

GENERAL CONDITIONS OF SALE AND SUPPLY
Validity Ref. Rev 01/2020 from 20th July 2020

1. GENERAL INTRODUCTION

Unless specifically waived in writing, these General Conditions of Sale and Supply (hereinafter "General Conditions") constitute an integral part of all sale and supply contracts entered into by Palazzoli S.p.A. (hereinafter "Palazzoli" or the "Company") and the Customer is considered to have accepted them through the Order Confirmation. All Palazzoli offers, order confirmations, deliveries and invoices are governed by these General Conditions, unless explicitly and specifically waived by Palazzoli in writing. The Customer is considered to have accepted these General Conditions even if they differ from any general or specific purchase conditions issued by the Customer itself, which shall in no way be binding on Palazzoli, unless the latter has specifically approved them in writing.

The General Conditions are published on the Palazzoli website (www.palazzoli.com) and can be consulted and printed by Customers at any time.

Through the Order Confirmation, Customer declares to have viewed and fully accepted the contents of these General Conditions.

Palazzoli may update, supplement and/or amend these Conditions at any time, giving written notice of any such changes on its website (www.palazzoli.com). Any such updates, amendments and/or supplements shall apply to supply and sale Orders received by Palazzoli on dates after that on which they were published on the website.

If any of the provisions of these General Conditions is null, void or invalid, including due to legislation introduced over time, this shall not affect the validity or efficacy of the other provisions.

In the event that the Company tolerates behaviour by the Customer in breach of any provisions of the General Conditions, this shall not constitute a waiver of the rights deriving from the said provisions, or prejudice Palazzoli's right to demand the exact fulfilment of the terms and provisions contained in the General Conditions.

2. OFFERS, ORDERS AND FINALISATION OF THE CONTRACT

Every sale and supply contract is not finalised until the moment when the Customer receives the Order Confirmation from Palazzoli.

As soon as the Order Confirmation is received, the Customer is responsible for checking all the data it contains; they shall be considered as accepted if not disputed in writing within three working days after the date of receipt.

Orders and Order Confirmations must be issued in writing. Palazzoli may accept orders conferred by other means at its own discretion.

If the Customer receives an Order Confirmation from Palazzoli containing terms and/or conditions which differ from the Order sent, the contract shall still be considered finalised on the conditions envisaged by the Order Confirmation if the Customer has not submitted written objections to Palazzoli within three working days after receipt of the same.

Any Offers issued to the Customer by Palazzoli shall only be valid for the period stated therein, after which they shall expire with no need for revocation. Unless otherwise specified, Offers shall be valid for sixty days after the date of sending by Palazzoli.

In the event that the Order is preceded by a Palazzoli Offer, the Customer shall refer to it in the Order, on the understanding that the terms and conditions of sale and/or supply specified in the Offer shall only become binding on the Company if and to the extent which the Order is subsequently confirmed by Palazzoli in writing.

Collection of an Order down payment by Palazzoli shall not constitute acceptance of the Order unless followed by an Order Confirmation.

Any cancellations and/or amendments and/or supplements to the Order as set forth in the Order Confirmation by the Company shall only be valid if previously authorised or subsequently accepted by Palazzoli in writing.

Customers shall not be entitled to request cancellation of Orders for products specifically developed on the Customer's instructions, unless specifically authorised by Palazzoli in writing. Therefore, the Company shall not implement requests for suspension of deliveries for "custom-produced articles".

In the event that Palazzoli authorises the cancellation of an Order for products to be manufactured to the Customer's specifications, the latter shall undertake to purchase all the products procured by Palazzoli in order to fulfil the individual orders or in order to meet any continuous supply commitments agreed with the Customer.

The place of finalisation of the sale and/or supply contract is conventionally established at Palazzoli's registered office.

Any quotations, outline designs, etc. annexed to the Offer and/or Order are the sole property of Palazzoli and the Customer shall not disclose them to third parties, including subcontractors, without specific written authorisation.

3. PRODUCT CHARACTERISTICS

The Products covered by these General Conditions are those included in Palazzoli's catalogues or similar documents, with the technical and performance characteristics stated therein or which may be agreed and specified in writing on finalisation of the contract.

Any indication that the Product is available shall not be binding on Palazzoli until the Order is placed, and refers to normal working and procurement conditions.

Any information and/or data on the characteristics and/or specifications of the Products contained in catalogues or similar documents are guideline and not binding, and Palazzoli may modify them at any moment, without prior notice of any kind.

Palazzoli reserves the right to make any non-substantial changes to the Products which, without altering the essential characteristics of the Products themselves, should prove necessary or appropriate, without this constituting grounds for any claims or complaints on the part of the Customer.

Regardless of the Products' final destination, unless otherwise agreed in writing, Palazzoli only guarantees the Products' compliance with the technical and safety standards enforced by Italian legislation, and the legislation of the European Union, to the extent that these have been incorporated into the Italian law and are binding for the purposes of the Products' sale and/or installation in Italy. Any further or different requirements enforced by the local legislation of the Products' country of destination must be specified and stated by the Customer in writing, on its sole responsibility, at the time of the Order, and shall only be binding on Palazzoli if expressly and specifically accepted by the latter. The Customer confirms to be informed concerning the safety regulations about the use and application of the Products offered by Palazzoli.

4. PRICES

Unless otherwise agreed between the Parties in writing, all orders will be regulated by the prices and discounts stated in the relevant Order Confirmation or, failing this, the prices stated in the price lists supplied by Palazzoli and in force at the time of finalisation of the contract as per art. 2 above.

Palazzoli may modify the prices stated in the price list unilaterally and with immediate effect, by giving notification on the website.

If, during supply of the Products, subsequent to the Order Confirmation, the prices stated in the price list are increased due to circumstances beyond Palazzoli's control (for example, increases in the price of raw materials or labour costs, or changes in exchange rates, amongst other possible factors), Palazzoli reserves the right to modify the list prices and/or those of the Order Confirmation, with written notification to the Customer, which shall have the option of withdrawing from the contract for supplies of goods subject to price increases by notifying Palazzoli in writing within no more than three days, and simultaneously paying for all goods already supplied.

Prices are net of VAT and any other tax to be applied on the basis of specific legal provisions.

Unless otherwise agreed in writing, prices are ex-works Palazzoli's plant (Via F. Palazzoli, 31, Brescia, Italy) and include standard packaging. Palazzoli shall use the type of packaging it considers most appropriate for the transportation method agreed on each occasion with the Customer, and the latter shall have no grounds for complaint or claims for this reason.

Freight and customs expenses, duties, taxes and fees of any kind, including any inspection, installation, start-up and testing costs, shall always be payable by the Customer, unless otherwise agreed in writing. Any special packaging must be requested by the Customer in advance and in good time and confirmed in writing by Palazzoli, which shall notify the Customer of the price supplement due.

If considered feasible by Palazzoli and authorised by the latter in writing, any expenses and increased costs relating to modifications and/or supplements to the Products requested by the Customer and not covered by the Order Confirmation shall be entirely at the Customer's expense.

In the event of changes to the quantity and/or type of the Products covered by the Order Confirmation, requested by the Customer and authorised by Palazzoli in writing, and in the event of extension of the delivery terms for the reasons envisaged by article 6 of these General Conditions, Palazzoli may modify the prices stated in the Order Confirmation, notifying the Customer.

5. PACKAGING-TRANSFER OF RISKS

Regardless of the agreements reached with regard to freight or insurance costs (specifically or through reference to an Incoterms delivery term), in all cases and to all intents and purposes delivery and the consequent transfer of risks shall be considered to take place on collection of the Products from the Palazzoli premises by the Customer or, for shipments, on consignment of the goods to the carrier.

Palazzoli may not be held in any way responsible for any damage occurring during the loading of the Products onto the means of transport.

The Customer shall be responsible for disposing of the Products' packaging, at its own expense.

Under no circumstances shall Palazzoli be held responsible for failure to deliver or defects in delivery by carriers, since it is specifically understood that even if, further to special agreements, goods are sold freight prepaid or are delivered to the location specified by the Customer, they always travel at the risk of the Customer, which is responsible for inspecting the goods received on delivery.

In the event that the Customer does not arrange collection or accept delivery of the Products, once fifteen days have passed after a formal demand to comply, the Company shall be permitted, without prejudice to the legal remedies available to it, to terminate the contract and to sell the uncollected Products as best it can, while definitively retaining the down payment already paid by the Customer as a penalty. The difference between the contract price (plus costs of storage and safekeeping) and the price received from the sale to third parties shall be payable by the Customer, and shall be subject to interest at the rate stated in art. 7. Palazzoli shall, however, retain the right to compensation for any greater damages incurred.

Any returns of Products must be authorised by Palazzoli in advance, and the Products shall be consigned to the stores of the Palazzoli Plant by the Customer, at its expense and on its responsibility. All returns shall be accompanied by a regular transport document and shall carry the original shipment identification label, together with the authorisation number provided by Palazzoli. Under no circumstances shall the authorisation to return goods be understood to constitute recognition of faults and/or defects or of the Customer's warranty entitlement.

6. DELIVERY TERMS

The delivery terms stated in the Order Confirmation always refer to the date of preparation of the Products by Palazzoli and do not consider the times required for transportation or any testing at destination.

In all cases, delivery terms shall be considered merely guideline and they shall never constitute an essential contract condition. Therefore, except in case of malpractice or serious negligence, any late or partial shipments shall not give rise to any liability on the part of Palazzoli, and shall not entitle the Customer to cancel the Order or to receive compensation or damages of any kind. In all cases, by collecting and/or accepting goods delivered late, the Customer renounces all claims relating to the delay.

In the event that, during fulfilment of the Order, the Customer requests changes to the quantity and/or type of the Products covered by the Order Confirmation, and these are authorised by Palazzoli in writing, the latter shall inform the Customer of the new delivery terms, which shall again be merely guideline.

Any penalties for delay must be specifically accepted by Palazzoli in writing in the Customer's Order and, if envisaged, shall be considered to include all forms of damage; therefore, no claims for any further damages shall be permitted.

7. PAYMENT AND BILLING

The Customer shall make payments by the terms and procedures specified in the Order Confirmation or, failing this, in the invoice; if no specification is made, payment shall be made by direct remittance on delivery of the Products.

Payment terms constitute an essential condition of the contract.

If payment by direct remittance is agreed, it shall be made by bank transfer with fixed value for the beneficiary on the day on which the payment is due.

In case of delay in payments, the Customer shall be bound to pay interest on the arrears with effect from the dates and at the rates specified by Italian Legislative Decree No. 231/2002, as amended by Legislative Decree No. 192/2012 and subsequent amendments and supplements, as well as paying compensation for any additional damages caused.

The Customer shall not derogate from Legislative Decree No. 231/2002, as amended by Legislative Decree No. 192/2012 and subsequent amendments and supplements, nor suspend or delay payment of the price for any reason, and shall not be permitted to make any formal complaints until full payment of the price has been made.

8. SUSPENSION OF DELIVERIES

In the event of failure to pay or late or partial payment, at the due date, of a Palazzoli invoice or debit note, the occurrence of events which adversely impact the Customer's financial soundness (such as one or more protested bills, attachment procedures, the registration of liens and/or mortgages, applications for receivership or bankruptcy protection, or the cessation of business) and any other event constituting default on the part of the Customer, the latter shall forfeit all entitlement to any delayed payments agreed and Palazzoli shall therefore have the right to act immediately to recover all existing receivables, even those which are not liquid or due, at any time, without any obligation to provide notice and/or other formalities. In any of the above circumstances, Palazzoli shall have the right, at its own absolute discretion, and without incurring any liability for damages, as alternatives: (i) to proceed with fulfilment of the Order in spite of the circumstances; (ii) to suspend and/or refuse delivery of the Products ordered and not yet delivered, even in the case of Products not relating to the default or delayed payment concerned, until the Customer has made full payment of all sums due; (iii) to request payment guarantees and/or different modes of payment from the Customer, for both current and subsequent contracts.

9. LIABILITY LIMITATION

Palazzoli's guarantees and liabilities arising from and in relation to sale and supply contracts agreed on the basis of these General Conditions are restricted to those specifically established by these General Conditions, except as envisaged by regulations which are binding or compulsory by the decision of the parties. Except in cases of malpractice and/or serious negligence, under no circumstances shall Palazzoli be considered liable in relation to the Customer, on contractual, extra-contractual or other grounds, for loss of earnings, direct, incidental or consequential damage, damage to property and/or personal injury, or direct or indirect losses of any kind (including personal injury and damage to property) deriving from the Products sold and supplied.

The Customer acknowledges and agrees that the total amount of Palazzoli's liability (contractual, precontractual, extra-contractual or of any other kind) in relation to the Customer for direct, indirect, consequential or other damage, as damages or compensation, envisaged by the law and/or these General Conditions and/or the Order Confirmation, shall in no case exceed an amount of 100% of the price of the Products ordered by the Customer.

In no circumstances shall Palazzoli be required to compensate and/or relieve and/or refund the Customer any sum it is required to pay as compensation or damages to third parties, on any grounds.

The provisions of this article shall prevail, in all case, over any other conflicting provision contained in the Customer's Order.

10. CHANCE EVENTS AND FORCE MAJEURE

Palazzoli is not liable in relation to the Customer for any default, including late delivery or failure to deliver, due to circumstances beyond its reasonable control or in any way arising from chance circumstances or force majeure, such as (but not limited to) failure to deliver materials outsourced for processing, failures of machinery, strikes and other trade union actions, acts of terrorism, interruptions in the supply of gas or electricity, transport problems, natural events, administrative attachments, and laws or regulations of any central or local government body or administrative authority.

11. REGULATORY COMPLIANCE OF PRODUCT

Subject to the provisions of art. 3, Palazzoli guarantees that all products meet the requirements necessary for their placing on the market under the national legislation in force at the time of the Order Confirmation. Palazzoli does not accept any liability in the event of installation, maintenance or use which is incorrect and/or not in accordance with the relevant legal requirements and the instructions for use supplied by Palazzoli.

If the Customer exports, re-exports, imports or any way transfers Products supplied by Palazzoli, the former has sole responsibility for compliance with the requirements in force in the destination country and for obtaining the authorisations necessary for this purpose. The Customer shall also inform Palazzoli without delay, and in all cases before shipment of the Products, of any modifications requested for this purpose. Palazzoli is entitled to refuse the request and to complete the Order as agreed in the initial Order Confirmation, or to agree to make the modifications, charging the additional cost to the Customer and providing a new indicative delivery term.

Quality and certification marks which appear in paper material are valid at the time of printing of the documentation. The updated list of quality marks is available on the www.palazzoli.com website and through the After-Sales Service.

12. COMPLAINTS

On delivery, the Customer shall inspect or arrange the inspection of the individual Products, and immediately notify the Company or, in the case of shipment, the carrier, of any discrepancies in the quantity or type of Products. In all cases, in order to maintain the warranty entitlement it shall notify Palazzoli in writing within no more than the next seven days of any faults or discrepancies found, precisely specifying the faulty Product or lot, the relative delivery date and the nature of the defect. Any hidden defects must be reported within no more than seven days after their discovery, by the same procedure, in order to maintain warranty cover. Under no circumstances shall the Customer be entitled to warranty cover if the complaint is submitted after the expiry of the warranty as specified in art. 13.

In case of complaints due to faults or conformity defects in the Products, the Customer shall keep the disputed Products at Palazzoli's disposal and, if requested by the Company, return them as instructed for the necessary checks. Returns shall be subject to the provisions of art. 5 of the General Conditions.

Palazzoli may activate the relevant warranties in accordance with art. 13 of these General Conditions, at its own absolute discretion. In all cases, no expenses incurred for repairs, modifications or work of any kind on the Products undertaken without Palazzoli's specific prior written authorisation will be refunded.

Except with Palazzoli's specific written authorisation, the submission of the complaint shall not entitle the Customer to suspend or delay the payments due for the Products which are the subject of the complaint, or for other past or future deliveries, and nor shall it entitle the Customer to suspend or cancel other Orders already confirmed.

13. WARRANTIES

Palazzoli guarantees, on the terms and conditions set forth in art. 11, that the Products are free from defects in material and workmanship and compliant with the technical characteristics required by the regulations in force as of the date of sale or supply, within the standard tolerances and in conditions of correct installation and use of the Products.

Palazzoli's Warranty is only valid in relation to the Customer and only the latter may submit claims under it.

The Warranty is valid for one year from delivery of the Product to the Customer. Under no circumstances shall the Warranty validity terms be considered suspended or extended further to failure to install or delayed

installation and/or commissioning of the Product by the Customer or its assigns.

Any replacements and/or repairs performed by Palazzoli within the warranty period shall not trigger an extension or renewal of the warranty. Palazzoli's Warranty shall never apply in the following circumstances: (i) damage to the Products in transit; (ii) unsuitability or unfitness for purpose of the Products due to an error on the part of the Customer or its technical advisers; (iii) failure of the Products to conform to technical or functional characteristics additional to and/or different from those specifically stated in the technical information; (iv) damage deriving from installation or use which is incorrect or any way in breach of the instructions supplied in the Use and Maintenance Manual, if provided, or misuse in general; (v) failure to perform ordinary and extraordinary maintenance procedures; (vi) damage caused by electrical overload, chance circumstance, negligence or any other cause not due to a defect in the Product at origin; (vii) defects or damage arising from modifications, alterations or repairs performed by the Customer or its assigns; (viii) normal wear and tear of parts of the Products, to be assessed on the basis of their ordinary conditions of use; (ix) aggravation of damage caused by additional use of the Products once the defect has appeared; (x) even partial default by the Customer on its payment obligations; (xi) delay in reporting the faults or defects by the Customer; (xii) faults, defects or shortcomings in the raw materials or materials or components supplied by the Customer itself and/or procured by Palazzoli on the Customer's instructions.

In the event of faults or defects in the Products, of any kind, Palazzoli's warranty obligations shall be limited to the replacement free of charge, ex-works Palazzoli, of the parts or Products acknowledged to be faulty, to be performed within the normal operating times to be agreed between the Parties, bearing in mind Palazzoli's needs, the procurement times of the Products and components to be replaced, and the complexity of any activity required to eliminate the defect.

Palazzoli shall not undertake any activity (including repair or replacement) at places other than its own premises, unless otherwise agreed with the Customer in writing.

In the event of replacement or return of a faulty Product, the Customer shall receive the repaired or replaced Product on the conditions and by the procedures specified in art. 5 and 6 of these General Conditions.

In case of replacement of spare parts, Palazzoli reserves the right to supply material which is corresponding or equivalent in terms of functional performances, even if it is not identical to the product replaced in terms of dimensional and/or design characteristics.

If replaced with others, the Products which the Customer returns to Palazzoli are considered to be definitively transferred to the Company's ownership.

The Warranty contained in this article constitutes Palazzoli's complete warranty obligations in case of faults or defects in the Products, with the specific exclusion - to the extent that this is not precluded by essential legal provisions - of any other liability or specific or tacit warranty (including the warranty referred to by art. 1490 of the Italian Civil Code) in any way related to faults and/or malfunctions of the Products, on a contractual or extra-contractual basis, and as principal or through recourse.

If the repair or replacement of the faulty and/or defective Products is not possible, the Customer shall be entitled to a price refund for the faulty and/or defective Products only, with no further entitlement on the part of the Customer to compensation for direct, indirect or consequential damages of any kind, loss of earnings or losses arising from and/or related to the faults or defects in the Products.

Any free replacement of parts, components or Products claimed to be defective, or the granting to the Customer of any amount in relation to presumed faults or defects, to which Palazzoli agrees outside the terms and conditions of validity of this Warranty, shall be considered merely discretionary and exceptional and shall in no case constitute an extension of the Warranty beyond the term established by these General Conditions, or justify further or subsequent demands by the Customer in breach of the aforesaid provisions.

Unless Palazzoli specifically recognises the Customer's entitlement to the Warranty, all Products and/or components which the Company sends to the Customer to replace those claimed to be defective shall be supplied against payment, unless Palazzoli subsequently decides that the Warranty applies. The Customer shall be obliged to make full payment of the invoice issued by Palazzoli for the replacement Products

or components supplied if Palazzoli decides that the claimed faults or defects are unsubstantiated, or that the Warranty was inapplicable or had expired, and in all cases when the Customer fails to return the Products or components claimed to be faulty within the terms specified by Palazzoli or, if not specified, within thirty days after the Company's request.

14. EXPRESS TERMINATION CLAUSE

For the intents and purposes of art. 1456 of the Italian Civil Code, Palazzoli shall be permitted to terminate the Contract, by written declaration to be sent to the Customer by registered letter with return receipt or certified email, in case of the following forms of default:

- failure by the Customer to pay the price and/or the relative supplements to the same envisaged by art. 4 of these General Conditions within the agreed terms;
- breach of the limitations and requirements envisaged by art. 11 on the part of the Customer.
- breach of the provisions of art. 17 and/or art. 18.

15. TERMINATION

In the event that either Party requests termination of the contract under art. 1453 of the Italian Civil Code, it must notify the other Party in writing by registered letter with return receipt or certified email, at the same time granting the party at fault a period of at least thirty days to remedy the situation

The Customer shall not be permitted to request termination of the Contract if Palazzoli has begun to fulfil the contract during the period granted.

In the event that the contract is terminated, the Customer shall deliver the designs, the relevant drawings and the technical documentation it holds, and all other Palazzoli documents, to Palazzoli within no more than fifteen days after the end of the term granted for the fulfilment of its obligations, without any entitlement to compensation or refunds of any kind.

16. WITHDRAWAL

As well as in the circumstances envisaged by law, Palazzoli shall be entitled to withdraw from the Contract in the following cases:

- changes in the Customer's ownership or corporate structure;
- an event of force majeure/chance circumstance.

The Customer shall be notified of the withdrawal by registered letter with return receipt or certified email with fifteen days' notice.

The Customer shall return the designs, the relevant drawings and the technical documentation it holds, and all other Palazzoli documents, to Palazzoli within fifteen days of the date when the withdrawal comes into effect, without any entitlement to compensation or refunds of any kind.

17. INTELLECTUAL PROPERTY RIGHTS

Palazzoli retains exclusive ownership of the patents, drawings, designs and everything used for the realisation of the products sold and/or supplied, and the Customer undertakes not to disclose them and/or consign them to third parties, or to copy and/or use them.

In the case of products manufactured to specific request using documentation supplied by the Customer, Palazzoli does not accept any liability for breach of third-party industrial property rights, which shall be the sole responsibility of the Customer, which undertakes to relieve Palazzoli of any claims made against it.

The Customer undertakes not to use the documentation received from Palazzoli for purposes other than those envisaged by the Contract, and not to disclose to third parties, copy or grant under licence the documentation received, without Palazzoli's specific prior written authorisation.

The Customer undertakes to return the documentation received and any copies made to Palazzoli on the latter's simple request if the said documentation is no longer necessary for the fulfilment of the Supply contract.

18. NON-DISCLOSURE

Any documentation or information supplied to the Customer by Palazzoli, of a commercial or technical nature, including Offer terms and conditions, drawings, designs and price lists not published on the Company's website, is strictly confidential and, therefore, the Customer undertakes not to disclose or communicate it to third parties, including any subcontractors, or to use it for purposes other than the conclusion and fulfilment of the supply and/or sale contract, even after the termination of the business relationship, unless specifically authorised by Palazzoli in writing.

Palazzoli retains the right to prosecute the Customer for any breach of its non-disclosure and confidentiality obligations, including before the courts.

19. PROCESSING OF PERSONAL DATA

The Customer authorises the processing of personal data in accordance with current personal data protection legislation and in accordance with security and non-disclosure obligations, in order to enable the Company to fulfil its contractual and regulatory obligations, and for administrative and accounting purposes in all cases.

The Customer confirms that it has read and understood the privacy policy statement published on the Company's website at the address www.palazzoli.com and approves its contents; it issues its consent to the processing of its personal data.

20. APPLICABLE LAW - LEGAL JURISDICTION

Any dispute between the Company and Customers regarding the interpretation and/or application of these General Conditions and/or relating to the individual sales and/or supplies which it governs shall be subject solely to Italian law and shall be under the sole jurisdiction of Brescia Law Court; the Customer shall not be permitted to bring cases before other judicial authorities, even in the event of actions to obtain guarantees or connected suits.

The Company retains the right to file suits against the Customer before any other judicial authority which has jurisdiction and competence over the Customer.