

ETTORE ZANON S.p.A. GENERAL CONDITIONS OF PURCHASE

1. SCOPE

- 1.1 These general conditions of purchase – published at www.zanon.com -shall be deemed as an integral part of any order issued by Ettore Zanon S.p.A. (“EZ”) and shall apply to any purchase of materials, semi-finished and or finished products, components, as well as to any supply of works.
- 1.2 The supplier (“Supplier”) hereby expressly accepts that any present and/or future supply to EZ shall be regulated by these general conditions of purchase. In any case, by receiving the order completed with these general conditions, the Supplier acknowledges to be fully informed of the content of these general conditions of purchase. By submitting an offer or a quotation, by returning an order confirmation, or by accepting or executing an order, the Supplier accepts these general conditions of purchase which shall prevail over any other general or special terms or conditions, unless expressly derogated in the order or unless expressly otherwise agreed in writing.
- 1.3 Unless otherwise agreed in writing, EZ is not bound and hereby expressly rejects Supplier’s general conditions of sale and any term or provision that may appear on any proposal, quotation, price list, acknowledgment, invoice, mail, form and/or order confirmation used by the Supplier that are conflicting with or additional to the terms of these general conditions.

2. ORDERS AND ORDER CONFIRMATIONS

- 2.1 Offers, orders and order confirmations, as well as any amendment or addition to the same and to these general conditions of purchase, shall be valid and binding only when made in writing and executed by the respective duly empowered representative.
- 2.2 Any quotation submitted by the Supplier shall be deemed as an irrevocable offer for a period of 15 (fifteen) days as of the date of its receipt by EZ. Any clause or provision included in or attached to the quotation which is not expressly mentioned or included in EZ’s order shall in no case be deemed as part of the supply agreement.
- 2.3 Upon receipt of an order, the Supplier shall send to EZ – within the following 8 (eight) days an order confirmation. Any term and condition included in the order confirmation which differs from the content of EZ’s order shall not apply unless explicitly approved in writing by EZ. Should the Supplier fail to send the order confirmation within the above stated eight day term, then EZ shall be entitled to cancel the submitted order and no compensation nor indemnity shall be due to the Supplier.

3. SUPPLY

- 3.1 Subject matter of the supply agreements to which these general conditions shall apply are the materials, semi-finished and or finished products, components, as well as to any supply of works (the “Products”) listed in EZ’s orders which shall be manufactured and provided by the Supplier in the quantity specified in the order.
- 3.2 The supply shall fully comply with the terms set forth in EZ’s order, in its technical specifications and in these general conditions: no previous understanding, reached, discussed and/or negotiated by the parties shall apply unless explicitly recalled in the order.

- 3.3 All the Products shall be made with due skill and care, with good workmanship, using the proper materials and in compliance with all the technical regulations as well as with the specifications, descriptions, technical documents or samples, if any, provided by EZ or agreed upon by the parties. No margin of tolerance shall be admitted, unless otherwise specified in writing in EZ's order: the Products shall exactly comply in all their parts to EZ's specification and they shall be of the same quantity and quality as indicated in the order.
- 3.4 Anything (e.g. documents, samples, etc.) obtained or produced by the Supplier while carrying out the works for the supply shall be kept in a safe place and shall be transferred to EZ, together with any right related to the same, upon EZ's request or, in any case, at the completion of the supply. It is hereby expressly excluded any Supplier's right of retention.
- 3.5 The Supplier shall pack, mark, load and ship the Products in accordance with the requirements set forth by Italian and EU environmental laws and with EZ's specifications in such manner as to prevent damages during transport and in order to facilitate efficient unloading, handling and storage. The Supplier shall be responsible for any loss or damage due to its failure to properly preserve, handle, pack or transport the Products.
- 3.6 The Supplier shall not be entitled to transfer EZ's order nor to delegate any of its obligations in connection with the supply agreement to any third parties without the prior written consent of EZ. In particular, the Supplier shall directly manufacture the Products and it shall be authorized to subcontract part of the supply of the Products to third parties only upon EZ's previous written consent. In such a case, the Supplier shall identify and choose qualified entities, after having verified their full respect of the labor, safety, environmental laws as well as their non exploitation of the work of children. The Supplier shall constantly control any sub contractors and inform them of the content of these general conditions. In any case and irrespective to EZ's previous approval of the relevant subcontractors, the Supplier shall be fully liable for the subcontractors' activities and it shall keep EZ harmless from any claim related to their activities. Moreover the Supplier shall procure that any subcontractors keep confidential all and any information, data or materials relating to EZ.

4 DELIVERIES

- 4.1 Unless otherwise agreed in writing, all Products shall be delivered DDP "Delivered Duty Paid"(INCOTERMS 2000) EZ's premises, via Vicenza 113, 36015 Schio (VI), Italy. Accordingly, the Supplier shall bear all transportation and insurance costs and it shall bear all risks until the Products have been delivered to EZ at the designated place. The delivery date and all other terms related to the supply shall be those set forth in the supply agreement or in EZ's order.
- 4.2 Supplier shall, concurrently with the delivery of the Products, provide EZ with all the documents, certificates, statements and/or certifications required by Italian and EU laws and regulations and/or requested by EZ. The supplier shall handle a delivery note for each single order and said delivery note shall at least contain (i) the number of the order, (ii) the code of the articles, (iii) the quantity requested. The delivery of the above mentioned documentation is deemed as an essential part of the supply and the delivery obligation shall not be deemed completed unless the Supplier has fully complied with this obligation.

- 4.3 Time is of essence and all dates referred to in the supply agreement or in EZ's order shall be deemed as firm. For no reason shall the Supplier be entitled to postpone the delivery term; in particular, short supply of raw material or of labor force as well as delays caused by the carriers shall not be deemed as force majeure events and shall not be invoked by the Supplier in order to postpone the deliveries. Without prejudice to the provision set forth in section 4.4 below, the Supplier shall promptly notify EZ in writing of any expected delay in the delivery dates or, in general, in the execution of the works for the supply.
- 4.4 In the event of delay in the deliveries, EZ shall be entitled to forthwith terminate all or part of the supply agreement related to the delayed deliveries, to get restitution of any down payment. Furthermore in the event of delay in the deliveries, EZ shall be entitled to genuine pre estimated liquidated damages in the amount of the 3% (three per cent) of the Purchase order value of the delayed delivery for each calendar week of delay, up to a maximum amount of the 15% (per cent) without prejudice to terminate this agreement in case of delay longer than 5 weeks as per paragraph 5.4 hereunder and with EZ's right to claim for any further damages suffered as a consequence thereof, including any penalty or liquidated damages which EZ maybe obliged to pay to its client due to said delay.
- 4.5 In no case shall the Supplier be entitled to suspend the manufacture of the Products or any delivery of the same. Supplier's failure to comply with this provision shall entitle EZ to claim damages incurred in relation thereof.
- 4.6 The Supplier acknowledges that all EZ sale contracts with its clients contain clauses, whereby EZ is bound to pay penalties and/or genuine pre-estimated liquidated damages in case of delays in the deliveries and or in case of delivery of defective goods. Therefore should EZ be subject to a grounded claim – judicially or extra judicially -for penalty or liquidated damages raised by any client and caused by delayed or defective deliveries of the Supplier, then the latter shall fully refund the amounts which EZ shall pay to the client.

5 INSPECTION, ACCEPTANCE AND REJECTION OF THE PRODUCTS

- 5.1 EZ shall be entitled, at any time, to inspect the Products or the manufacturing process for the Products and the Supplier shall allow EZ to make the relevant inspection. If any inspection or test by EZ is made at the premises of the Supplier, the Supplier shall provide all the requested information, the reasonable facilities and assistance for safety and convenience of EZ's inspection personnel.
- 5.2 Inspection, receipt, use, acceptance of or payment for the Products by EZ shall not release the Supplier from any of its obligations, representations or warranties under these general conditions and under any document related to the supply agreement.
- 5.3 Unless otherwise agreed in writing, the Products delivered shall be accepted after an appropriate control and after an appropriate test carried out on the Products in order to verify their technical features and the compliance with the specifications provided by EZ. The written acceptance shall be pre-condition for the payment of the relevant invoice. EZ's inspection, receipt, use of the Products as well as any full or partial payment shall not be considered as an acceptance of the Products.

- 5.4 EZ reserves the right to reject the Products in case of delays in the deliveries longer than 5 weeks with respect to the agreed date or in case of defectiveness or of non-compliance of the Products with Italian and EU laws and technical regulations and with the technical specifications set forth or attached to the order, in particular if the controls and tests carried out for the acceptance are not successful. In such cases, section 8 below shall apply. EZ also reserves also the right to reject any good sent by error or without order or in excess of the ordered quantity.
- 5.5 If EZ doesn't accept any of the Products or if after acceptance any defect or non-compliance has been discovered, EZ shall notify by letter, fax or e-mail the Supplier of such rejection and EZ shall benefit of the rights provided for in sub-sections 8.2, 8.3, 8.4, 8.5 and 8.6. EZ shall also notify the Supplier in case of goods sent by error or in excess of the quantity ordered. EZ shall not be liable in any manner whatsoever for non accepted Products/goods. Such Products/goods shall be returned to the Supplier at the Supplier's cost, risk and peril. Risk in relation to the rejected Products/goods shall pass to Supplier upon the date of notification thereof.

6 PRICES, INVOICING AND PAYMENT CONDITIONS

- 6.1 Unless otherwise agreed in writing, all prices for the Products (the "*Prices*") shall be those set forth in the order or in the supply agreement and they are deemed to be DDP "Delivered Duty Paid" (INCOTERMS 2000) EZ's premises or any other agreed place of delivery. Prices are deemed to take into account all circumstances and specificities of the order, and shall include, without limitation, the costs of providing the technical documents, instruction books, certificates and permits, packaging, wrapping, loading, transport, unloading in the agreed place of delivery as well as the insurance costs and the risks. Costs for materials, expenses for stoppages, demurrage charges and other costs for lacking documents shall be fully borne by the Supplier.
- 6.2 Prices for the Products shall include duty, if applicable, and taxes, unless otherwise provided for in the order. The Supplier shall separately show in its invoice any duties and any sales tax, value added tax (VAT) or similar taxes, if levied on the Products.
- 6.3 Prices are deemed to be firm and final and they are not subject to any change without EZ's prior written agreement. In particular, no price increase shall be allowed, not even in case of increases in the costs of raw materials and/or of labor. As a derogation to art. 1467 of the Italian civil code, the Supplier shall not be entitled to terminate the supply agreement even in the event its obligation has become burdensome.
- 6.4 Unless otherwise agreed in writing, payment shall be made within 90 (ninety) days] as of the end of the month of the receipt by EZ of the relevant invoice provided that the entire delivery, documentation included, has been carried out. Invoices shall be issued in three copies and shall indicate: (i) the number and date of EZ's order, (ii) the articles ordered and the relative quantity, (iii) the number and date of the delivery note (iv) EZ and the Supplier's VAT registration numbers. Failure to provide all the above mentioned details, will entitle EZ to reject the invoice and, therefore, to postpone the payment.
- 6.5 Should the Supplier fail to fulfill any of its obligations, then EZ shall be entitled to suspend payments due to the Supplier also in connection with other contractual relationships among the parties, without prejudice to EZ's right to claim further damages.

- 6.6 EZ shall at all times be entitled to set off and deduct the amount of any liquidated damages from any amounts due by EZ to the Supplier.
- 6.7 The Supplier will not be entitled to assign to a third party any right and/or credit deriving from or connected with the supply agreement ruled by these general conditions, without EZ previous written approval.

7 TRANSFER OF TITLE AND OF RISK

- 7.1 Unless otherwise agreed in writing, the transfer of title of the Products takes place upon receipt of the order confirmation by EZ. In case the Products are not yet manufactured on the date of receipt of the order confirmation by EZ or in case the order confirmation is not issued, the transfer of title shall take place upon beginning of the actual works for the manufacture of the Products.
- 7.2 All risks of loss or damage to the Products shall remain with the Supplier until actual delivery of the Products to the agreed delivery places.
- 7.3 No "retention of title" clause requested by the Supplier may be invoked or raised against EZ unless it has been expressly accepted in writing by the latter.

8 WARRANTY

- 8.1 Irrespective of any check and control made by EZ at the Supplier's facility, the Supplier warrants to EZ that all the Products will: (i) be in compliance with the technical specifications provided by EZ, (ii) comply with all applicable Italian and EU laws, rules and regulations, (iii) be free from defects in workmanship and material, (iv) be suitable for their intended use (v) be accompanied by all information, instruction, certifications and required documents, (vi) not violate any industrial nor intellectual property rights of any third party. Unless otherwise agreed in writing the warranty period shall last no less than 36 months and the warranty period for hidden defects shall be in any case three times the warranty period specified in the purchase order -or, in the absence of such specification, three times the warranty period above specified in this paragraph 8.1 -and shall be calculated as of the date of acceptance of the relevant Product.
- 8.2 Without prejudice to the application of the legislation on products liability, should any defect or non-compliance of the Products be discovered, EZ shall give notice thereof to the Supplier within 120 days as of the date of material receipt of the Products at EZ premises or, in case of hidden defects, within 30 days as of the date of the relevant discovery per section 5.5 above and it shall be entitled: (a) to request the replacement of the defective Product (b) to demand the repair of the defective Products (c) to claim a full refund of any amount already paid, (d) to suspend any payment, even in connection with other contractual relationships with the Supplier, (e) to cancel the entire order or part of it, (f) to set off any amount paid for the non-conforming Products against any invoices of the Supplier, (g) to obtain a proportional reduction of the price due. In any case, it is understood that EZ shall be at any moment entitled to raise a claim for defects or for non-compliance of the Product whenever they are found, even after the Product have already been used, worked or sold.
- 8.3 In the event the Supplier does not begin immediately the requested correction or the repair of the defect upon receipt of EZ's notice, EZ shall be entitled to directly provide such correction or have it provided by a third party at the expenses of the Supplier.

- 8.4 The Supplier shall bear all costs of repair, replacement and transportation of the defective or non accepted Products and shall keep EZ harmless from all costs and expenses (including, without limitation, inspection, handling, storage costs, rework, labor, material costs, costs for disassembling the defective Products, transportation costs for the return of the rejected Products, etc.) reasonably incurred by EZ in connection therewith. It is hereby understood that in case EZ has sold, used or transformed any nonconforming or defective Products to third parties, the Supplier shall indemnify EZ for any and all the expenses that EZ may incur for removing and recollecting said Products, without prejudice to any right of EZ to claim further damages.
- 8.5 Without prejudice to the above mentioned provisions and to any further damages – including any penalty or liquidated damages which EZ may be obliged to pay to its clients due to the defects or non compliance of the Products -in case of defects or non compliance of the Products as well as in case of non acceptance of them as per section 5.4 above, the Supplier shall furthermore pay a genuine pre-estimated liquidated damages in the amount of the 10%(ten per cent) of the price of the defective, non conforming or non accepted Products.
- 8.6 The Supplier shall also indemnify and hold EZ harmless, from and against all suits, actions, legal or administrative proceedings, claims, demands, damages, judgments, liabilities, interest, attorneys' fees, costs and expenses of whatsoever kind or nature, whether arising before or after completion of the delivery of the Products, in any manner caused or claimed to be caused by acts, omissions, faults, breach of express or implied warranty, breach of any of the provisions of these general conditions, or negligence of Supplier in connection with the Products provided by the Supplier to EZ.
- 8.7 Acceptance of, or payment for all or any part of the Products shall not be deemed to be a waiver of EZ's right to cancel or return or reject all or any part thereof because of failure to conform to order or by reason of defects, latent or patent, or other breach of warranties pursuant to this section 8, or to make any claim for damages, including manufacturing costs and loss of profits or other damages caused to EZ.

9. CONFIDENTIALITY

- 9.1 The Supplier shall keep confidential and shall not disclose all business or technical information although not expressly qualified as such -which it was privy to in the performance of the works for the supply and which have not fallen into public domain, unless EZ's prior express authorization is obtained.
- 9.2 This confidentiality obligation shall remain in force and effect throughout the carrying out of the works for the supply and for a period of 5 (five) years after the delivery is completed.
- 9.3 Upon termination or completion of the works for the supply, the Supplier shall immediately cease to use any confidential information and shall return EZ all documents and copies in its possession which in any way embody or evidence the confidential information.
- 9.4 Any document, information, specification, sample, product, etc. provided by EZ to the Supplier for carrying out the works for the supply is and remains EZ's exclusive property and must be identified as such by the Supplier.

10. TERMINATION

- 10.1 Without prejudice to the general rules of the applicable law on termination, or any other provisions herein set forth, EZ shall be entitled to forthwith terminate any supply agreed with the Supplier in the event of the Supplier's breach of any of the following sections or subsections: 3 (all clauses) , 5.1, 8 (all clauses) and 9 (all clauses). Notice of termination shall be made by return receipt registered letter or by fax duly confirmed by return receipt registered letter, in such a case termination shall be deemed to be effective as of the date of transmission of the fax.
- 10.2 Unless otherwise agreed in writing, EZ shall be entitled to earlier terminate, in whole or in part, any supply agreed with the Supplier without giving rise to any damages of any kind whatsoever (including, but not limited to loss of profit, loss of production, loss of revenue, etc.), by sending return receipt registered letter with 10 (ten) days notice period to the Supplier. In such a case EZ shall pay the Supplier all the works made, up to the date of termination. Notice of termination can be made also by fax duly confirmed by return receipt registered letter, in such a case termination shall be deemed to be effective as of the date of transmission of the fax.

11. SOLE VENUE

All disputes arising out of or relating to the supply agreement regulated by these general conditions shall be exclusively submitted and settled by the Court of Vicenza, Italy. However, EZ shall be entitled to institute proceedings against the Supplier before the competent Court of the place where the Supplier has its registered office.

12. APPLICABLE LAW

The supply agreement regulated by these general conditions as well as these general conditions shall be governed by and construed in accordance with the Italian Law, with the express exclusion of the U.N. Convention on the International Sale of Goods (Wien Convention -11th April 1980).

13 SEVERABILITY

Should any of the provisions of these General Conditions of Purchase be declared null, void or not enforceable, for whichever reason it may occur, the remaining part of the Agreement shall continue in full force and effect and the provisions not directly connected and/or depending by the offending portion shall not be considered anyhow void.