

## General Delivery Conditions

### I. Applicability

1. Our deliveries are governed exclusively by these General Conditions. Any terms and conditions differing from those specified herein - including such terms and conditions of the customer - will be binding on us only if we expressly accept them in writing.
2. Our General Condition for Installation, Erection and Other Services and the pertinent Schedule of Rates, our General Conditions for Engineering Services, which are known to the customer or, if not, will be communicated upon request where services covered by either of them are involved, as well as the INCOTERMS interpretation rules in a supplementary fashion, each as applicable at the time of formation of the contract, will apply in addition to these Conditions, where appropriate.
3. These Conditions shall within the framework of current business relationships apply for future deliveries, even if this is not expressly agreed upon in the future.
4. With regard to such items to be delivered under the contract, or their individual components, as are covered by applicable Government export regulations, our performance of the contract shall be subject to the required licenses being granted to us. We may declare to the customer that no such license is necessary for the deliveries in question.

### II. Formation of Contract, Extent of Delivery

1. Our quotations are offers without engagement. Our written order confirmation shall be conclusive in determining the extent of our delivery. If our quotation is accepted within the time limit stated therein but the order has not yet been confirmed by us, our quotation shall be determinant as to the extent of the delivery. No collateral agreements or amendments shall be effective unless accepted by us in writing.
2. The customer shall be responsible for the unloading of goods and for their transport from the unloading point to the final destination and bear the cost thereof, even when we deliver carriage paid.
3. Any protective measures which may become necessary by reason of the customer's working conditions are the responsibility of the customer. Such measures are not within the extent of our delivery under the contract. This shall also apply where we carry out installation and commissioning.
4. Any documents or data, such as illustrations, drawings, details of weight and dimensions, forming part of our offer, are only to be considered approximate, unless expressly designated as binding. We retain the ownership and copyright of all cost estimates, project proposals, documentation and other data or information furnished by us; they may not be made available to any third party.

### III. Prices and payment

1. Failing specific agreement to the contrary, our prices are always for delivery ex-works which includes loading in the works, but excludes packing costs. They are exclusive of VAT at the level chargeable under the law.  
With respect to all deliveries within the European Community, the customer is under obligation to communicate to us sufficiently in advance, i.e., not later than 4 weeks prior to the contractually agreed delivery date, the complete sequence of his VAT registration number as proof required for the purpose of exemption from VAT.  
Failing such complete information, we reserve the right to charge VAT, as currently in force.  
With respect to all other export shipments, we shall be entitled to charge VAT at the legally prescribed level by subsequent invoicing, unless the customer provides us with proof of exportation within one month from the date of the shipment concerned.
2. If the parties have not specified the payment conditions (offer /order confirmation), payment must be made as indicated under article 3 hereunder.
3. In the absence of any other specific agreement, payment shall be in cash and without any deductions and be made free our payment office as follows:  
1/3 down payment with order, against down payment invoice  
2/3 by irrevocable letter of credit with a sufficient period of validity, confirmed by a bank in the Italian Republic, which shall be opened in our favour when ordering and be payable against shipping documents or - in case shipment is delayed for reasons beyond our control - against warehouse receipt, and against commercial invoice.  
Any costs and charges arising in connection with the fulfilment of the customer's obligation to pay shall be to his account.  
Place of payment: Arcore
4. The customer is not permitted to withhold payment or offset any payments against claims of the customer which are disputed by us.
5. Our acceptance of order shall be understood subject to satisfactory creditworthiness of the customer. Should his financial position substantially deteriorate afterwards, thereby creating a risk that any sum payable to us might not be paid, then, and unless adequate securities for such sum can be supplied by the customer, we shall be entitled to suspend deliveries until payment has been effected.
6. Payments against submission of a draft accepted, or of a promissory note signed by the customer are not considered payments until the bill is honoured by the drawee and we are released from our liability under it.  
Our retention of title according to section V below and any further agreements remain in force until we are released from our liability as aforesaid. Discount charges shall be borne by the customer.

### IV. Transfer of risk and acceptance

1. On despatch of goods the risk shall pass to the customer. Should the customer return any of our deliveries, such return shall be at his own risk.
2. Where despatch is delayed due to circumstances for which we are not responsible, the risk shall pass to the customer upon readiness of the goods for despatch.
3. House-to-house transport insurance is covered by us, unless other provisions are specified.
4. The customer shall accept the goods delivered to him, even if they show minor defects, his rights as per section X below notwithstanding.
5. Partial deliveries and invoicing by partial amounts shall be admissible.

### V. Retention of title

1. Ownership of the goods constituting the delivery shall be transferred to the customer only on receipt of all payments.  
To the extent that the validity of the reservation of ownership is subject in the

country of destination to specific preconditions or specific regulations, the customer shall be required to see to it that they are complied with.

2. The customer may neither pledge nor transfer title to the delivered goods as security. He must inform us without delay in cases where rights of attachment or confiscation or other rights of disposal by third parties are exercised.
3. In case of any act or omission by the customer in contravention of contract, particularly delay in payment, we shall, after notice to the customer, be entitled to recover the goods and the customer shall surrender them. The exercise of our right of reservation of ownership and attachment of goods delivered shall not be regarded as withdrawal from the contract.
4. We may at the customer's expense obtain insurance covering the delivered goods, until payment thereon in full, against losses arising out of theft, fire, water damage and other risks unless the customer can prove that he has taken out such insurance.

### VI. Delivery time

1. The delivery period shall commence with the despatch of our order confirmation, but not before the documents, permits and releases to be furnished by the customer have been supplied and clarified, and not before receipt of the agreed-upon advance payment, where applicable.
2. The delivery period shall be deemed to have been observed if, by the time of its expiry, the goods to be delivered have left the works or the customer has been notified of their readiness for despatch.
3. The delivery period shall be reasonably extended in case of any delay arising out of an industrial dispute, particularly a strike or a lock-out, or where any unavoidable obstacles to our performance of the contract arise (regardless of whether they occur in our works or at our suppliers), such as necessary changes in the extent of delivery because a required licence has not been granted, operational breakdowns, embargo, delays in the supply of important raw materials and supplies, insofar as such obstacles demonstrably have a considerable effect on the manufacture or supply of the goods to be delivered.  
Neither shall we be responsible for the circumstances indicated above if they arise when a delay has already occurred. In serious cases we shall inform the customer as soon as possible of the intercession and the elimination of such obstacles to contract performance.
4. Observance of the delivery period is conditional upon the fulfilment by the customer of his obligations under the contract.
5. If the customer fails to accept delivery of the goods at the agreed-upon date or, as applicable, immediately after notification of readiness for despatch, we shall be entitled to charge him for the incurred costs of deposit and maintenance, but not less than 0.5 % of the invoice amount, for each month. We reserve the right to claim compensation beyond this.  
The same applies if the customer does not open a letter of credit until the agreed upon date.  
We further reserve the right after a period has been allowed and expired without result, to make other arrangements for the disposal of the goods and to supply the customer with the goods ordered within a reasonably extended period.

### VII. Delay or partial delay on the part of the supplier

1. Should the customer suffer damage or loss as a result of a delay in delivery for which we are responsible, he shall be entitled to claim compensation. Such compensation, which must be claimed in writing, shall only be paid from the day on which we have received the claim, and shall amount to 0.5% for each full week of delay, but limited to a maximum of 5 %, of the value of that part of the delivery which, due to the delay, cannot be used on time or in accordance with the contract.
2. In case of delivery being delayed beyond the end of the 10-week period commencing with the receipt of the written claim as per sub-section 1 hereof, the customer may only withdraw from the contract if he has specified a reasonable extension period with the express statement that on expiry of the latter period he will refuse acceptance of the delivery, and it we have not met the extended deadline. The same shall apply in case of partial delay provided that the customer can prove that partial delivery is of no value for him.
3. Further remedies with respect to delay or partial delay are excluded as per section XI below.

### VIII. Impossibility and partial impossibility of performance

1. The customer may withdraw from the contract if it becomes ultimately apparent that we are not able to complete our obligations in full under the contract due to circumstances for which we are responsible. In the case of partial impossibility the right to withdraw shall exist only if it can be proved that the partial fulfilment of our obligations is of no value for the customer; otherwise he is entitled to claim a reasonable reduction in the purchase price.
2. If neither party to the contract is responsible for the impossibility of performance, we shall be entitled to partial reimbursement, proportionate to the work performed.
3. Should impossibility of performance arise during delay in acceptance or through the fault of the customer, the latter's obligations under the contract shall remain unchanged.
4. Further remedies with respect to cases of impossibility or partial impossibility of performance are excluded as per section XI below.

### IX. Acceptance

1. If commissioning of our products is carried out by us, we will inform the customer in writing of their readiness for operation. If no other stipulations are made, our products are to be considered accepted 2 weeks after such information unless within this period the customer furnishes written proof of significant defects.
2. If commissioning of our products is carried out by the customer, the acceptance shall take place in accordance with the agreed-upon time schedule. The acceptance is to be considered granted if this time schedule is exceeded without our fault by more than 2 weeks.
3. If no time schedule has been agreed upon, our products are to be considered accepted 8 weeks after arrival at site of the last considerable partial delivery.
4. Every use of our products by the customer is to be considered as acceptance. The customer may not refuse acceptance in the case of insignificant defects, if we expressly recognize our obligation to eliminate the defect.

### X. Liability for defects

We accept liability for defects in the goods delivered, including deficiencies in expressly warranted features or properties, as follows:

1. We shall replace or repair, as we decide, all those parts which, within 6 months

from the date of commissioning, prove to be unserviceable or the serviceability of which is materially diminished, if it can be proved that this is the result of a circumstance which existed before the passing of risk (especially as a result of faulty design, poor materials or defective workmanship). The discovery of such defect shall be notified to us in writing without delay. Replaced parts become our property. Should despatch, installation or commissioning be delayed without our being at fault, our liability shall cease not later than 9 months from the passing of risk.

With respect to essential bought-out parts, our liability shall be limited to transferring the liability claims we have against the supplier of the part(s) involved.

2. The right of the customer to make claims with regard to defects expires in all cases 6 months after the date timely notice of defects is given in accordance herewith, or upon the expiration of other warranty period applicable to the case at hand, whichever is earlier.

3. No liability is accepted for loss or damage arising from the following causes: unsuitable or improper use, faulty installation or commissioning by the customer or by a third party, natural wear and tear, faulty or negligent treatment, unsuitable working materials / substitute materials, poor building construction, unsuitable building soil, harmful environmental conditions not known to us, and chemical, electrochemical or electrical effects, insofar as we are not at fault.

4. The customer must allow us the necessary time and opportunity to carry out repairs and replacements which, on fair assessment, appear to us to be necessary; otherwise we shall be released from liability for the defects. The customer shall have the right to rectify the defect himself or have it rectified by others and claim reimbursement of the necessary costs from us only in urgent cases where operational safety is endangered and to avoid disproportionately extensive damage. In such cases we are to be notified immediately.

5. If the claim is found to be justified, we shall bear the direct costs of the repair / replacement part(s) and shipment thereof. Any further costs such as, e.g., travel expenses, costs of stay, expenses of disassembly and installation, shall be borne by the customer. In any case our total liability shall be limited to the amount of the value of the order.

In case of any defect occurring as a result partly of the customer's own fault, especially in the event of his failing to meet his responsibilities in preventing and minimizing damage or loss, we shall after the performance of remedial action be entitled to recover from the customer such portion of the costs incurred as corresponds to his share of fault in respect of the defect concerned.

6. The warranty period for replacement and repair in 3 months but shall continue at least until the expiry of the original warranty period for the goods supplied. The warranty period for defects in the delivered goods will be extended for the period of time the operation is interrupted due to repair work.

7. Our warranty does not apply if the defect found is insignificant to the customer's interests or has been the result of circumstances attributable either to the customer or to force majeure.

We accept no liability whatsoever for the consequences of measures or repairs undertaken by the customer or by a third party in an improper manner and/or without our prior consent.

8. The customer has the right either to demand a reduction in price or to rescind the contract if we fail to meet a reasonable deadline specified to us for repair or replacement in respect of a defect for which we are responsible hereunder.

The customer also has this right if the repair or replacement is impossible or if we are unable to carry it out.

The customer does not have this right if the defect has only an insignificant effect on the quality of the goods supplied - e.g. if characteristics or quality standards are not entirely fulfilled. In such a case, the customer may only demand a price reduction which is appropriate to the shortcomings determined.

9. Should the delivered goods be deficient in expressly warranted features or properties, and should such deficiency give rise to consequential or indirect damage or loss, we shall be liable to the customer where it has been the purpose of such warranty to keep him safe from those very kinds of damage or loss.

10. Further remedies with respect to warranty cases are excluded as per section XI below.

#### XI. General limitations of liability

1. The customer shall have no other remedies available against us than those expressly provided for in these Delivery Conditions. Any remedies against us or our employees beyond the extent as aforesaid are excluded, especially claims for compensation of any kind, including claims with respect to illicit acts, violations of mutual confidence in contract formation, and breach of contract other than default or impossibility, in particular, this shall apply in case of any loss or damage occurring not to the delivery item itself.

2. The foregoing limitation of liability shall not apply in case of intent or gross negligence. However, where intent or gross negligence on the part of non-executive personnel is involved, we accept liability only if the employee in question has violated an essential obligation under the contract.

3. Furthermore, the aforesaid limitation shall not apply in cases where a defect in the delivery item causes bodily injury or damage to privately used property and where liability for such injury or damage is incurred by virtue of the Product Liability Act.

4. Where we incur liability as per subsections 1 to 3 hereof, the level of compensation for losses which are purely economic, e.g. loss of production, decrease in output, or loss of profit, shall be limited with due regard to the general bona fide principles, for instance when the amount of loss is out of all proportion to the price of delivery.

#### XII. Vibration Transmission

Non-balanced and non-isolated designs transmit dynamic reaction forces into the foundation. Vibration transmission can affect support structures and buildings. Buyer and all end users are responsible for soil conditions, foundation designs, and the effects of vibration transmission.

#### XIII. Insurance claims

Where we have an insurance claim with respect to the delivery item under a policy valid for the customer as well as for ourselves, it is to be understood that the customer has agreed a priori to such a claim being put forth by us.

#### XIV. Software products

Insofar as the extent of delivery includes software products, the following applies in addition:

1. We grant the customer a non-exclusive, revocable and non-transferable right to use the delivered software products solely on the system designated in our order

confirmation.

2. If we commission the software products, we inform the customer in writing of their readiness for service. Unless otherwise agreed, the software products are deemed to be accepted two weeks after our notification, unless the customer proves the existence of substantial defects. If the customer commissions the software products, acceptance is carried out by us at our factory before delivery, and the customer receives an acceptance report.

3. If any software functions cannot be brought into service for reasons not attributable to us, we shall commission them at a different time and charge according to the work involved.

4. If a lump sum price has been agreed for the software products and for a fixed date set for handing them over, the following applies:

Insofar as modifications which appear to be rational and/or requests of the customer after placing the order increase expenditure for us and/or jeopardize observance of deadline dates, we may claim an appropriate increase in price and/or postponement of the dates. By so nothing the customer in writing within three months after appearance of the need for modification and/or receipt of the requests of the customer.

If we specify a new price or new dates at the time of making the claim as aforesaid, these are deemed to be accepted unless the customer opposes them within a reasonable period of time. We shall draw the attention of the customer to this and state the reasonable period of time. The above applies accordingly if any cause within the customer's responsibility increases expenditure for us or jeopardizes observance of deadline dates.

5. Our warranty obligations for the delivered software products shall be in accordance with the following and to the exclusion of sub-sections 1 to 6 of section X.1-6 above:

the warranty begins on acceptance and ends twelve months later. If defects attributable to us appear during utilization in accordance with the contract, we shall remedy them. If necessary, we shall also correct the program documentation, insofar as this is included within the extent of delivery.

The customer must allow us a reasonable period of time to eliminate any defects at our factory. The customer may only demand that they be remedied outside our factory if this is technically necessary and economically justifiable at the site of use; any extra charges arising from this shall be borne by the customer. The customer must prove the existence of alleged defects on the basis of an unchanged version of the software.

Our liability for loss of data is limited to the expenditure which would have been required to reconstruct them if they had been properly secured by the customer. Sub-sections 7 to 10 of section X.7-10 above shall apply mutatis mutandis.

We may claim remuneration:

a) if we have become active on account of notice of defect without the customer being able to prove the existence of the alleged defect, or  
b) if remedying the defect is made more difficult by modifications of the software by the customer, or  
c) for eliminating defects which are not attributable to us.

6. The delivered software products and documents as well as their modifications undertaken by us remain under our copyright. The customer is not permitted to reproduce, transfer or use them otherwise than in conformity with the contract. In order to modify our software products, the customer must obtain our written consent. If our warranty is still running, it ceases from the moment of modification.

If the customer's right to use our software products lapses, he may retain one copy of the software products as well as one complete set of documentation for verification and archival purposes; any other copies and documentation, including reproductions, are to be destroyed by the customer.

Both contracting parties are obliged to treat as confidential all knowledge of business secrets which are identified as such. This does not apply with respect to unprotected ideas, designs, experiences, and techniques which arise on the occasion of performing the contract and relate exclusively to data processing.

#### XV. Protected rights of third parties

1. Should our delivery infringe any protected rights of third parties, then – inasmuch as this is economically justifiable – we shall at our expense and at our sole discretion, either obtain a shared right of use for the customer or replace the protected part of the delivery so that infringement no longer exists. Any further remedies shall be excluded as per section XI above.

2. If we cannot obtain a shared right of use for the customer not provide a replacement such that infringement would no longer exist, the customer shall be entitled to rescind the contract as per sub-section 8 of section X above.

3. Where the delivery item has been manufactured according to the customer's drafts or instructions, he shall, in the event of any third-party claim based on protected rights, be under obligation to obtain a shared right of use for us.

#### XVI. Miscellaneous

1. Failing demonstrable reasons to the contrary on grounds of security or other important interests of the customer, we may, after prior notification, inspect the plant supplied by us in operation, acquaint ourselves with the operational results and show the plant to our potential customers.

2. Should the application of individual conditions among those stated herein be rendered unenforceable under the law in force, this will not affect the validity of the remaining conditions.

3. All taxes, fees and charges in connection with delivery outside the Italian Republic shall be borne by the customer. Should we be charged directly by the customer's authorities with taxes, fees or other charges in carrying out any such delivery, the customer shall indemnify us.

4. The data supplied to us will be processed and stored on a computerized basis. Information supplied relating to persons is protected against misuse in conformity with Italian data privacy legislation.

5. The customer shall procure at his own expense the necessary licences and/or the export and import documents required for the use of the product.

6. The limitation period for our rights under or in connection with the contract shall be 6 years, save where a longer period is stipulated by law.

7. The place of performance as regards the customer's obligations towards us shall be Arcore

#### XVII. Applicable law and place of jurisdiction

1. The law of the Italian Republic shall apply exclusively with respect to the legal relationship between the parties of the contract.

2. The place of jurisdiction with respect to all disputes shall be Monza.