

## **ELETTROTEC S.r.l. - GENERAL CONDITIONS OF SALE**

### **Section 1 - Purpose and application of the general conditions of sale**

The general conditions of sale hereunder, together with the enclosed general supply terms govern all current and future sales contracts between the parties, unless otherwise specifically agreed in writing. However, even in this event, the conditions hereunder shall continue to apply to the parts for which exceptions have not been notified.

The relations mentioned in these conditions and terms do not imply any sole rights of the buyer or the establishing of any license, commission or agency, with or without representation. The Vienna Convention mentioned in the following article shall apply only to foreign buyers.

### **Section 2 - Contractual regulations**

All contracts with foreign countries governed by these conditions are also governed by Italian law and, for the cases foreseen, by the Vienna Convention on international sales contracts of goods dated 11th April 1980 (hereinafter abbreviated to V.C.). Any reference to commercial terms (ex-works, FOB, CIF, etc.) is understood to refer to the INCOTERMS 2010 of the International Chamber of Commerce.

### **Section 3 – The conclusion of the contract**

- **3.1.** - The sales contract is understood to be concluded:
  - **3.1.a** after 3 (three) days from the receipt of the buyer's acceptance in the case of the seller's quotation.
  - **3.1.b** after 3 (three) days from the receipt of the seller's order confirmation in the case of the buyer's purchase order.

Quotation, acceptance, purchase order and order confirmation must be in writing and sent by fax.

- **3.2.** - **When the sales contract has been concluded no changes will be accepted to quantity, quality, model and prices of the products and the buyer shall be committed to paying the whole amount agreed. With regards to the delivery time, the buyer can ask to postpone the date, provided that this postponement is no longer than 3 (three) months after the previously agreed delivery time.**
- **3.3.** - Both the general conditions of sale and the enclosed general supply terms apply to the contract agreement, even when the above-mentioned acceptance or order confirmation occur by the simple execution of the contract.
- **3.4** - The seller's quotation is considered to be irrevocable only if it is confirmed as such by the seller in writing specifying the term "irrevocability".
- **3.5** - Quotations by agents, representatives and the seller's sales personnel are not binding for the seller until confirmed in writing by the seller himself.
- **3.6** - With exception to paragraph 19, no. 2 and 3 of the V.C., the buyer's acceptance (to be submitted according to Section 3.1) containing additions or changes to the seller's quotation, even if they do not change the substance of the proposal terms, is considered to be a counter-proposal. In this case the sales contract shall be considered concluded only after the buyer has received and confirmed the seller's acceptance.

## Section 4 - Samples, drawings and technical documents

- **4.1 – Indicative information** - Size, prices, colors and other information mentioned in catalogues, advertisements, drawings, price lists or any other literature released by the seller, as well as the specifications of samples supplied to the buyer, are only approximate.

These information and data do not have any binding value except when they are expressly mentioned as such in writing in the quotation or in the seller's confirmation of the buyer's order.

- **4.2 - Drawings, technical documents** - Any drawing or technical document referring to the products sent to the buyer, either before or after stipulation of the contract, remains the sole

property of the seller. The abovementioned drawings or documents or copies cannot be used by the buyer, reproduced, sent or transmitted to third parties without the seller's agreement.

- **4.3 - Changes to products** - The seller reserves the right to make changes at any time to his products that do not alter their substance and which he considers appropriate, duly notifying the buyer if the changes concern supplies of goods to him.

## Section 5 - Guarantee

- **5.1 - Conformity of the products** - Under the terms foreseen in this section, the seller guarantees the conformity of the products supplied. The conformity of the products corresponds in quantity, quality and type to what has been agreed and it means that they are free from faults that could make them unsuitable for their designated use. With exception to paragraph 35.2.b) of the V.C., the seller does not guarantee any special use of the products, unless this has been expressly agreed upon in writing between the parties.
- **5.2 - Extension of guarantee** - The guarantee is limited to faults due to possible defects in design, materials or manufacturing that can be traced back to the seller and does not apply in cases where the buyer cannot prove to have correctly used and carefully stored the products or to have changed or repaired them only with the seller's agreement. With exception to paragraph 36.2 of the V.C., in no case is the seller liable for faults due to circumstances subsequent to the transfer of risks to the buyer (see clause 7.2) or that can be related directly or indirectly to the buyer's business (assembly, choice of connection of parts, etc.).
- **5.3 - Duration** - The guarantee has a duration of 1 (one) year from the date of delivery and is subordinate to a regular complaint against defects made by the buyer (see clause 5.4). Once the duration of the guarantee is over, no claim can be brought against the seller.
- **5.4 - Complaints** - The buyer is committed to checking the conformity of the products and verify the absence of defects. The buyer shall complain about any defect or non-conformity according to the following methods:

- a) complaints regarding defects in quality or non-conformities, which the buyer should detect when the goods are delivered, must be made, upon penalty of annulment of the contract within 8 (eight) days after delivery;
- b) complaints about hidden faults, defects or non-conformities must be made, upon penalty of annulment of the contract within 15 (fifteen) days from detection.
  - No complaints will be accepted after 1 (one) year from the date of delivery.
  - Complaints must be made in writing by registered mail addressed to the seller with return receipt and must indicate in detail the faults, defects and/or non-conformities that are the subject of the claim.

The buyer loses all rights to the guarantee if he has not made all payments, if he does not agree to all reasonable controls that the seller should possibly request or if he omits to return the faulty items within 10 (ten) days from the seller's request.

- **5.5 - Remedies** - Further to a regular claim declaration by the buyer according to clause 5.4 and having considered the extent of the objection, the seller may, within 20 (twenty) days, choose: (a) to supply to the buyer, free of charge and ex works, products of the same kind and in the same quantity as the defective ones or as those which do not conform to what has been established. The seller may in this a case demand the return of the defective products that once again become of is property; (b) to declare in writing the cancellation of the contract by offering a refund of the price paid upon return of the products supplied.
- **5.6 - Restriction of the seller's liability** - Except in the event of fraud or serious fault of the seller, any compensation for damages to the buyer cannot exceed the invoice price of the products in question.
- **5.7** - No other guarantee regulation can be applied to the sales contract agreed between the parties; the seller cannot be charged with other liabilities, except those clearly provided for in these conditions and terms. Therefore, the buyer cannot present other requests for compensation for damages, reduction in price or cancellation of the contract.

## Section 6 - Technical regulations and the manufacturer's liability

- **6.1** - As far as the features and characteristics of the products are concerned, the seller must observe the law and technical regulations in force in Italy. Consequently the buyer undertakes entirely at his own risk any nonconformity between the Italian standards and those of the destination country of the products, thereby relieving the seller of any possible liability.
- **6.2** - The seller guarantees the performance of his manufactured products only in relation to the usage, purposes, applications, tolerances, capacities, etc., that he has expressly indicated, with the sole exception of usage, purposes and applications that, acquired by common knowledge of normal users, clearly and unequivocally refer to the supplied products.
- **6.3** - Should the buyer resell these products, it will be at his own cost and responsibility to inform his purchasers about the provisions mentioned in the contract.
- **6.4** - However, it is understood that, further to the transfer of risks to the buyer, all liabilities that may derive from the use of the products supplied, including any damage to persons or things, shall be at the cost of the buyer who shall completely indemnify the seller. The buyer also undertakes to fairly insure against all risks, without the right to withdraw from the contract with the seller.
- **6.5** - No exceptions to the provisions under this section can be considered valid unless expressly and specifically defined and accepted between the parties in writing.

## Section 7 - Delivery

- **7.1 - Supply of goods** – Unless otherwise agreed and notified, the supply of products is understood to be Carriage and Insurance paid to named place of destination with the freight costs added to the invoice (CIP destination, INCOTERMS 2010).
  - **7.2 - Transfer of risks** - With exception to chapter IV of the V.C., the risks relating to the supply are transferred to the buyer at the time in which the products leave the seller's warehouse, unless differently agreed in writing or other applicable regulations do not foresee a shorter term.
- If the buyer does not accept the products on the date of delivery agreed for any other reason than by default or intention of the seller, the risks, if not already transferred as per the previous clause, are transferred in all cases to the buyer at the agreed date of delivery at the latest.
- In no case whatsoever is the seller answerable for the destruction and/or damage of the products after the transfer of risks.
- In no case whatsoever is the buyer exonerated from the commitment to pay for the goods when the destruction or damage of the products occurs after the transfer of risks.
- **7.3 - Seller's commitment to deliver the goods** - The terms of delivery are understood to be approximate and in favor of the seller with a consistent margin of tolerance. Any liability of the seller for damages resulting from advanced, delayed or non-delivery - either total or partial - is excluded.
  - **7.4 - Buyer's commitment to take possession of the products** - The buyer is always committed to take possession of the products, even if the delivery is **a)** partial, **b)** early or **c)** after the established date.
- If the buyer has not taken possession of the products for reasons not attributable to the seller or because of force majeure, the buyer shall bear all the expenses that should arise and all costs due to the seller for any reason shall immediately become payable. The seller can also:
- a)** store the products at the risk, danger and expense of the buyer;
  - b)** send the products in the name of, on behalf of and at the expense of the buyer to the buyer's head office;
  - c)** sell the goods without further delay on behalf of the buyer and at his expense, if the buyer does not meet the commitment to pay the invoice.

In this case, the seller is entitled, in addition to compensation for greater damage costs, to keep the difference between the price agreed and the net sale proceeds.

- **7.5 - Impediments independent of the will of both parties** - Delivery terms can be extended by a period equivalent to that of the duration of the impediment after ensuring that the causes do not depend on the will of the seller and/or the buyer, such as strikes, fire, floods, lack of electricity, lack of raw materials, lack of transport, the scrapping of important products being manufactured due to the seller's sub-contracted suppliers, faults and accidents to the seller's production systems, delays in the authorization of licenses from the authorities and other impediments that do not depend on the will of the parties but that having occurred after the agreement make delivery temporarily difficult, excessively onerous, if not impossible. Both seller and buyer shall have the right to cancel the contract giving 1 (one) month notice by registered mail with return receipt if, after 30 (thirty) days from the date of delivery agreed the impediment still persists. In no case whatsoever,

because of the occurrence of circumstances envisaged under this clause, may the buyer or seller demand compensation or indemnities of any kind.

## Section 8 - Payment

**The buyer is committed to paying the price agreed in the terms and in the way provided for by the sales contract.**

- **8.1 - Prices and payments** - The prices of the goods are understood to be in the currency specified in the contract and always Ex-works. Payments and any other sums due for any reason to the seller are understood to be made to the seller's fiscal domicile.

Any payment made to agents, representatives or sales assistants of the seller is not considered as being settled until the corresponding sum is paid to the seller.

- **8.2 - Delays in payments** - Any delay or discrepancy in payment entitles the seller to suspend supplies or cancel the present contract even though they do not relate to payments in question and also entitles the seller to compensation for damages. Starting from the time for payment, without the need to bring a default action, the seller

is however entitled to interest on arrears at the current interest rate in force in the seller's country increase of 3 (three) points.

Delay in payments also entitles the seller to suspend the guarantee confirmed under section 5, for the entire period of the duration of the delay.

The buyer cannot claim for possible seller's defaults, unless he has effectuated all payments.

- **8.3 - Payments in case of dispute** - The buyer is obliged to make full payment even in the event of objection or controversy. However, as far as any disputed sums are concerned, he is entitled to deposit them with an Italian bank until the dispute is settled, binding the bank to transmit such sums to the seller in the event of settlement of the dispute in the seller's favor. No compensation with any credits that may be due towards the seller will be allowed.

## Section 9 - Property rights

If the payment, either entirely or in part, must be effectuated after delivery, the products delivered shall remain the seller's property until complete payment for the goods has been effectuated. Provisions about the transfer of risks defined under clause 7.2 still hold.

## Section 10 - Excess burden, explicit cancellation clause

If, for any reason that cannot be foreseen by someone of normal experience working in the sector, the execution of the seller's obligations has become, before starting, excessively burdensome in relation to the counter-performance originally stipulated, to the extent that the relationship itself is modified by more than 20% (twenty percent), the seller may request a revision of the contractual conditions and, this failing, cancel the contract.

## Section 11 – Interpretation

The Italian text shall be applicable for the interpretation of these general conditions and the enclosed general supply terms. All references to price lists, general conditions, documentation or any other material belonging to the seller or third parties are understood to refer to documents in force at the time of such reference.

The derogation of one or more provisions of these general conditions and terms shall not be interpreted extensively or by similarity and shall not imply any willingness to dispense with the general conditions on the whole.

### **Section 12 - Appropriate Court of Law**

For all disputes related to the interpretation, application, execution and cancellation of contracts to which these general conditions and supply terms apply, as well as the conditions and terms themselves, the seller's Court of Law has sole authority. However, the seller will be entitled to take action in the buyer's Court of Law.

### **Section 13 – Penalty clause**

The buyer, in the event of what is provided for under clause 3.2 has not been respected, will be committed to

paying, in addition to the full amount agreed, a penalty equivalent to:

- 20% (twenty percent) of the value of the order in case of standard items;
- 30% (thirty percent) of the value of the order in case of special items.

### **Section 14 – Child labor**

Elettrotec S.r.l., in observance to all the principles sanctioned by international conventions about children and youth protection and respect, assures and guarantees that products supplied as performance of the contract have not been manufactured exploiting the labor of minors.

### **Section 15 – No advertising clause**

For any advertisement referring to business relations with Elettrotec the buyer shall previously ask for the express authorization in writing of Elettrotec itself.

Enclosure:

a) General terms of supply

Date: ..... Signature: .....

## GENERAL SUPPLY TERMS

- a) Orders must be placed only in writing by fax or mail, clearly specifying the type and part number of the product required to help to determine the item and avoid any useless phone call, possible misunderstanding and waste of time that, sometimes, could even delay the date of delivery. (Orders for unidentified goods will not be accepted).  
All orders are made official by the issuing of an order confirmation clearly stating: prices, delivery time, discount, part numbers, quantities, terms of delivery, forwarder, mode of transport and possible freight costs.
- b) Except for what is provided for in section 3 of the general conditions of sale, the contract is understood to be concluded and signed after 3 (three) days from the receipt by the buyer of the seller's order confirmation where are clearly stated prices, delivery time, discount, part numbers, quantities, terms of delivery, forwarder, mode of transport and possible freight costs. After 3 (three) days from receipt of the seller's order confirmation, no changes to the order will be accepted whatsoever and the buyer is committed to pay the whole amount agreed (see also section 13 of the general conditions of sale).  
Any possible return of standard items, ordered by mistake but then also confirmed, must be previously agreed IN WRITING with the Quality Management of Elettrotec S.r.l. On the returned items a 25% (twenty-five percent) reduction will be applied to the original purchasing price. It is clearly understood that no return of used or tapered items, special executions, adjusted pressure and vacuum switches or of any other customized products will be ever accepted. Elettrotec S.r.l. reserves the right to accept possible changes to ongoing orders of standard items provided that they have been asked in writing and properly before the date of delivery. For possible changes to ongoing orders of special and customized items it is always necessary to contact the Elettrotec Sales Department that will check first the order status before accepting or not any alteration.
- c) As for special execution products and/or adjusted items, only orders of at least 20 (twenty) units to be supplied in a single delivery will be accepted. The delivery time for the above-mentioned items is 30 (thirty) working days from receipt of the order.
- d) Invoicing: the minimum amount to be invoiced is 150.00 (hundred and fifty) Euros.  
Apart from any previously agreed conditions, orders inferior to 150.00 (hundred and fifty) Euros will be carried out cash on delivery or only after advanced payment transfer.  
See minimum sales volume and order quantity attached.
- e) Shipment: Elettrotec normally effectuates deliveries carriage paid with the freight costs added to the invoice (CIP destination, INCOTERMS 2010), using express couriers that have an arrangement with the company (in compliance with the D.L. 82 dated 29/3/93). Please, take note that Elettrotec has taken out an all risks insurance policy during transport. Therefore, customers are kindly invited to give prompt written notice in the case of goods that get lost or are not correctly delivered.
- f) Declaration of Conformity: if requested at the time of the order, it is possible to supply a Declaration of Conformity for the Elettrotec products in accordance with EEC directives: EC89/336, EC92/31, EC93/68 in line



with the new standards regarding safety and liability. No Declaration of Conformity CAN BE ISSUED WHEN THE GOODS HAVE ALREADY BEEN DELIVERED NOR LATER.

- g) Price increase on small quantities of special and/or adjusted products  
See minimum sales volume and order quantity attached.
- h) Sampling  
The seller is available to supply samples upon Customer bid acceptance.  
The seller is open to evaluate and develop particular solutions to customers' specific requirements.
- i) delivery \*  
For any delivery of standard products required by the customer within 48 hours from receipt of the order there will be a 20% (twenty percent) increase on the price list effective from 01.10.2014  
\* WORDING TO BE CLEARLY SPECIFIED IN THE ORDER
- j) The delivery of goods to any address different from that of the customer must be strictly approved by the Elettrotec Sales Department and is subject to the following extra charges:  
- + 20% (twenty percent).



**Subject: Minimum Sales Volume and Minimum Order quantity**

We hereby wish to inform you that minimum sales volume increased from Euro 130 to Euro 150.

In the case of orders below this amount will be manage as follows:

- minimum sales volume below € 150.00 (ex. 149.99) regardless the conditions of sales goods will be invoiced without discount and the applied term of payment is Advance bank swift or Cash on Delivery.

For orders of standard and / or special products in quantities below our minimum (see attached table) list price changes as follows:

- For standard products + 30% on price list

- For special products + 50% on price list

These actions are taken in order to offer a service to our customers, even where the volumes and quantities involved are minimal.

Kindest regards,

Elettrotec s.r.l.