

General Conditions of Supply

GSC - Annex 4 (ENG) rev. 0 dtd 30.10.2009
NIC Q 740 - rev. 5 dtd 30.10.2009

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1. Preliminary Statements – Definitions

- 1.1 The General Conditions of Supply indicated below form an integral part of the orders entrusted by COELME S.p.A. to the Supplier. The provisions are applied to the delivery supply activities, unless otherwise agreed in the particular conditions accompanying the specific order.
- 1.2 For the purposes of the provisions set forth in these General Conditions of Supply and the specific conditions concerning the order, the terms indicated below, regardless of their utilization in the singular or plural, have the meaning which is specified for each of them as follows:
- a) **Supplier and/or sub-contractor:** individual or corporate body, who carries out supply activities or provides a service to COELME S.p.A. against a formal order.
 - b) **Company:** COELME S.p.A. with registered offices in Santa Maria di Sala (Venice), Italy, beneficiary of the supply services, represented in relation to the dealings with the supplier or the sub-contractor by the Head of the Purchasing Department.
 - c) **Quality Control Department:** body which is assigned the supervision of the components, the products and/or the testing of the materials, as well as the issue of the test and acceptance report.
 - d) **Customer:** the individual or corporate body, customer of COELME S.p.A., whom the Company supplies or provides a service to, comprising components, or materials, or services which form the subject matter of the order to the Supplier.

2. Terms and Conditions for Entering Into Contracts

- 2.1 Together with the order, the Company will take steps to forward, when not yet available from the supplier, the technical and other documentation, necessary for the execution of the order. When indicated in the order, this documentation, even if not specifically attached, will form an integral part of the order and, if unavailable, must be requested from the supplier before the start of the activities, the latter remaining the sole entity responsible for the conformity of the delivery with all the documentation indicated in the order.
- 2.2 If, during the course of processing, imperfections come to light attributable to erroneous technical documents, and faulty equipment or materials supplied by the customers, the supplier must provide immediate communication and come to an agreement with the Company, before proceeding with the elimination of the afore-mentioned imperfections. The Supplier must inform the Quality Control Department of any operations/corrections made with respect to the matters indicated in the technical documents.
- 2.3 The order must be accepted by the supplier within 5 (five) days of its receipt by means of returning to the Company a copy thereof duly signed on each page. By this acceptance, it is understood that all technical and non-technical documents, indicated therein, are accepted. Once 5 days have elapsed without explicit acceptance by the supplier, the order is understood to be automatically accepted and in force, therefore becoming binding for the supplier with regards to all the contractual provisions indicated therein.
- 2.4 Quantities, sizes, types, prices, fees, technical and economic indications and/or any other information exchanged between the Company and the Supplier, in written or verbal form, during the negotiation stage, will have the sole purpose of permitting the Parties a clearer

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understanding of the subject matter of the contract. The afore-mentioned information may not in any way be assumed as binding for the Company, or as reference values for future possible economic and/or contractual evaluations and/or claims, the conditions and prices specifically indicated in the order being solely reliable, limited to the validity restrictions of the same, and the matters indicated in these General Supply Conditions.

3. Amendments to the Order

- 3.1 It will be the faculty of the Company, in good time and subject to agreement with the Supplier, to make all those amendments and/or variations to the content of the order which will be considered to be necessary.
- 3.2 All the variations and/or amendments to the order, both economic and contractual, even if agreed with the personnel of the Company, will only be effective after their drawing up in through a formal variation of the order. Any action taken by the supplier in the absence of said formalization, will be made at its own risk and at its own cost and will not be binding for the Company in any way.

4. Purveying of Materials Intended for Processing

- 4.1 Materials purchased by the Supplier.
 - 4.1.1 The Supplier will take steps to purchase the material necessary for the execution of the order in relation to the quality and the quantity agreed.
 - 4.1.2 The Company is entitled to request the supplier for the documentation certifying the quality of the material purchased or the compliance with the matters requested. Together with the delivery, if necessary, the analysis certificates and test certificates concerning the mechanical, physical and chemical, etc. characteristics of the materials used, must be forwarded: in the absence thereof, the payment terms will run as from the date said certificates are received.
- 4.2 Materials purchased by the Company
 - 4.2.1 The materials supplied by the Company must comply in terms of quality and quantity to that which is established in the order. The quantities are determined so as to take into account any shrinkage, rejects or manufacturing scrap. The customer remains the owner of the materials supplied but the Supplier is obliged to insure the materials against the risk of fire, theft and/or other, by means of specific policy or including said material in the general insurance policy of the works.
 - 4.2.2 On receipt of the material, the Supplier shall check the quantities and the suitability for its processing purposes and/or test it if specified in the order. The differences in weight and in quantities, as well as defects noted at the time of receipt and/or during manufacturing, must be notified to the Company as quickly as possible in order to take steps to rectify them.
 - 4.2.3 The Supplier will take steps to store the material at its own expense; said material may be used only for ordinary processing. It will also take steps to keep the material in a satisfactory condition and exercise the degree of care and diligence normally requested as part of its activities.

5. Supply Delivery Location

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- 5.1 The goods forming the subject matter of the supply activities must be delivered, unless otherwise indicated in the order, to the headquarters of the Company or to another address communicated by the latter in the order, at the diligence and expense of the supplier.
- 5.2 Delivery of the goods forming the subject matter of the supply activities, will be made to the address indicated in the order, at the complete risk of the supplier and by means suitable for ensuring the safe integrity of the material and the full observance of the delivery terms indicated in the order. For this purpose, the supplier will be free to use the packaging and means of transport it considers most appropriate.
- 5.3 The Supplier must promptly inform the Company of the delivery. Each delivery must be accompanied by the goods transport documents complete with the references to the order and the packing list, including quantities and description of the goods being delivered and related weights.
- 5.4 The Company reserves the right to request the reimbursement of additional expenses and/or damages which may arise from the non-observance of the matters pursuant to Paragraph 5.2. and 5.3.
- 5.5 In the event of advanced deliveries, not authorized by the Company, the warehousing costs and those necessary for the arrangement of devices for the satisfactory maintenance of the goods will be to the charge of the Supplier.

6. Acceptance of Materials

- 6.1 The delivery of the goods to recipient personnel, even if employees of the Company and at the headquarters of the same, even if confirmed by the signing of the T.D., will not imply automatic acceptance of said goods. The Company will be entitled to inform the Supplier, also after receipt and regardless of the possible payment of the related invoices, within the warranty period, of the non-conformity in terms of quality and/or quantity of the goods delivered, or the presence of faults or defects with respect to the requirements stated in the order. Said “non-conformity” report will contain indication of the action which the supplier must adopt and by what date the completion of the corrective action and/or the eventual replacement of the goods is requested. Failure to solve the non-compliance will involve the automatic suspension of the payment of the invoice relating to the nonconforming material or, if already paid, the suspension of the payments outstanding for an equivalent amount.
- 6.2 The Company will be entitled to accept any excesses with respect to the quantities ordered; in this event, it will agree storage formalities and payment conditions with the Supplier. If an agreement is not reached, formalized by a standard variation, the Supplier will be free to withdraw the material in excess, incurring all the related expenses.
- 6.3 All the expenses for the return of the non-compliant material and/or their replacement will be incurred by the Supplier. In the event that these expenses are advanced by the Company, they will be invoiced to the Supplier, inclusive of transportation expenses however incurred.
- 6.4 For orders providing for goods installed, assembled or in any event set up, involving additional services with respect to the provision of the same, or if the order also includes the delivery of technical and/or test documents, the delivery will be understood to be made only when the goods have been consigned, any additional services have been completed and any contractual documents received. If said operations emerge as incomplete, or do not ensure the full functioning of the goods, in accordance with the order requirements, the rules pursuant to Paragraphs 6.1. and 7.2. shall apply.

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6.5 As for materials invoiced according to weight, the weight established on receipt by the Company will be held as valid.

7. Delivery Terms - Penalties

7.1 The delivery terms, both final and intermediate, are understood to be binding and subject to the matters laid down under Paragraph 7.3.

7.2 If the order provides for partial deliveries, it is understood that the fulfilment of the contractual obligations relating to a certain order/line position will be completed on supply of the full quantity indicated in said position. For the delivery terms of the individual order positions, the provisions of Paragraph 7.3 shall apply.

7.3 In the event of delay in the delivery of the goods and/or the services with respect to the date agreed in the order, not justified by unforeseeable events, unless otherwise indicated in the order, the Company shall apply a contractual penalty of 1% of the amount relating to the order positions delivered and/or carried out late and/or lacking for each week, or fraction of a week, of delay up to a maximum of 10% of the total order amount. If the delay should extend beyond the third week with respect to the date established for the delivery, the Company will be entitled to cancel the positions subject to said delay, with the right to acquire the penalties already accrued and without any obligation to compensate the Supplier. In the event of partial deliveries, for the purposes of the application of the penalty, reference should be made to Article 7.2.

7.4 For the purposes of the application of the penalty, the nonconforming materials delivered shall be deemed “undelivered” until complete remediation of the non-conformity.

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8. Approval and Testing

- 8.1 It will be the responsibility of the Supplier to ensure that all the material supplied, with regards to quality and quantity, are compliant with the matters indicated in the order. The Company in any event reserves itself the right to carry out, at its own expense, all the checks its considers appropriate in order to ascertain the compliance of the order. In the event non-conformity is discovered, the provisions of Articles 6 and 7 will apply.
- 8.2 The Quality Control Department of the Company shall have the right, at any time, to gain access to the premises of the Supplier, also accompanied by representatives of the Customer, in order to verify the order documentation, the stage of completion of the delivery, the quality of the goods and their compliance with the order.
- 8.3 The Supplier will give notice of the preparation of the acceptance test a week in advance, with respect to the date of completion of the materials subject to verification. Unless otherwise indicated in the order, the supplier will not be authorized to forward the goods, without an explicit waiver of the test issued by the Quality Control Department, which will be solicited by the Supplier itself in order to avoid possible delays in the delivery.
- 8.4 If the acceptance test must be repeated due to the lack of the material and/or incompleteness of the supply, all the costs incurred by the Company for personnel, travel, transfers and any other related matters, will be charged to the supplier and withheld from the payments falling due.
- 8.5 With the delivery of the materials, the supplier must also provide the certificates of the tests carried out at its premises and/or attach a declaration of compliancy with the order to the T.D..

9. Warranty

- 9.1 With regards to the Company, the Supplier undertakes to guarantee the correct execution of the supply activities with regards to quantity, quality of the materials, compliance with the technical data, functioning of each single part and the whole consignment.
- 9.2 If not otherwise specified in the order, the warranty period will be 12 months from the delivery by the Company to the Customer.
- 9.3 Replacements of materials under warranty will be made at the diligence and expense of the Supplier, on a “back to back” basis with respect to that of the Company to the Customer.

10. Prices

- 10.1 The unit prices indicated in the order are understood to be final and not subject to any revision until full completion of the contract. They are understood to be inclusive of test and approval costs and, when not otherwise specified, delivery costs by means of the most adequate transport and/or in accordance with the matters requested in the order.

11. Invoicing – Payment – Restriction on Credit Release

- 11.1 Unless otherwise indicated in the order, payments will be made by bank transfer by the dates indicated in the order and against presentation of the related standard invoice showing order and job number, quantity and description of the goods, declaration of compliance with the order and any other matters requested therein. In no event may any delays in payment due to

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any irregularity or late issue or forwarding of the invoice by the Supplier, be chargeable to the Company.

- 11.2 The invoicing will be made by position (line) of the order only after delivery of the entire quantity ordered and/or the performance of the services for the specific position, except for any written exceptions made by the Company.
- 11.3 By virtue of the faculty granted by Article 1260.2 of the Italian Civil Code, the assignment for any reason whatsoever of the debts deriving as a consequence of the matters provided for by the order, is prohibited. Any exception to this provision must be expressly authorized by the Company in writing. Even in this event, the Supplier will remain directly and fully responsible, as if the transfer and/or delegation had never happened.

12. Erroneous Documentation

- 12.1 Any charges which may emerge to the liability of the Company as a consequence of errors or omissions in relation to the documentation presented by the Supplier, will be charged to said Supplier.

13. Contractual Documentation and Certifications

- 13.1 The Supplier takes due note and agrees that the Company, also in relation to the nature and the quality of its Customers, may request on a preliminary basis the exhibition of technical and/or professional certificates bearing witness to particular suitabilities and/or qualifications of the Supplier itself. A similar request may be made in relation to anti-mafia certification, material suitability certification, toxicity, environmental impact, in accordance with the matters stated by ISO 9001/2000 and ISO 14001 standards.

14. No Assignment

- 14.1 The Supplier may not assign or transfer the order, partially or otherwise. In the event that the Supplier avails of sub-contracting activities, even if with the consent of the Company, the sole party subject to contractual obligations will be the Supplier to whom the order is addressed.

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15. Confidentiality

- 15.1 All the information acquired by the Supplier, against each specific order, such as drawings, documents and/or information in general, must be considered to be strictly confidential and may not be used in any way for purposes other than those indicated in the order, or transferred to third parties even if sub-contractors, without the written authorization of the Company.
- 15.2 The Supplier is prohibited from circulating any form of publicity which makes reference to the supply activities carried out in favour of the Company. By way of exception to this restriction and at its unquestionable discretion, the Company may, from time to time, grant authorization for special forms of advertising to be carried out in the manner which will be established.

16. Applicable Laws – Court of Competent Jurisdiction

- 16.1 These General Conditions of Supply, as well as the particular order conditions, shall be governed by Italian law.
- 16.2 Any dispute will be brought before the Court of Venice.