

GENERAL CONDITIONS OF SALE

These General Conditions of Sale apply to all orders accepted by CAREL INDUSTRIES S.r.l., with registered office in Via dell'Industria, 11 - 35020 Brugine - Padova - Italy (hereinafter called "Seller") from any individual or body corporate having registered office or domicile in Italy or abroad and exercising its own commercial, business or professional activity (hereinafter called the "Purchaser") and govern all sales of goods specified in the catalogues of the Seller (hereinafter called the "Products").

Conditions differing from those contained herein will be effective only subject to written acceptance.

1. Products

- 1.1 The Products subject of these sales are those specified in the catalogues of the Seller or on the Seller's web site (www.carel.com), with the technical specifications and drawings contained therein. In case the Products are developed and manufactured according to the Purchaser's specifications, the relevant technical specifications are part of a separate contract between the Seller and the Purchaser.
- 1.2 The Purchaser declares that, prior to the purchase, he has carefully examined all the technical documentations and manuals of the Products and he has verified the technical compatibility of his machineries and devices with the Products.

2. Orders

- 2.1 Orders, both direct and indirect, are always subject to acceptance by the Seller. The order confirmation will describe the Products sold according to the Seller code (on request also according to the Purchaser's code) and will define the quantity of each product, the unit price, the delivery terms, the transport and payment conditions. No order will be considered binding for the Seller until it has been accepted with confirmation issued by the latter.
- 2.2 All the orders must be made in writing by the Purchaser. Orders for special products or for products made according to Customer's specifications may under no circumstances be cancelled by the Purchaser, once they have been accepted by the Seller.
- 2.3 If the terms of payment of previous shipments are not observed, the Seller is allowed to interrupt the supply of products even in case of orders already confirmed and not yet shipped.

3. Prices and Payment Conditions

- 3.1 The prices contained in the Seller's price list are binding if accepted by order confirmation of the Seller, unless said order confirmation specifies otherwise. The Purchaser shall immediately notify the Seller of all errors and omissions of any type in the payment conditions and in the prices contained in the acceptance document.
- 3.2 Prices do not include VAT and other taxes, customs duties or other charges that may be due on the Products in the country of the Purchaser and are expressed in the currency of the

Seller's country unless agreed otherwise.

3.3 The Seller also reserves the right to change the terms of payment of the Purchaser when, in its opinion, the financial conditions of the Purchaser and records of previous payments suggest that it is expedient to do so. The terms of payment are specified in the order confirmation. The invoicing value date is essential for payments.

For payments from abroad, expenses for the transfer of funds from the foreign bank to the Italian bank will be sustained entirely by the Purchaser.

4. Delivery Terms and Risks

4.1 The delivery terms specified in the order confirmation are not binding; in any case, the Seller will make all efforts to observe the delivery dates or periods specified in the confirmation.

4.2 In the event of delayed delivery due to circumstances beyond the reasonable control of the Seller, such as (but not limited to) force majeure, strikes, unrest, accidents or conflicts, including any delay by the product manufacturing subcontractors or other, the Seller will have the right, as it chooses, either to extend the permitted delivery period for a period equal to the duration of said cause or to cancel the sale, and in both cases will be exempt from all liability vis-à-vis the Purchaser in relation to the delayed or failed delivery. Under no circumstances will the Seller be liable for delayed or failed delivery due to shortage of products.

4.3 Delivery terms and risks relating to the Products will be specified in the confirmation order and according to INCOTERMS 2000. If not otherwise specified, Products are sold ex CAREL INDUSTRIES works (INCOTERMS 2000).

5. Complaints

5.1 The Purchaser will examine the Products immediately and with all due diligence and attention when they arrive at its premises and will inform the Seller without delay of any omission, defect or non-conformity encountered. Notification by the Purchaser of the omission, defect or non-conformity of the Products shall be made in writing by and no later than 5 days from receipt of the Products and shall contain the indication of the Product code and number as well as a full description of the defects and omissions detected. Once 5 days have elapsed from receipt of the Products by the Purchaser, as resulting from the transport documents, without the Purchaser having notified any lack or non-conformity of the Products, the latter will be considered definitively accepted by the Purchaser.

5.2 Further to the complaint, the Seller will provide either for replacement of the faulty Products or refund of the amount paid by the Purchaser for their purchase.

The Seller is entitled to test the Products when they are returned and to charge the Purchaser for all costs sustained by the Seller in the event of the product turning out to be not faulty.

6. Returns

6.1 All material returned due to causes that can be attributed to the sales representative must be previously authorised by such sales representative. The delivery document accompanying the goods returned must describe the exact details of the sales invoice. Returns will not be accepted for goods sold more than 12 months prior to return. The value of the goods returned due to causes other than errors by the sales representative will be reduced by 20% from the purchase price, to cover administration, handling and testing costs. The goods returned will only be accepted with carriage paid by the sender. In any case, the material returned must not show any sign of tampering and must come in the original packaging. Otherwise, in addition to the devaluation described above, the cost of restoring the goods to as-new condition will also be charged. The goods will not be accepted at the representatives store if such instructions are not observed.

7. Product Liability

7.1 Some of the Sellers Products might be used in machineries and/or for activities different from those indicated by the Seller; the Purchaser shall be held liable and responsible for the technical assessment to use the Products in such different devices and/or in such different ways.

7.2 The Seller will be solely liable for damages caused to the Purchaser as an immediate and direct consequence of its own negligent or culpable non-fulfilment of the obligations under the contract. Under no circumstances will the Seller be liable for indirect damages sustained by the Purchaser or third parties, for example, but not limited to, damage to image, loss of profit, production, contracts, penalties or refunds of any type, etc.

8. Competent Court and Applicable Law

8.1 All contractual or extra-contractual disputes concerning the interpretation, validity, effectiveness, execution or termination of this Contract will be referred exclusively to the Italian Judicial Authorities, Court of Padua (Italy). Without prejudice to the previous provision, the Seller is also entitled to refer all the disputes arising out from the Contract to the competent court of the Purchasers premises.

8.2 This Contract will be interpreted and governed according to the Italian law.

WARRANTY CONDITIONS

1. Terms of warranty

All the products will carry a warranty of 2 years from the date of production. This date will be marked on the product label.

The warranty will not be considered valid if a product is damaged due to the negligence of the Customer, or if the product label is missing.

2. CAREL INDUSTRIES return procedure

Checks on faulty products under warranty and repairs are carried out exclusively at CAREL INDUSTRIES' factory. When returning goods to CAREL INDUSTRIES, the Customer must enclose a list of all the returned products with the product code, the product number and the anomaly detected.

The cost of freight is always to be paid by the Customer when goods are returned to CAREL INDUSTRIES.

When the goods are returned to the Customer, CAREL INDUSTRIES will pay the freight charges if the goods are under warranty.

On the other hand, if the products are not under warranty, the freight must be paid by the Customer.

CAREL INDUSTRIES has to repair/replace the products within two months from the receipt of the returned goods.

2.1 Transport

The transport of all the goods is under the Customer's responsibility.

As a matter of fact, the Customer must inspect the completeness and integrity of the goods on delivery.

Any damage arising during transit must be reported immediately to the freight company to allow claims to be made.

3. General repair procedure

For all the products returned to CAREL INDUSTRIES, CAREL INDUSTRIES will send back a report with the goods, explaining the reason for the failure, which repairs have been made and why some products can not be repaired.

3.1 Goods repaired under warranty

All the products under warranty will be repaired and repackaged, if possible, enabling the Customer to sell the product as new. If the product is beyond repair or if it is more advantageous not to repair it, CAREL INDUSTRIES will replace the product with a new one.

3.2 Goods repaired out of warranty

All the products that are not under warranty will be repaired where possible. The Customer will be charged with the cost of the used materials and the time taken to repair the product.

All the limited value products, which were repaired out of warranty, will be invoiced at a standard 25% of the list price.

For all the remaining products, the cost of repairs will not exceed 40% of the relevant list price.

The product will be sent back to the Customer as new.

If the product is beyond repair or it is more advantageous not to repair it, the product will be returned to the Customer at no extra charge.

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