

GENERAL SALES TERMS AND CONDITIONS SACCHIFICIO VENETO S.P.A.

1. SCOPE OF APPLICATION

These General Terms and Conditions shall govern all sales contracts between **Sacchificio Veneto S.p.a.** (hereinafter referred to as the **Seller**) and the **Buyer**. Any deviations from these General Terms and Conditions shall be binding for the Seller only if they are agreed upon in writing. Should one or several of these General Terms and Conditions become invalid or ineffective for any reason whatsoever during the contract performance, the other conditions shall continue to apply.

2. REGULATORY REFERENCES:

- Terminology and paper bag types	UNI EN 26590-1
- Description and measuring methods	UNI EN 26591-1
- Drop test	UNI EN 27965-1
- Conditioning for tests	UNI EN 26599-1
- Method of sampling empty bags for testing	UNI EN 27023
- Dimensional tolerance	UNI EN ISO 8367-1

3. CONTRACT NEGOTIATION AND CONCLUSION

3.1. OFFER:

- The quotations provided by the Seller are binding for a period not exceeding fifteen days from the date of receipt by the Buyer, unless a different deadline is specified.
- The quotations provided by the Seller to the Buyer shall include the following essential information:
 1. Bag size and type
 2. Quantity required
 3. Paper bag set-up, with indication of the grammage for the various sheets
 4. Graphic subject to print
 5. Type of Yield
 6. Approximate production and delivery dates.
 7. Payment terms
 8. Price

3.2. ORDER:

- Each order becomes final only after the Buyer has sent a formal written order, and the Seller has confirmed it by sending an appropriate Order Confirmation.
- Orders that do not reflect the content of a quotation are subject to the Seller's approval. In any case, the Buyer shall specify the following in the order:
 - a) The quantity of bags ordered
 - b) The dimensions and technical features of the bags, as well as the weight and types of raw materials used for the set-up
 - c) All other necessary information, such as price, delivery, payment and return terms, and any graphic details

3.3. ORDER CONFIRMATION:

- Except in the case of instant termination of the contract and delivery of the goods immediately thereafter with the issue of an invoice, the conclusion of the sale requires that the Buyer's order, given either directly to the Seller or through its agents or other intermediaries, be expressly accepted in writing by the Seller by means of an Order Confirmation.
- Upon receipt of the Order Confirmation, the Buyer shall immediately, and however not later than 24 hours after receipt, notify the Seller of any discrepancies found, otherwise everything shall be deemed to be accepted in full.
- For everything not stated in the Buyer's order, the Seller's technical/quality standards shall apply.
- Contracts are always concluded at the place where the Seller has its registered office.

3.4. CHANGES OR CANCELLATION:

- Partial or total order cancellation or modification is not acceptable nor shall it be deemed to be valid unless the two parties have agreed to it. In this case, the raw materials and other expenses already incurred by the Seller (graphic design, plates, etc.) shall be invoiced to the Buyer.

4. PRICE

The prices set forth in the Seller's Order Confirmation shall apply to all shipments and/or deliveries, until otherwise notified by the Seller.

The agreed prices are net of any present and future charges, duties and taxes, which shall be borne solely by the Buyer.

4. INCREASED COSTS

If, after the conclusion of the contract, there is a significant increase in the total production or transport costs due to remarkable changes in the cost of energy and/or raw materials and/or monetary exchange rates and/or freight or transport rates, the Seller shall, if such increase totals 10 per cent or more, be entitled to demand price renegotiation for the remaining quantities to be produced and/or delivered, or to terminate the contract, also limited to the undelivered part of the contractual quantity.

5. PRELIMINARY AND PREPARATORY WORK

Unless otherwise agreed, the Buyer shall pay the costs of all preparatory and preliminary work carried out by the Seller. The Buyer shall, therefore, pay the costs incurred by the supplier for printing proofs, graphic settings, templates, films, printing equipment and printing cylinders set up and possibly provided by the Seller to the Buyer, for the purpose of product approval.

The proofs and preliminary work requested by the Buyer shall be invoiced to the latter in case of no productive follow-up within 12 months after the order confirmation.

6. PRODUCT IMPLEMENTATION

6.1. IDENTIFICATION OF COMPONENTS

- By convention, sheets are analysed from the outside of the bag to the inside; the first sheet is, therefore, the outer one and the last one is the inner one (sheet in contact with the bagged product).

6.2. RAW MATERIALS

- Unless otherwise agreed upon in writing, the Seller is entitled to choose and use its own materials and manufacturing processes for all orders, provided that the product supplied meets the technical specifications agreed upon with the Buyer.

6.3. PRINT

6.3.1. ARTISTIC AND INDUSTRIAL PROPERTY

- The Buyer shall be solely responsible for any infringement of third parties' rights and, in particular, of the copyrights and trademark-related rights, names and designs that the Buyer demands to be printed to the bags ordered, as well as for any reproduction of the shape and external appearance of any third party's product.
- The Buyer shall indemnify the Seller against the prejudicial effects of any acts and actions of third parties claiming infringement of those rights.
- All work implying creative activities within the meaning of the Artistic Property Law (drawings, photos, printing inscriptions, films, printing equipment, etc.), carried out by the Seller or commissioned by the latter to third parties shall remain the exclusive property of the Seller and shall not be transferred to the Buyer unless a prior written agreement to this effect has been entered into.

6.3.2. PRINTING QUALITY

- The printing quality level depends on the production batch. The latter is crucial to assess, estimate and define the final quality of the product, understood as the visual colour result and the defined features.
- The appearance of the printing inscriptions shall match the "current commercial quality" with regard to tonal tolerance, variations in the printing inscription positioning, and any plate flattening.
- Unless otherwise agreed in writing, the Seller uses standard inks for printing and, therefore, does not guarantee any special resistance of printing inks to light, and shall not be held liable for any variations in colour shades; these, therefore, can neither justify a refusal by the Buyer to receive the goods, nor the latter's request for a price reduction.
- The colours, even if Pantone numbers (or other scales) have been provided, are always only indicative as the resulting shade stems from various components (paper substrate, porosity, absorbency, thickness, ink supply and supplier, printing equipment, etc.) that can significantly affect the final result.
- The printing equipment will be disposed of in accordance with its wear and tear, and/or the time elapsed since first

use. After this period of time, which may vary from 6 months to no later than 3 years, the printing equipment undergoes natural decay and can no longer guarantee printing results in line with the Seller's quality standards.

- In the case of consolidated orders scheduled over long periods of time, any expenses for remaking plates shall be shared by the parties.

6.3.3. PRINTING PROOF APPROVAL

If a new item requested by the Buyer is created, the Seller shall have the new printing proof signed for acceptance to ensure that the Buyer's wishes have been fulfilled.

- **The printing proofs that the Seller submits to the Buyer for initial approval are always prepared using special equipment (proof presses) with oil-based inks and varnishes, which have completely different features from the water-based (biodegradable) industrial inks used in printing; due to these different production methods, the industrial result may be significantly different from that obtained with printing proofs.**
- The Buyer's signature shall exempt the Seller from any liability for errors, omissions and any discrepancy of the product supplied with respect to the original used by the Buyer, and, in general, with the contractual description of the product.
- Lacking any written approval, any agreement reached orally with the Buyer shall release the Seller from liability. A proof shall be deemed accepted (tacit approval) even in the event of no written or verbal approval if, after sending the proof and starting production, the customer has not given any different directions.
- In the event that the Buyer's requirements entail last-minute finishing touches (e.g. entering additional text, shifting of words or parts with respect to the defined graphic layout, etc.) resulting in reprocessing by the printing equipment, or even a standstill of the printing press, the costs shall be borne by the Buyer, in addition to the agreed price.
- If the Buyer attaches special importance to the colour tone, the latter shall agree with the supplier to witness the first print run for acceptance.

6.3.4. BARCODE:

- In the event that, following a request by the Buyer, a bar code is printed for optical reading (to be used, for example, at supermarket checkouts), the Seller cannot be held liable for any reading refusals or incorrect readings, even if it is proven that this is solely caused by a printing defect attributable to the Seller alone, as the technical-physical characteristics of the paper can cause the printed lines to change significantly.
- Greater guarantees of accuracy can only be given when using coated printing papers. If the Buyer requests a deviation from the normal rules for barcode use, the latter shall specify this in the order and release the Seller from liability.

6.3.5. SELLER'S LOGO AND CODES

- The Seller distinguishes its products by placing on them its logo and/or reference code as well as all symbols required to identify the packaging in the recycling process and to make this easier.
- The codes on the bottom of each bag enable product traceability, both upstream (suppliers) and downstream (product recipients).

6.4. PRODUCTION TOLERANCE

6.4.1. GRAMMAGE TOLERANCE

- Grammage tolerance for each sheet of paper used in bag production is $\pm 5\%$.
- For bags made of laminated materials, the tolerance for each sheet is $\pm 10\%$ according to the agreed grammage.
- The Seller is entitled to supply bags made of sheets with different grammage, as long as the number of sheets and the overall grammage, calculated with the tolerance specified above, remain unchanged.

6.4.2. THICKNESS TOLERANCE

- The thickness tolerance for the plastic materials used in the manufacture of bags is follows:
 - up to 15 μ $\pm 25\%$
 - between 15 μ and 30 μ $\pm 15\%$
 - between 30 μ and 50 μ $\pm 13\%$
 - over 50 μ $\pm 10\%$.

6.4.3. DIMENSIONAL TOLERANCE

- This refers to EN 26591-1 (description and measuring methods) and EN ISO 8367-1 (dimensional tolerance), i.e.:

Open-mouth bags

- bag length: ± 10 mm
- bag width: ± 5 mm
- bottom width: ± 5 mm
- bellows width: ± 3 mm

6.4.4. QUANTITY TOLERANCE

Valve bags

- bag length: ± 10 mm
 - bag width: ± 5 mm
 - bottom width: ± 5 mm
 - valve width: ± 5 mm
 - valve length: ± 5 mm
- The permitted quantity tolerance with respect to the order is as follows:
 - less than 5,000 bags $\pm 25\%$
 - from 5,001 up to 10,000 bags $\pm 15\%$
 - from 10,001 up to 25,000 bags $\pm 10\%$
 - from 25,001 up to 100,000 bags $\pm 8\%$
 - over 100,000 bags $\pm 5\%$

6.4.5. QUALITY TOLERANCE

- Reference is made to standards UNI EN 27023 (method of sampling empty bags for testing), UNI EN 26599-1 (conditioning for tests) and UNI EN 27965-1 (drop test).
- Two types of product non-conformity are defined, which take on distinctly different significance in the Buyer's judgement:
 - A. Critical non-conformities, which significantly reduce the Buyer's options of using the bag, or make it completely unusable for its intended purpose.
 - B. Significant but not critical non-conformities affect the use of the bag in a non-severe way, allowing it to be used normally, or with some caution when bagging.
- Critical non-conformity tolerance (point A) is permitted up to the following limits (% tolerance):
 - batch with fewer than 5,000 bags 5%
 - batch with 5,000 to 10,000 bags 4%
 - batch with 10,000 to 25,000 bags 3%
 - batch with 25,000 to 100,000 2%
 - batch with over 100,000 1%
- This upper limit shall be checked on the entire batch of goods produced, and not on a part of it or on individual pallets.

7. STORAGE AND EXPIRY

The goods should be stored by the Buyer on non-overlapping pallets, **stripped of any plastic film**, and located in a dry, well-ventilated place. The temperature should not be below 10°C, and relative humidity between 40% and 60%. Direct exposure to sunlight should be avoided.

Shelf life: The properly stored product is exposed to the risk of potential degradation of its features if stored for longer than 12 months.

8. FOOD PACKAGING

8.1. RAW MATERIALS

- All the raw materials used to make bags for food use are suitable for contact with foodstuffs in accordance with EC Regulation 1935/2004 as well as Italian Ministerial Decree. 21/03/73 as amended.

8.2. MISUSE

- The product should be stored as defined in section 7. Failure to seal upon bagging exposes the food inside the packaging to the risk of pest intrusion during handling and/or storage.
- Considering that, upon the first purchase of an item intended to contain human food, the Buyer defines the types of products that the packaging is suited to contain jointly with the Seller, using the packaging for products other than those defined may expose the food to unsuitable storage.
- Evidence of this can be found in the item-related data sheets.

9. PACKAGING AND TRANSPORT

Unless specifically agreed otherwise, the Seller shall use its normal packaging standards with regard to type and size of pallets, quantity of bags and protection thereof.

Upon request, CP1 pallets or Europallets shall be returned in equal numbers, otherwise they will be invoiced at cost price.

If the goods are invoiced by weight, the price will be calculated on a gross basis (including packaging paper and pallet).

Any special packaging will be charged at cost.

10. DELIVERY

To all intents and purposes, title to the goods, and the risks of damage and/or loss thereof, shall be transferred to the Buyer in accordance with the Terms of Delivery as specified in the Seller's Order Confirmation, in compliance with the international regulations for the interpretation of the most common terms in foreign trade (Incoterms) of the International Chamber of Commerce.

Unless otherwise agreed in writing, delivery dates are never binding and essential in the interest of the Buyer, but are merely indicative and approximate. Under no circumstances, unless otherwise agreed upon in writing, shall the Seller be liable for damage compensation due to failure to timely deliver the goods.

10.1. DELAYS

- Actual delivery dates are always extendable due to delays resulting from:
 - Late receipt by the Seller of raw materials which were ordered from third-party suppliers.
 - Delays, suspensions, and interruptions of processing caused by changes in the parameters of the final product agreed upon with the Buyer and attributable to the latter.

10.2. SUPERVENING IMPOSSIBILITY AND DIFFERENT PERFORMANCE

- In the event that, during the performance of the contract, the production of a specific raw material ceases or its availability is reduced or the use of a specific technical process changes, so that the Seller is absolutely unable to deliver the agreed product, the Seller shall have the option of either
 - a. examining with the Buyer the possibility of delivering a similar product, the price of which, in the absence of a mutual decision, shall be established by a third party designated by the parties or, in the event of their disagreement, by the Secretary General of the Associazione Nazionale Industrie Grafiche, Cartotecniche e Trasformatrici (National Association of Graphic, Paper and Processing Industries)
 - b. or cancelling the sale.
- However, it remains possible for both parties to withdraw from the contract, even if only for products that have not already been partially processed.

10.3. MAJEURE FORCE

- The Seller shall not be liable or be deemed to be in breach of contract by reason of any delay in performance or any failure to perform any of its obligations where the delay or failure is due to any cause beyond its reasonable control ("Force Majeure"), including but not limited to:
 - Environmental catastrophes: fires, floods, earthquakes, hurricanes, particularly adverse weather conditions, epidemics, quarantines, water shortages, loss or detention at sea.
 - Adverse social events: wars, insurrections, requisitions, conscription, labour disputes, strikes, lockouts, work stoppages, general shortages of labour-transport-materials; insufficient or rationed supplies of raw materials and/or energy and/or fuels affecting both production and transport, rail blockades, absence and/or limitations of means of transport, navigation restrictions due to ice or other obstacles at embarkation or unloading ports.
 - Legal impositions: measures of public authority, legislative, judicial, governmental, health, currency restrictions, embargoes, export or import bans or restrictions, restrictions on the use of energy.
 - Uncontrollable production restrictions: non-delivery, defective or delayed delivery from the raw material

suppliers' factories and other basic products for industrial production, machine failures, interference or defects in production caused by computer viruses or similar risks in computer systems.

- events or circumstances similar and/or additional to those indicated above, i.e. any other scenario or other circumstance beyond the Seller's control, after the Seller has taken all reasonable precautions to avoid the occurrence of such events.
- The foregoing shall also apply in the event that an event of Force Majeure, not necessarily included in the above list, which is to be understood as merely indicative, affects the Seller's suppliers.
- If an event of Force Majeure occurs during an existing delay, the period of extension to be granted by one party to the other will not expire before the force majeure event has ceased. The Seller shall inform the Buyer of the beginning and end of a Force Majeure event as soon as possible.

This is, however, without prejudice to the case of termination of the seller's obligation due to supervening impossibility, as provided for in Section 10.2 above.

10.4. FORCED STORAGE

- If the goods are not to be transported to the Buyer's domicile or another place designated by the Buyer, the Buyer shall collect them within the agreed time. If the Buyer fails to collect the goods in a timely manner, the Seller shall be entitled to store the goods in its own and/or other warehouses, and/or to send the goods to the Buyer, who shall also pay any additional transport costs.
- During storage, the Seller shall not be liable for any loss or damage to the goods caused by any cause whatsoever.
- In any case, the goods not promptly taken back by the Buyer shall be invoiced on the day they are stored, and payment terms shall run from that day.

11. PAYMENT

For payment deadlines, the regulations in force in the EU apply, unless otherwise agreed between the parties.

Out-of-pocket expenses for stamps, endorsements, legalisation, taxes and fees shall always be paid in advance.

The place of payment is to all intents and purposes the Seller's registered office whatever the agreed means of payment.

Cheques and other securities are always accepted subject to collection.

In the event of delay in payment, the Buyer shall pay interest at the rate determined from time to time pursuant to Italian Legislative Decree No. 231/2002.

When more than one contract has been concluded between the Buyer and the Seller, if a dispute arises with respect to the goods that are the subject matter of one or more particular sales, the Buyer may not suspend payment of the other, non-contentious deliveries.

Again in the case of multiple contracts, if the Buyer fails to fulfil its obligation to pay the price of even a single supply, the Seller may suspend ongoing supplies and refuse to perform the other contracts, without prejudice, in any case, to its right to compensation for damages.

If payment terms are established, the Seller may immediately collect its receivables if the Buyer, during the performance of the contract, finds itself in a situation, even temporarily, of difficulty in fulfilling its obligations.

12. VERIFICATION OF GOODS AND COMPLAINTS

- a. The Buyer is obliged, within the strict term of eight days from the day of receipt of the goods, to check their conformity. Any non-compliance shall in any case be reported, with appropriate evidence, within the following 22 days (i.e. within 30 days of receipt)
- b. Furthermore, the Buyer, irrespective of the Seller's declaration of the conformity of the bags sold with the standards in force and the agreed specifications, shall, before using them in a commercial or industrial context, verify their conformity with the aforementioned standards and their technological suitability for the purpose for which they are intended by means of suitable technical control procedures.
- c. If a non-conformity with said standards or specifications does not emerge from the Buyer's inspection, or, if it does emerge, is not reported by him in writing by registered letter or e-mail, within eight days to the Seller, and in any case within and no later than thirty days from receipt of the goods, the Seller shall be released from any warranty and liability towards the Buyer.
- d. Even in derogation of Art. 1745 (1) of the It. Civil Code, any claims of the Buyer shall be made in writing exclusively

to the Seller, by registered letter or e-mail. Notwithstanding the first and second paragraphs of this article, hidden defects and defects of quality shall be reported no later than eight days after discovery (see paragraph a).

- e. Claims by the Buyer regarding alterations that, due to the effect of light, heat, and substances with which they come into contact, the bags sold suffer in any individual part (paper, colour, glue, printing, etc.) are not admissible, as the Seller's guarantee does not extend to such alterations. Claims by the Buyer shall also not be admissible if, as a result of defective storage by him of the goods delivered to him, the goods are altered and in any case become even partially unsuitable for their intended use.
- f. Goods disputed by the Buyer shall be held at the Seller's disposal for its inspection, with the Buyer bearing the burden of rigorously proving its disputes. Disputed goods may not be returned to the Seller without its authorisation.
- g. Without prejudice to the cases of exclusion of liability of the Seller contemplated in this and the previous conditions, in the hypothesis of the existence, judicially ascertained or found by the Seller, of defects or quality defects or in any case of non-conformity of the goods, and in any other hypothesis of ascertained or acknowledged non-fulfilment of the Seller relating to the product sold, the Buyer shall only have the right, to be exercised within a term of two months from the date of acknowledgement by the Seller of the report of non-conformity received by the Buyer, to request the Seller to return the faulty or defective goods or in any case non-conforming goods to the Seller in compliance with what was agreed upon. In this case, the Seller shall be entitled to recondition or replace the goods if necessary. The aforementioned period of two months granted to the Buyer shall be peremptory and shall apply as a period of forfeiture with all consequent effects.
- h. Even in the event of claims accepted by the Seller, the latter shall be liable only for the value of the goods delivered, in no event shall the Seller be liable to pay damages to the Buyer, whether direct or indirect.**

13. LAW GOVERNING THE CONTRACT, JURISDICTION AND OBLIGATION TO MEDIATE

- 1. The contract is governed by Italian law. For all disputes, jurisdiction lies exclusively with the Italian courts. The court of the place where the seller is domiciled has jurisdiction.
- 2. In any case, the Seller and Buyer agree that any dispute shall first be submitted to a Mediation procedure, pursuant to It. Legislative Decree 28/2010, with a Mediation Body duly registered with the Ministry of Justice and with offices in the Municipality of Verona, and as of now identify such body as MedyaPro - Progest S.r.l. with offices in Verona, Via Mameli 11, both of them remaining free to identify this body differently if the one indicated above is no longer active. The prior actual completion of the mediation procedure shall be a mandatory condition for any proceedings concerning the dispute, subject to the exceptions provided for in It. Legislative Decree 28/2010.