

# GENERAL TERMS AND CONDITIONS OF PURCHASE

## 1. Definitions

In present general terms and conditions of purchase ("General Conditions"), the following definitions will be applied:

- IGS Italia: IGS Italia s.r.l. with legal office in Via Giordania 48 – 58100 Grosseto, Italy;
- The Order: any purchase Order placed by IGS Italia for Delivery of goods and / or rendering of services by the Seller;
- The Delivery: goods to be supplied and / or services to be rendered as defined in the Order;
- The Seller: every natural person, company or any other legal entity with whom an Order has been placed.

## 2. Scope – Acknowledgement of Order

The General Conditions shall be fully applicable to Orders placed by IGS Italia, unless otherwise specified in the Order. No provision contrary to present General Conditions, whether included in the Seller's printed conditions of sale or explicitly formulated in his offer, will be accepted as a condition by IGS Italia unless IGS Italia has signified its agreement in writing. The Seller shall return his official and duly signed Order acknowledgement to IGS Italia within ten calendar days from the date of the Order. IGS Italia reserves the right to cancel the Order should the Seller make any alteration to any condition of the Order in his order acknowledgement. In case no order acknowledgement has been issued by Seller within the before defined time frame, the Seller will be deemed to have fully accepted the Order and the present General Conditions.

## 3. Execution of Orders

The Seller shall be solely responsible for the execution of the Order in every respect and in accordance with the normal customs of trade. He shall draw IGS Italia's attention to any element likely to impede the satisfactory execution of the Order, in particular by providing IGS Italia with all relevant information for this purpose at all times.

## 4. Assignments – Subcontracting

The Seller shall request prior authorization in writing from IGS Italia for the complete or partial assignment or subcontracting of any Order from IGS Italia.

## 5. Deliveries – Time Limits

The Delivery shall be delivered in compliance with the provisions of the Order, on the date, at the place and in the manner set out therein. No Delivery shall be made in advance of the specified date without the written consent of IGS Italia. No Delivery shall be considered effective until the bill of lading or equivalent document is in the possession of IGS Italia. Where the execution is likely to be delayed by circumstances beyond the Seller's reasonable control and where the Seller can show that he has made every effort to limit the consequences of such delay, the time limits shall be extended, provided that such extension does not necessarily lead to an alteration of the prices stipulated in the Order. The Seller shall notify IGS Italia by registered letter of any occurrence likely to delay the execution of the Order within five working days of its coming to his notice, failing which he shall be precluded from making any claim in this respect.

## 6. Force Majeure

- a. Unforeseen problems in the manufacturing process or supply of goods, staff shortages or neglect of subcontractors and suppliers do not constitute force majeure for the Seller.
- b. Where either party is of the opinion that force majeure occurs it shall immediately notify the other party in writing and submit evidence of such extraordinary circumstances (e.g. an official certificate issued by competent authorities) within one week after the first presence of the force majeure condition. Such communication shall also state the commencing date and the expected termination date of the force majeure.

## 7. Auxiliary Items supplied by IGS Italia

Following prior agreement with IGS Italia, whenever documents, materials, equipment and/or apparatus belonging to IGS Italia are entrusted to a Seller for the execution of the Order, all costs incurred, other than customs duties and taxes, for their transfer to the Seller's premises shall be borne by IGS Italia. Any customs formalities required for their importation into the country where the Seller's premises are located shall be the responsibility of the Seller, including any advance requests for authorization of temporary importation and the provision of any customs bonds. In view of IGS Italia's status as regards taxation and customs matters, IGS Italia does not require certificates of origin, nor will it deliver them. Tools, plans, models or prototypes provided by IGS Italia for the execution of the Order, as well as any excess material, will remain property of IGS Italia and shall be returned to IGS Italia with the final installment of the Delivery. The ownership of any tools specially manufactured by the Seller for carrying out the Order shall vest in IGS Italia provided, however, they have been paid for by IGS Italia.

## 8. Warranties

- a. Seller warrants that
  - 1. the Delivery is complete and suitable for the purpose it is intended for;
  - 2. the Delivery is fully in accordance with the requirements listed in the Order, specifications, drawings, calculations and/or other documents furnished by IGS Italia;
  - 3. the Delivery at least meets the Italian legal requirements and government regulations, unless otherwise provided in the Order;
  - 4. Where the Delivery is made at a site other than Seller's business site and/or business address, the laws and government regulations applying to this site and the regulations declared applicable to this site by IGS Italia or its customer shall be observed.
  - 5. high-quality goods are delivered are free from design errors, construction defects and/or defects in the material, and that new materials are used and expert personnel are employed to perform the work involved with the Delivery;
  - 6. where the Delivery involves deployment of personnel, this deployment will meet the statutory requirements and the employees will meet the agreed or (where no specific arrangements have been made) generally accepted requirements as to skill, and the agreed number of employees will be continuously available during the period of time agreed;
  - 7. Seller is entitled to make the Delivery.
- b. Where technical, safety, quality and/or other regulations which have not been shipped with the Order are referred to in the Order and/or accompanying enclosures, the Seller is supposed to be familiar with these regulations, unless it notifies IGS Italia in writing and by return that this is not the case. IGS Italia will subsequently supply Seller with further details on these regulations.

## 9. Inspection

- a. Seller shall examine and test the Delivery in accordance with the specifications of the Order prior to shipment.
- b. IGS Italia, its customer or any third party it may designate shall be entitled to examine, inspect and test the Delivery, wherever it may be and at all times. Approval by IGS Italia or its authorized representatives leaves Seller's warranty obligations unimpaired.
- c. Unless otherwise agreed in writing, Seller shall bear all expenses for examination, inspection or testing, except the costs of personnel of IGS Italia, its customer or any third party it may designate.
- d. IGS Italia shall notify the Seller immediately of any rejection of the Delivery, specifying the reason(s) for rejection.
- e. In such case, the Seller is obliged to repair or replace the rejected Delivery within a term set by IGS Italia at Seller's expense, in such a way that it will meet the inspection requirements, without prejudice to the right of IGS Italia to cancel the Order and Seller's obligation to compensate IGS Italia for eventual damages as result of this cancellation.
- f. Rejected Deliveries shall be taken back by and at the expense of the Seller at the first request of IGS Italia. In the event of rejection, IGS Italia shall be entitled to suspend the payment of the agreed price and reclaim eventual installments already paid. In the event of rejection, IGS Italia shall be entitled to cancel the Order, without notice of default and without being liable for eventual damages suffered by the Seller as a consequence thereof. In the event of rejection, Seller shall be bound to compensate damage suffered by IGS Italia as result of the rejection.
- g. Positive inspection results and / or payment of the Delivery or parts thereof cannot be considered an acceptance of the Delivery by IGS Italia.

## 10. Packing and Shipment

- a. Seller shall pack and/or secure the Delivery in such a way that it reaches the destination indicated in the Order in impeccable condition and can be unloaded safely. Any special requirements specified in the Order with respect to the packing and/or handling shall be carefully observed by the Seller. Packing shall always be conform to international standards and regulations.
- b. The Seller shall strictly observe the instructions of IGS Italia in respect of preserving, marking, shipment and bills of lading related to the Delivery.
- c. Shipments which do not meet the provisions of subsection a) and/or subsection b) will be rejected by IGS Italia.
- d. IGS Italia reserves the right to return the packing at Seller's expense and risk, and Seller shall credit the amount charged to IGS Italia in this respect. Seller shall duly look after and insure any returnable containers made available by IGS Italia or its authorized forwarder.

## 11. Delivery and Risk

- a. The Delivery will always be free domicile, unless otherwise specified on the Order. In all cases the latest edition of INCOTERMS of the International Chamber of Commerce in Paris shall apply.

- b. Additional freight caused by a wrong addressing by the Seller shall be at his own expense.
- c. Where the goods are collected by or on behalf of IGS Italia, the Seller shall assist in loading the Delivery without charging any costs in this respect.

#### 12. Acceptance of the Supplies

Acceptance of the Delivery shall always take place after due quality verification at IGS Italia's warehouse or at the site where Seller's services are rendered, even when the Delivery is supplied on an "Ex Works" basis by Seller.

#### 13. Return of Goods

IGS Italia will refuse to accept any Delivery found not to be in accordance with the conditions of the Order. Such Delivery shall be taken back or improved by the Seller within 15 days of the date of IGS Italia's rejection note or returned to the Seller's address at his expenses.

#### 14. Transfer of Title and Risk

- a. Title to and risk in the Delivery shall pass to IGS Italia upon delivery at the address indicated in the Order and after successful acceptance of the Delivery according to section 8 and 11 of current General Conditions, unless otherwise agreed in the Order.
- b. Where IGS Italia is or becomes the owner of the Delivery prior to the delivery date indicated in the Order and approval, the Seller shall nevertheless insure the goods and keep them insured and/or manage them with due care as long as they are under Seller's custody.

#### 15. Warranty for Repair and Defects

- a. The Seller warrants that all defects of the Delivery resulting from design errors, construction defects and/or material defects will be repaired free of charge for IGS Italia for a period of 24 months after acceptance or the start-up & commissioning of the Delivery; whichever event occurs last, unless defined differently in the Order. The Seller furthermore shall undertake these repairs as soon as possible and in any case within a reasonable term set by IGS Italia in its notice, by repairing or replacing, at IGS Italia's option, the defective Delivery or parts thereof.
- b. Seller shall bear all expenses related to the repair of any defects, including, but not restricted to, costs of dismantling or installation, transportation, etc.
- c. In default of proper fulfillment of Seller's obligation to make repairs and/or in default of fulfillment within the term set or in urgent cases, IGS Italia will be entitled to make the necessary repairs or have third parties make these repairs at Seller's expense and risk, provided Seller has been notified before.
- d. The period of time referred to in subsection a) will be extended by the time during which the Delivery cannot be used as intended due to a defect for which Seller is held liable. With respect to repaired or replaced parts of the Delivery, the warranty period referred to in subsection a) will once again commence as of the time the repaired or replaced parts of the Delivery are put into operation.
- e. The Seller shall bear the risk for loss of or damage to auxiliary materials and tools which Seller needs to apply in connection with the Delivery, except where the loss or damage of these is either caused intentionally or attributable to gross negligence by IGS Italia.
- f. The provisions laid down in the previous subsections of this clause and/or the other clauses of these General Conditions do not release Seller from its liability.

#### 16. Prices

Unless otherwise stated, prices shall at all times be deemed to be firm and not subject to revision. With regard to taxes and levies, there are special arrangements for IGS Italia and the Seller is required to become conversant with such arrangements. Accordingly, prices shall be quoted net and free of tax. Where VAT (Value Added Tax) is applicable, this tax shall be shown clearly on the invoice. In case of possible exemption from VAT arising from special fiscal conditions which apply to IGS Italia, the Seller shall in no way be released from his obligation to pay any taxes which may normally be due.

#### 17. Price Revisions

Price revisions, if applicable, shall not be effective beyond the specified time limits on the Order if the delay is due to the Seller. The indices used in the price revision formulae must be those of official government publications. Information from private sources shall be accepted only when such official sources are not available. The consequences of applying price revision formulae shall in any case be limited to prices increases which have effectively taken place.

#### 18. Payments

Invoices shall be settled only to the value of the Delivery accepted and on condition that the bills of lading and/or other necessary documents have been received by IGS Italia. In case the Delivery has been accepted by IGS Italia according to Clause 9, IGS Italia will pay Seller's invoices by bank transfer within sixty days net prox. from the date of acceptance of the Delivery at IGS Italia site or at the site where Seller's services are rendered, or the date of receipt of Seller's invoice, whichever occurs later, unless defined differently in the Order.

#### 19. Safety

In addition to observing all relevant national legislation in safety and health matters, the Seller shall, when present at IGS Italia's site or at the site of IGS Italia's customers, comply with the safety regulations in force thereon, with which he is required to become conversant. He shall take all necessary measures to this effect.

#### 20. Liability

- a. The Seller shall be liable for any damage caused by or in connection with the Delivery which is the result of mistakes or defects in the Delivery.
- b. Seller shall also be liable for any damage which should arise through or as a consequence of actions and negligence of Seller, its staff or other persons called in by the Seller for the performance of the Order, including personnel of IGS Italia acting in accordance with Seller's instructions.
- c. Seller's liability shall also include damage sustained to goods belonging to third parties. Seller shall indemnify IGS Italia against any liability in relation to third parties and compensate IGS Italia, if required.

#### 21. Intellectual Property and Patent Rights

The eventual intellectual property and patent rights arising from the Order shall be subject to prior agreement between IGS Italia and the Seller. The price of the Delivery shall be deemed to have included payment of any fees and royalties for the use of patent rights belonging to third parties.

#### 22. Non Disclosure

The Seller is not allowed not disclose any information related to the Order, including calculations, drawings, schedules, designs, etc. to third parties. The Seller is not allowed to use the Delivery for publicity purposes without prior written authorization from IGS Italia.

#### 23. Penalties for Delays

If the Seller fails to observe the time limits for executing the Order conform the provisions of Clause 5, he shall be liable to penalties as set out in the Order. Prior warning by IGS Italia for applicable penalties to the Seller shall not be required. IGS Italia is authorized to deduct eventual penalties from its eventual outstanding payments to the Seller.

#### 24. Cancellation

IGS Italia reserves the right to cancel the Order without any right for compensation by the Seller in the event of gross negligence or misconduct by the Seller. The Seller will be notified about the cancellation by registered letter.

#### 25. Bankruptcy

In the event of Seller's bankruptcy or legal proceedings which may lead to Seller's bankruptcy, IGS Italia reserves the right to cancel the Order by a notice of cancellation through registered letter without any kind of compensation for Seller.

#### 26. Applicable law, place of fulfillment, place of jurisdiction

The contractual relationship established with the Order is subject to the Italian law. The regular courts of law in Grosseto, Italy are to be exclusively competent for all judicial decisions on all disputes arising out of this contractual relationship established by the Order.

#### 27. Other Conditions

In all cases and situations not covered by the present General Conditions, the latest version of the ORGALIME General Conditions for the Supply and Erection of Mechanical, Electrical and Associated Electronic Products will be applicable.

IGS ITALIA S.R.L.  
Via Giordania, 48  
58100 Grosseto - Italy