

GENERAL SUPPLY CONDITIONS OF CARPAD SPA - year 2022

1. SCOPE:

These general conditions regulate all sales contracts drawn up between the seller and the buyer. Exceptions to these general conditions are binding on the seller only if they are agreed in writing. If during the execution of the contract, any of these general conditions are considered invalid or unenforceable for any reason, the remaining provisions shall continue to be fully effective.

2. NEGOTIATING AND CONCLUDING THE CONTRACT:

2.1. OFFER: The quotations provided by the producer of the paper bags are binding for a period of no more than four weeks effective as of the receipt date by the buyer, except in the case in which a different time is expressly agreed. The quotations provided to the buyers must include the following essential information: - bag size and type; - quantity requested; - preparation of bag with instructions on the weight of the various sheets; - subject to be printed; - delivery times and shipment methods; - payment conditions; - price.

2.2. ORDER: Each order becomes final only after the buyer sends a formal, written order or the seller confirms the order by sending an order confirmation which shall be signed by the Customer. Orders that do not reflect the contents of a quotation are subject to acceptance and approval by the producer. Therefore, the client must specify the following in the order: - the quantity of bags ordered; - the sizes and technical characteristics of the bags, as well as the weight and type of paper that make up the setup; - all the other necessary information, such as price, delivery times, payment terms, returns and any graphical information.

2.3. ORDER CONFIRMATION: Unless the contract is concluded instantly and the goods are delivered right after with issue of invoice, to conclude the sale, the order of the buyer provided directly to the seller through its agents or other intermediaries, must be expressly accepted in writing by the seller with an order confirmation. Upon receipt of the order confirmation, the buyer must immediately report to the seller any discrepancies in the order by no later than two days after receipt. Matters that are not specified in the customer's order shall be regulated by the producer's technical and quality standards. Contracts are considered concluded in the place in which the seller has its place of residence.

2.4. AMENDMENTS OR CANCELLATION: Cancellation, partial or full change of the order is neither acceptable nor valid unless the two parties agree. In this case, raw materials and other expenses shall be billed to the customer. Unless agreed otherwise between the two parties, the producer may demand the full conclusion of the order.

3. PRICE: The agreed prices are net of any expenses, taxes or fees, present or future which shall be payable exclusively by the buyer.

4. PRELIMINARY AND PREPARATORY WORKS: Unless agreed otherwise, in general the buyer must pay for the expenses of all the preparatory and preliminary works carried out by the seller. Therefore, the buyer must pay the expenses incurred by the supplier for print drafts, graphic settings, models, films, printing systems and printing cylinders setup and in any case supplied by the seller with the purpose of approving the product. The drafts and preliminary works requested by the customer may be invoiced to the latter if after a month no production is made.

5. EXECUTING THE PRODUCT:

5.1. IDENTIFYING THE COMPONENTS: As agreed by the parties, the sheets shall be examined from the outside to the inside of the bag; therefore, the first sheet is the external one and the last sheet is the internal one (sheet in contact with the filled product).

5.2 RAW MATERIALS: Unless agreed otherwise in writing, for all orders, the bag producer has the right to choose and use the materials and working processes, as long as the finished product corresponds to the technical specifications agreed with the buyer.

5.3. PRINTING

5.3.1. ARTISTIC AND INDUSTRIAL PROPERTY RIGHTS: The buyer is the only one responsible for any infringement of third party's rights and in particular, copyrights and rights of trademarks, names and designs that the latter requires to be affixed on the ordered bags, as well as any reproduction of the exterior appearance of third party's products. The buyer must indemnify and hold the seller harmless from any prejudicial effects arising from actions by third parties that infringe said rights. All works that involve a creative activity pursuant to law on artistic rights (drawings, pictures, printouts, films or printing systems) made for the seller, shall remain the exclusive property of the seller and shall not be transferred to the buyer, unless it is agreed in that sense.

5.3.2. PRINT QUALITY: The definition of the print quality is based on the production lot. The printing lot is decisive in evaluating, estimating and defining the final quality of the product, understood as visual chromatic result and as definition of patterns. The appearance of the print must always have a current commercial quality as far as tolerance in shades, variations in localisation and placement and possible crushing of clichés. Unless agreed otherwise in writing, the seller shall use standard inks for printing and therefore does not guarantee special resistance of printing ink to light and shall not be liable for any variations in shades of colours; therefore, these cannot justify a refusal by the buyer to receive the goods or a request by the latter to reduce the price. Even if Pantone numbers are not supplied (or other scales), colours are always indicative only as the shades are the result of various components (paper-based support, porosity, absorbency, thickness, supply of inks and the respective supplier, printing system, etc) that can significantly affect the final result.

5.3.3. APPROVAL OF PRINT DRAFT: In order to ensure that the wishes of the buyer are interpreted correctly, the seller shall ensure that the print draft is approved with an acceptance stamp. Print drafts are submitted to the buyer only if the latter expressly requests them or if the seller considers the submission to be necessary or appropriate. To that end, since the drafts provided by the Customer or seller are almost always prepared on special systems (print drafts / cromalin) with paper-based supports and inks that have characteristics completely different than water industrial inks (hydrographic) used in printing, it is evident that the industrial result may be significantly different than the drafts, even due to the various production methods. The signature of the client exempts the seller from any liability due to errors or omissions and for any discrepancies of the supplied product with respect to the original used by the buyer and in general with respect to the contractual description of the product. Without the approval of a written stamp, any agreement given verbally by the buyer will exempt the seller from liability. The print draft shall be considered accepted and tacitly approved, even without a written or verbal approval if the client does not give other instructions after the time passed between the time the draft is forwarded and the moment the production starts. In case needs of the customer require last minute retouches to include additional phrases or to move words or part of the defined graphical settings resulting in the re-do of the printing system or even a stoppage to wait for the printing machine, the respective costs shall be payable by the customer in addition to the agreed price. In the event that the buyer considers the shades of colours particularly important, the latter must agree with the supplier to be present during the print run of the first prints so that they can be accepted.

5.3.4 Printing systems shall be removed (disposed of) after 5 years (60 months) from the date of the last use; after said period, due to their progressive intrinsic decay, they will no longer guarantee a quality print and will be no longer usable.

5.3.5. BAR CODE: In the event that following a request by a client, a bar code is printed to be read with a special laser reader (for example at the supermarket's cashier), the producer cannot be considered liable for a refusal in the readings or an incorrect reading, even if proven that this incident is due solely to a print defect attributed only to the seller, as the technical and physical characteristics of paper can significantly alter the lines. Said guarantees may be given only if coated paper is used for the printing. If the customer requests an exception from standard rules of usage of bar codes, this must be specified in the order and must exempt the producer from liability.

5.3.6. PRODUCER'S LOGO: The seller has the right to distinguish its products by printing or otherwise affixing its trademark on the products or its reference code, as well as any other symbols that are required to better identify the packaging in the recycling process and facilitate it.

5.4. PRODUCTION TOLERANCES

5.4.1. WEIGHT AND THICKNESS TOLERANCES: Weight tolerances for each sheet of paper and thickness for plastics used in the production of bags are fixed at +/- 5%. It is the seller's right to supply bags with different weights in individual sheets, as long as the number of sheets and overall weight are unchanged and are calculated based on the above-mentioned tolerances.

5.4.2. SIZE TOLERANCES: The tolerances envisaged in standard UNI EN ISO 26591-1 (description and measuring methods) and standard UNI EN ISO 8367-1 (size tolerances) are agreed for open mouth bags.

- bag length	+/- 10 mm
- bellows width	+/- 5 mm
- bag length	+/- 5 mm
- bottom width	+/- 5 mm

5.4.3. QUANTITY TOLERANCES: Tolerances in quantities admitted with respect to the order, are as follows:

- for supplies of quantities less than 5,000 bags	+/- 25%	
- for supplies of quantities between 5,000 and 15,000	+/- 15%	
- for supplies of quantities between 15,000 and 100,000	+/- 8%	
- for supplies of quantities of more than 100,000	+/- 5%	

6. PACKAGING FOR HUMAN FOODSTUFFS:

6.1 RAW MATERIALS: All raw materials used to create the products are suitable for contact with human foodstuffs (in compliance with Ministerial Decree of 21/03/1973, as amended and supplemented thereto).

6.2. INTENDED USE: The product must be stored as defined in section 9. The product is suitable for containing food for human and animal use; however, the seller is not liable for defects in the product that are due to incorrect handling or missing seals upon un-packaging which exposes the food to infestation during handling or stock storage.

6.3 IMPROPER USE: The company Carpad Spa declines all liability for the improper or negligent use of the products. Considering that upon the first purchase of an item intended to contain food, the customer shall agree with the company on the type of products and package that are suitable to contain said products, using the package for products that are different than those agreed can expose the food to an unsuitable storage.

6.4. TRACEABILITY: Thanks to a systematic gathering of data with the help of the CED, the product can be tracked upstream (suppliers) and downstream (customers recipient of the product). Simultaneously, it is the customer's responsibility to guarantee the traceability of the packages purchased from Carpad Spa in case they are sold to additional customers or end users.

The customer must mark the order number shown in identification label of the box or pallet under item "progr."

6.5. DISCLOSURE: The company Carpad Spa is committed to providing proper information to customers and other involved parties through its Food Safety Manager; this possibility, completely hypothetical, is also associated with the possibility of withdrawal or recall operations of their product.

7. PACKAGING AND TRANSPORTATION: Except cases of special arrangements, the seller shall comply with its normal standards for packaging as far as the type and size of pallets, quantity of bags and protection. CP1 pallets or Europallets, if requested, must be returned in equal numbers, otherwise they will be billed at cost. If the goods are billed based on weight, the price shall be calculated gross (including the packaging paper and pallet). Any special packaging shall be charged at cost.

8. DELIVERY: For all legal purposes and in particular to release the seller from the obligation to deliver, the goods shall always be delivered to the production premises of the seller on the issue date of the transport and delivery document and therefore, even in case the goods must be transported to the buyer's address or into another place instructed by the latter. The goods always travel at the risk of the seller, even when transport expenses are in whole or in part payable by the customer. Unless agreed otherwise in writing, delivery times are never binding or essential in the interest of the buyer, but rather indicative and approximate only. Unless agreed in writing otherwise, by no means shall the seller be held liable to compensate for damages for not delivering goods on time. The actual delivery times are always extended for at least the same period of the delay due to: - Late delivery to the seller of raw materials expressly ordered to third parties; - Changes in products agreed with the buyer and delays, slow downs, suspensions or interruptions in processes attributed to the latter; Strikes, lockouts, floods, earthquakes, adverse weather conditions, orders by public authorities, outages, machine breakdowns, lack of raw materials or other cases of fortuitous or force majeure events, unless the obligation of the seller expires due to supervening impossibility, except the case described in section 10. If the goods do not have to be transported to the buyer's address or to another place instructed by the latter, the buyer must collect the goods within the agreed times. If the buyer does not collect the goods in due course, the seller shall have the right to place the goods in its warehouses with the buyer's obligation to pay a consideration for the storage, equals to current market prices for said services or ship the goods to the buyer where the latter shall pay for the transport costs. During the storage period, the seller shall not be liable for losses or damages in the goods resulting from any cause whatsoever. In any case, goods that are not collected in due course by the buyer will be billed on the day in which they are stored and payment terms shall be effective from said day.

9. STORAGE AND EXPIRATION: The goods must be stored in a dry, well ventilated area. The temperature must not be less than 10° C and relative humidity must range between 40% and 60%. Direct exposure of the products to sunlight and outdoor storage must be avoided. Shelf life: a properly stored product is exposed to a risk of decay due to their own characteristics if they are stored for more than 6 months.

10. PAYMENT: Payment terms shall be governed by standards applicable in the EU. Out-of-pocket expenses for stamps, certifications, legalisations, fees and taxes must always be paid in advance. The place of payment shall be at the seller's residence for all legal purposes, regardless of the agreed method of payment. Cheques and other instruments are accepted as long funds are available. In case of late payment, the buyer must pay interests as follows: - at the official one-month Euribor rate for payments made within 30 days; - Average monthly Euribor +50% and by no more than 5 points for payments made after 30 days; while any bank fees shall be paid by the buyer. Whenever more than one contract is concluded between the buyer and the seller and there is a dispute regarding the goods subject to one or more certain sales, the buyer may not suspend payment of other undisputed supplies. Moreover, in case of more than one contract, if the buyer fails to pay the price for any supply, the seller shall be entitled to suspend outgoing supplies and refuse to execute other contracts, notwithstanding its right to claim compensation for damages. Whenever payment terms are agreed, the seller may immediately claim its receivables if during the contract, the buyer is found in a situation where it is difficult to maintain its commitments, even temporarily.

11. INSPECTING THE GOODS AND COMPLAINTS: The buyer must check the conformity of the goods within the mandatory term of eight days after receiving the goods. Any non-conformity must be reported within the next 22 days (therefore within 30 days after receipt). Moreover, regardless of the seller's declaration of conformity of the sold bags pursuant to applicable laws and the agreed specifications, before using them for commercial or industrial purposes, the buyer must verify the conformity to said standards and technological suitability for their intended purpose, through proper technical control procedures. If one non-conformity from said standards or specifications does not arise from a check made by the buyer or if it arises and is not reported by the buyer to the seller in writing by registered letter within eight days and in any case by no later than thirty days after receipt of the goods, the seller is exempted from any guarantee and liability towards the buyer. By derogation from article 1745, first paragraph of the Italian Civil Code, complaints by the buyer must be made in writing only to the seller by registered letter. Notwithstanding the provisions set out on the first and second paragraph of this section, hidden quality defects and flaws must be reported by no later than eight days after their discovery. Complaints of the buyer regarding alterations that the sold bags may suffer individually (paper, colour, print, etc...) due to light and substances with which they come into contact are not admitted because the seller's warranty does not cover said alterations. Complaints by the buyer where due to a defective storage on the part of the buyer, the delivered goods suffer alterations or in any case cause them to become unsuitable for their intended use are not admitted. The disputed goods must be kept at the seller's disposal to conduct any investigations for fifteen days after the complaint date, notwithstanding the buyer's burden to strictly prove its claims. Disputed goods may not be returned to the seller without its authorisation. Notwithstanding cases of exclusion of liability of the seller discussed in these conditions and in the previous conditions, in case of a flaw or defect in quality, judicially ascertained by the seller or any non-conformity of the goods and in any other case of ascertained or recognised breach by the seller in regards to the sold product, the buyer only has the right to demand the seller for the defected or non-conforming goods to be compliant with what was agreed, within the term of two months after the time it was ascertained. In this case, the seller has the right to either return the goods or possibly replace them. The term of two months granted to the buyer is mandatory and is considered as deadline for all purposes. Even in case of complaints furnished by the seller, the latter shall be liable only for the value of the supplied goods and by no means shall the seller be liable for compensating the buyer for direct or indirect damages.

12. SUPERVENING IMPOSSIBILITY AND DIFFERENT SERVICES: In the event that during the execution of the contract, the production of a certain raw material or the use of a certain technical procedure is discontinued in such a manner as to cause the seller to find itself completely unable to deliver the agreed product, the seller shall have the right to examine along with the buyer, the possibility of delivering a similar product whose price, if no mutual agreement is reached, can be defined by a third party assigned by the parties or in case of disagreement, by the General Secretary of the National Association of Graphical, Paper and Converting Industries or cancel the sale.

13. APPLICABLE LAW OF THE CONTRACT AND JURISDICTION: This contract is regulated by Italian law. Any dispute shall be subject to the exclusive jurisdiction of Italian courts. The competent court shall be in the place where the seller has its residence.

14. DISCLOSURE PURSUANT TO ARTICLE 13 OF THE GDPR EU 2016/679 ON PERSONAL DATA PROCESSING In executing this contract, personal data and data regarding the contract (contact details, company emails, telephone numbers, Smartphones numbers for work use, etc) of directors, employees or collaborations may be disclosed mutually or in any case provided to the respective contact persons, based on the role or assignments granted and who are in charge of managing the contract and oversee its execution. Therefore, both Parties shall process said personal data only to the extent strictly necessary to fulfil all the aspects of the contract. The data shall be kept until the mutual services subject to the contract are completed and thereafter based on the period of limitations set out for business documents and deeds. Each employee or collaborator may exercise the rights outlined in articles 15 through 21 of the General Data Protection Regulation EU 2016/679, nevertheless without prejudice to the limitations resulting from the legitimate interest of their employer*.

Carpad Spa Management