

GENERAL SUPPLY TERMS AND CONDITIONS OF CARPAD SPA

1. FIELD OF APPLICATION

These general conditions regulate all sales contracts drawn-up between the seller and buyer. Exceptions from these general conditions bind the seller only in case they are agreed in writing. If during the execution of the contract, one or more of these general conditions are found invalid or ineffective for any reason whatsoever, the other conditions shall continue to be applied accordingly.

2. CONTRACT NEGOTIATION AND CONCLUSION

2.1. OFFER: Quotations provided by the producer for paper bags are binding for a period of time of no more than four weeks, effective as of the receipt date by the buyer, notwithstanding cases in which a different due date is expressly indicated. Quotations provided to the buyer must include the following essential information: - bag size and type; - requested quantity; - bag setup with information on grams of the various sheets; - subject to be printed; - delivery terms and shipping conditions; - payment conditions; - price.

2.2. ORDER: Each order becomes final only after the buyer forwards a formal written order and the seller confirms the order by sending a special 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. The producer must therefore specify the following information in all orders: - quantity of bags ordered; - sizes and technical specifications of bags, including weight and type of paper that are part of the set up; - all other essential information, such as price, delivery terms, and conditions on returned products and any graphical information.

2.3. ORDER CONFIRMATION: Except in case of instant conclusion of the contract and delivery of goods right after with issuance of invoice, to execute the sales contract, the order from the buyer provided directly to the seller or through its agents or other brokers, must be approved in writing by the seller through an order confirmation. Upon receipt of order, the buyer must immediately report the seller of any discrepancies on the order by no later than two days after receipt. For matters not specified in the customer's order, the producer's technical and quality standards shall apply. Contracts are formalised in the place where the seller's is domiciled.

2.4. CHANGES AND CANCELLATIONS: Cancelling or partial or total change of an order is not acceptable or valid unless the two parties are in agreement. In this case, raw materials and other expenses shall be invoiced to the customer, accordingly. Unless agreed otherwise between the two parties, the producer may demand the full conclusion of the order.

3. PRICE: The prices agreed are net of any expenses, taxes present or future which are exclusively at the expense of the buyer.

4. PRELIMINARY AND PREPARATORY WORKS: Unless agreed otherwise, the buyer is bound to pay general expenses for all preliminary and preparatory works undertaken by the seller. Therefore, the buyer must pay for expenses borne by the supplier for printing sketches, graphical layouts, models, films, fitted out press systems and press cylinder that are in any case supplied by the seller for the approval of the product. Drafts and preliminary works requested by the customer can be invoiced if nothing is put for production after a month.

5. PRODUCT EXECUTION:

5.1. IDENTIFYING COMPONENTS: As per agreement, the sheets are analysed from outside the bag to the inside; the first sheet is therefore, the external one and the last is the internal one (sheet in contact with the bagged product).

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

5.3. PRINT

5.3.1. ARTISTIC AND INDUSTRIAL PROPERTY RIGHTS: The buyer is the only one responsible for any breaches of third party rights and in particular copyrights and rights related to trademarks, names and drawings which the buyer instructs to be affixed on ordered bags, as well as any reproduction of the external aspect of third party products. The buyer is bound to hold the seller harmless from any detrimental effects caused by third parties that alleged an infringement of said rights. All works that assume creative activities pursuant to law on artistic property rights (drawings, pictures, printouts, films or print sketches) made for the seller shall remain the exclusive property of the seller and shall not be transferred to the buyer, unless agreed otherwise.

5.3.2. PRINTING QUALITY: The definition of the print quality is correlated to the production lot. The print batch is crucial in evaluating, estimating and defining the final quality of the product, it being understood in terms of visual chromatic results and as definition of outlines. Features of prints must comply with current commercial quality as far as hue tolerances on the tone, positioning variations and any block deflections. Unless agreed otherwise in writing, the seller uses standard ink for printing and therefore does not guarantee any particular resistance of the inks for printing in the light and is not liable for any variations in the tone of colours. Therefore, these cannot justify a refusal by the buyer to receive the goods or make a request to reduce the price. All colours, even if supplied with the Pantone numbers (or other scales) are approximate only as the respective tone results from different components (hard copy, porosity, absorbency, thickness, supply of ink and respective suppliers, printing system, etc.) which may significantly influence the final result.

5.3.3. APPROVAL OF PRINT DRAFT: In order to ensure that the specifications of the buyer are correctly interpreted, the seller shall approve a print draft with an acceptance stamp. The print drafts are presented to the buyer only if the latter expressly requests it or if the seller reckons that it is necessary or appropriate. To that end, as the drafts supplied by the Customer or seller are almost always prepared on special systems (drafts) with oil inks and paints that have complete different characteristics than water industrial inks (biodegradable) used in printing, it is evident that the industrial results may be considerably different even due to the different production methods. The customer's signature exempts the seller from any responsibility in errors or omissions and for any discrepancies of the supplied product with respect to the original one used by the buyer and in general by the contract description of the product. Without the approval of the written stamp, any contract agreed verbally by the buyer will exempt the seller from any liability. A print draft is considered accepted and tacitly approved, even in case there is no written or verbal approval if during period between the time in which the draft is forwarded and the time of production, the customer does not provide any instruction otherwise. In case the demands of the customer require last-minute touch-ups to include additional phrases or to move words or parts of the final graphical layout hence requiring a redo of the printing plate or positively causing a stoppage in the printing press, the costs will be payable by the Customer in addition the agreed price. If the buyer considers to the tone of the colours to be particularly important, the latter must agree with the supplier and attend the runs of the first prints so that they can be accepted.

5.3.4. BARCODE: In the event that following a request of a customer, a barcode is printed to read with a special laser reader (for example in groceries stores' cashiers), the producer may not be held liable for a refusal to read or an incorrect reading even if proven that this inconvenience is due solely to a printing defect attributed solely to the seller as the technical and physical characteristics of the paper can considerably alter the lines. Said guarantees can only be given if glossy paper is used for printing. If the customer requests an exception to the rules on the use of barcodes, it must be specified in the order and must exempt the producer from any liability.

5.3.5. PRODUCER'S LOGO: The seller has the right to distinguish its own products by printing or by affixing its own trademark or reference code, as well as any symbols that is required to identify the package in the recycling process or facilitate the process thereof.

5.4. PRODUCTION TOLERANCES

5.4.1. TOLERANCES ON GRAMS AND THICKNESSES: The tolerance on grams for each sheet of paper and thickness for plastic materials used in the manufacturing of bags are fixed at 10%. The seller may supply bags with sheets of different weights, as long as the number of sheets and overall grams remain unchanged within the above-mentioned tolerance of 10%.

5.4.2. SIZE TOLERANCE: the tolerances set out in standard UNI EN ISO 26591-1 are applied (description and measurement methods) and standard UNI EN ISO 8367-1 (size tolerances) for open mouth bags:

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

5.4.3. QUANTITY TOLERANCES Admitted quantity tolerances 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 100,000 +/-20%

- for supplies of quantities greater than 100,000 +/-5%



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6. PACKAGING FOR FOODSTUFFS

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

6.2. **INTENDED USE:** The product must be preserved as defined in section 11. The product can be used to store foodstuff for animals or human consumption; however, the seller is not responsible in any way for defects in the product due to incorrect handling or missed sealing when packing into sacks as it exposes food during handling or preservation of stock, hence posing a pest risk.

6.3. **IMPROPER USE:** The firm Carpad Spa declines any liability for improper or negligent use of the products.

6.4. **TRACEABILITY:** The product can be traced upstream (supplier) and downstream (recipient customers of the product) thanks to a data collection system with the support of CED. Likewise, it is the customer's responsibility to guarantee traceability of packages acquired from Carpad Spa in case of sales to additional customers and end users.

The customer is asked to report the order number shown in the identification label of the box or pallet under the item "progr."

6.5. **DISCLOSURE:** The firm Carpad Spa undertakes to provide proper information to customers through its own Food Safety Manager, as well as to other interested parties. This possibility which is completely hypothetical, is associated with possible operations to remove or recall own products.

7. **PACKAGING AND TRANSPORTATION:** Unless agreed separately, the seller shall use standard packaging based on the type and size of pallets, quantity of bags and required protection of the products. If requested, type CP1 pallets or Europallets must be returned in equal number or otherwise they will be billed at cost price. If the goods are billed based on weight, the price shall be calculated gross (including packaging paper and pallet). Any special packaging shall be charged at cost.

8. **DELIVERY:** For all purposes and in particular in order to release the seller from its obligation, delivery is always considered at the seller's production facility on the day in which the transport and delivery documents are issued and therefore, even in case the goods must be transported to the buyer's address or elsewhere assigned by the buyer. The goods always travel at the risk of the seller even when transport expenses are in part or in whole payable by the customer. Unless agreed otherwise in writing, delivery times are never imperative or essential in the interest of the buyer, but rather only indicative or approximate. Unless agreed otherwise, under no circumstance shall the seller be liable to compensate for damages for not having to deliver the goods on time. The actual delivery times can always be extended for a period equal to the delay, in the following cases: - Late delivery to the seller of raw materials expressly ordered to third parties; - Changes in product agreed with the buyer and delays, slowdowns, suspension or interruptions of works attributed by the latter; Strikes, lockouts, fires, floods, earthquakes, adverse weather conditions, orders of public authorities, interruption in driving force, breakdowns of machines, missed raw materials or other fortuitous events or force majeure events, unless the seller's obligation is exempted due to unforeseeable circumstances, except the case specified in section 11. If the goods do not have to be transported to the buyer's address or elsewhere assigned by the latter, the latter is bound to collect the goods within the agreed times. If the buyer fails to collect the goods in due course, the seller shall be entitled to place the goods in its warehouses and charge the buyer a fee for storing the goods, equals to current market prices for said services or otherwise forward the goods to the buyer and charge the latter for transportation costs. The seller will not be responsible for losses or faults caused to the goods while stored, regardless of the cause. In any case, goods that are not collected in due course by the buyer shall be billed on the date in which they are stored and payment terms are effective from said day.

9. **PAYMENT:** Payment due dates are regulated by applicable EU standards. Out-of-pocket expenses for stamps, certifications, legalisations, taxes or fees must always be paid in advance. The place of payment is the seller's address for all purposes, regardless of the agreed method of payment. Cheques and other securities are accepted subject of availability of funds. In case of late payment, the Buyer must pay default interests as envisaged in decree law 231 of 9 October 2002. If more than one contract is concluded between the buyer and seller, in case of any dispute relating to the goods subject to one or more certain sales, the buyer may not suspend payment of the other undisputed supplies. Likewise, in case of more than one contract, if the buyer does not fulfil the payment obligation of the price even for just one supply, the seller may suspend the current supplies and refuse to execute the other contracts, notwithstanding the right to assert claim for damages. If payment terms are agreed, the seller may immediately demand its receivables if the buyer encounters difficulties in meeting its own obligations, even temporarily, during the course of the contract.

10. **INSPECTION OF GOODS AND COMPLAINTS:** The buyer is bound to check the conformity of the goods within the peremptory term of eight days after receipt of goods. Any non-conformities must be reported within the following 22 days thereafter (within 30 days after receipt of goods). Moreover, regardless of the seller's declaration of conformity of the sold bags pursuant to applicable laws and agreed specifications, before using them for commercial and industrial purposes, the buyer must ensure that they conform to said standards through special technical inspections to ensure that they meet the technical requirements for which they are intended. If a non-conformity of said standards or specifications does not result from the buyer's inspections or if it emerges but the buyer fails to report it to the seller in writing by registered letter within eight days and by no later than thirty days after receipt of goods, the seller shall be exempted from any guarantee and liability towards the buyer. By way of derogation from article 1745, first paragraph of the Italian Civil Code, the buyer must file complaints in writing exclusively to the seller through registered letter. Notwithstanding the first and second paragraph of this section, any hidden quality flaws or defects must be reported by no later than eight days after being discovered. No complaints are admitted by buyers regarding any alterations caused to the bags due to light and substances that come into contact (paper, colour, print, etc.) as the seller's warranty does not cover for said alterations. No complaints are admitted by buyers if they are due to a defective storage by the buyer of the delivered goods and the goods are altered or are partially unfitted for the use for which they are intended. The goods must be stored by the buyer according to the conditions specified by the seller. If said conditions are not specified, the goods must be preserved according to the following conditions: minimum temperature of 10°C; relative humidity between 40 and 60% free from any polythene film possibly wrapped. Goods disputed by the buyer must be kept at the disposal of the seller for investigation for fifteen days after the date of the complaint, notwithstanding the buyer's responsibility to strictly prove that the dispute is grounded. The disputed goods may not be returned to the seller without its authorisation. Notwithstanding cases of exclusion of the seller's liability as per this and previous conditions, in case of actual quality defects or faults or any non-conformity of the goods, legally ascertained or found by the seller and in any other case in which the seller's non-compliance is ascertained or recognised in relation to the sold product, the buyer shall be exclusively entitled to demand the seller to remedy the non-conforming or defective goods within two months after the previous investigations. In this case, the seller has the right to either recondition the goods or replace them. The term of two months granted to the buyer is final and is considered as mandatory time with all consequent effects. Even in cases of complaints accepted by the seller, the latter is liable to the extent of the value of the goods supplied and the seller is not liable to compensate the buyer for any direct or indirect damages.

11. **UNFORESEEABLE CIRCUMSTANCES AND DIFFERENT PERFORMANCE:** In the event that during the course of the contract, production of specific raw materials ceases or the use of a certain technical procedure in such a manner as to put the seller in a situation in which it is unable to deliver the agreed product, the latter has the right to examine along with the buyer, the possibility of delivering a similar product whose price if not agreed, must be established by a third party assigned by the parties or in case of disagreement by the General Secretary of the National Association of Graphics and Paper Converting Industries or otherwise null the sale.

12. **APPLICABLE LAW OF THE CONTRACT AND COMPETENT JURISDICTION:** This contract shall be regulated by Italian Law. Any dispute shall be resolved exclusively by an Italian Court. The competent Italian court is located in the seller's premises.

Carpad Spa Management