross negligence of the Seller, any compensation for any damage to the Buyer shall not exceed the share value of the machine relating to the defective part.

The guarantee referred to in this article is in lieu of any warranty or liability provided by law and exclude all other liability of the Seller, however arising from goods supplied, in particular the Buyer may not make further claims for damages, a price reduction or termination of contract. Upon expiry of the warranty period no claim can be relied.

18. CANCELLATION OF THE CONTRACT

18.1. The termination, whatever reason has arisen, is not prejudicial to the rights of the Seller. In case of termination of contract, even before its execution, the Seller is due a sum equal to at least 35% of the total provision, unless any action for compensation for damage.

19. COMPOSITION OF CONTROVERSIES AND APPLICABLE LAW

19.1. For any controversy arising from the contract or connected to it will be exclusively competent the Court of the Seller, the Court of Bari. Such jurisdiction shall in no case be derogated even in the event that the Buyer wished to lodge an appeal after action brought by third parties in respect of Him and even in the assuming provided by paragraph of the art. 2204 Italian Civil Code. Assuming that this contract is concluded abroad or with foreign citizens, is now agreed exhaustively the exclusive jurisdiction of the Italian judicial authority.

19.2. The contract is governed by the law of the selling company, namely the Italian Law.

19.3. The parties agree that the wording in Italian of this contract is the original and authentic between the parties. The buyer declares to have read and accept the general conditions of sale.

Molitecnica Sud S.n.c.