



GENERAL CONDITIONS OF SALE



GENERAL CONDITIONS OF SALE

1 - Definition

As part of these Conditions of Sale, the following terms have the meaning hereby assigned to them:

- GCS – refers to these General Conditions of Sale;
- CAE – refers to Clean Air Europe s.r.l.;
- Customer – means any company, organization or entity that purchases CAE products;
 - Products – means the goods manufactured, assembled or otherwise sold by CAE;
 - Order – means any purchase request for Products, submitted by the Customer to CAE;
 - Request for quotation - means any request sent by the Customer to CAE to solicit a sales offer for Products;
 - Order – Offer confirmation means the contract proposal prepared by CAE and sent to the customer containing all the elements of the sale, the conditions/special requirements and the GCS that the customer is required to sign for acceptance, and return to
 - CAE to conclude the contract;
- Sale – means any sales contract concluded between CAE and the Customer;
 - Data sheets – means the Product cards, prepared by CAE containing, but not limited to, the technical specifications of the Products, the conditions for their installation, operation and use;

2 – Field of application - Waivers - Prevalence over general supply conditions - Invalidity of verbal agreements – Possibility to make changes

These GCS govern all sales of Products that take place between CAE and its Customers, and are intended as an essential and substantial part of the trade agreement itself. Any waiver or change to the terms present in the GCS will have to be made in writing and accepted by CAE, on the understanding that all other clauses not waived or modified will however apply to the contract,.

These GCS shall prevail over any general supply conditions that may be provided by Customers, which shall not even partially apply (neither implied or presumed) unless accepted in writing by CAE, and however even in this case they will not invalidate these GCS with which they must coordinate, and in the event of contrast those of the CAE will prevail.

Any verbal agreements, declarations or commitments entered into with agents, representatives or CAE officers, both previous, concurrent or subsequent to signing this GCS, shall

not be binding unless expressly confirmed by CAE in writing. CAE reserves the right to modify and/or change these GCS at any time at its sole discretion, attaching the changes to offers, order confirmations, or any correspondence sent to the Customer.

3 – Customer's knowledge of Product characteristics - Compliance with Italian law.

In proceeding with the purchase of CAE Products the Customer declares:

- to have negotiated each contract directly with CAE, and that the latter has properly illustrated the technical, functional and operational features of the Products;
- to be well aware of the correct methods for handling, storing, utilizing or using the Products;
- to have verified beforehand that the products purchased can connect, operate and are compatible with the plants in which they must function and however to consider them perfectly suitable for the use, directly or indirectly, intended;
- not to have relied, for the purpose of entering into this contract, on the content of price lists, circulars, catalogs or websites, because the information contained therein is merely illustrative, and is not binding on CAE.

CAE products comply with the law and technical regulations in force in Italy, consequently the Customer shall bear the costs for controlling - before placing the order or request for quotation - any possible differences between Italian laws and those of the foreign country of destination of the Products.

4 – Contract formation – and its regulation.

The Customer must make the order or request for quotation in writing, clearly stating, in addition to personal tax and administrative information, the date, order number, an exact description of the products of interest referring to the identification code indicated in the CAE explanatory documentation, the quantity, unit price and total, the payment terms, timing and mode of delivery and transport, taxation, as well as any requests or special requirements which CAE should take into account such as, but not limited to, technical specifications, drawings, plans, special conditions of the facility, the need for special packaging requirements for shipping and delivery, requests for extending the warranty beyond the standard duration etc. ..

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The orders and quotation requests received by CAE are not binding and CAE is free to give way, or at least accept or reject them at its own discretion.

If CAE accepts the order it will send the Customer a confirmation of their order, including all information and conditions regarding the order itself, in addition to the GCS and any attachments which - unless otherwise stated therein - will be considered to be standing for twenty days from the date it is submitted.

The contract is deemed concluded between the parties when CAE receives within that period the order confirmation and all attachments thereto, stamped and signed in their entirety for acceptance by the Customer.

In the event of a CAE offer forwarded to the Customer based on a request for quotation, the latter - unless otherwise stated therein - will be considered standing for sixty days from the date of its submission. The contract is deemed concluded between the parties at the time in which CAE receives the offer and any attachments, stamped and signed in their entirety for acceptance by the Customer.

Any changes to the offer made by the Customer when sent to CAE represents a new request for quotation, which shall not be binding for CAE.

Any Customer acceptances that reach CAE late, will not be binding for CAE.

The confirmation of the order or offer - including the GCS and any attachments - represents the contractual conditions of sales, so that all that is not contained therein is understood to be outside the agreement, even if it was the subject of negotiations between the parties, without the possibility of presuming conditions or requirements that are not expressly mentioned therein.

5 – Prices - Packaging - Transport costs - Discounts.

The prices for Products indicated in the order confirmation or in the offer, unless indicated otherwise, are in Euros and net of VAT, customs fees, duties, taxes or export taxes and the like.

These amounts include the costs of suitable packaging for shipping with standard features. Any special packaging must be expressly requested by the Customer with the order or request for quotation, and the cost will be borne by the Customer .

The prices are for goods ex-CAE production factory in Bulciago (LC) - ex works - net of transport costs which, unless expressly stated otherwise, are always excluded and charged to the Customer .

No discount or rebate is recognized, unless previously agreed upon in writing and shown on the invoice.

6 - Terms and place of payment of the price – The right

to suspend the supply in case of default – Forfeiture of benefits of terms - Prohibition from taking action if the total price is not paid. Waiver of any exceptions to the law.

Payment of the price of the Products must be made by the Customer in the manner and timing indicated in the order or supply confirmation and as shown on the CAE sales invoice. In the absence of specific indications, payment must be made within 60 days at the end of month of the invoice date. No payment made to agents, representatives or CAE subsidiaries will not be considered discharging unless expressly authorized beforehand and in any case until regularly received.

All payments must be made at the registered office of CAE in Bulciago (LC); the place of payment is therefore agreed upon as Bulciago (LC) also for payments made by cash, bills, securities, and by any other means, including bank transfers.

Any and all methods of payment agreed upon between the parties will under no circumstances serve to change the jurisdiction and venue for collecting the cost of the supplies and generally implementing the contract, which remains in Bulciago (LC).

In case of delay in payment compared to the terms indicated in the invoice CAE without the need for specific formal notice, will apply commercial interests at the applicable rate, in accordance with Legislative Decree 231/2002 as amended.

If the Customer is not in good standing with the payments, even if relating to other supplies, CAE may - until all arrears are rectified - legitimately suspend the execution of orders in progress without any penalty, and the defaulting Customer specifically waives any right to reimbursement for damages or to interpose exceptions.

In the event in which deferred payments are provided for, failure to pay even a single installment will, ex art. 1186 of the Civil Code, imply the immediate forfeiture of the benefit terms for the Customer, with the obligation to immediately pay CAE the remaining full price.

Should disputes arise between the parties for any reason, the Customer may not initiate or continue actions against CAE until it has paid the full price of the Products contractually agreed upon, with corresponding prohibition for the Customer to suspend or delay payments, due to its prior express renunciation of relying on the exception of non-compliance, as well as to avail itself of any other legal solution.

7 – Terms of delivery of the Products - Transport - Transfer of risk – Loading - Unloading.

Unless otherwise specified in the confirmation of the order or the offer, the Products shall be delivered solely to the CAE factory in Bulciago (LC), i.e. ex-works - and unless otherwise expressly stated in writing between the parties, transportation

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will be always at the risk, danger, responsibility and expense of the Customer until, with the delivery and acceptance of the Products by the carrier, all CAE liability will cease, and all risks will pass to the Customer. Any reservations, claims, actions arising from, and/or related to transportation and/or with subsequent operations must be proposed by the Customer exclusively to the carrier.

In the event that the delivery of the Products is contractually agreed upon as carriage paid, CAE - in the absence of specific instructions from the Customer - will select the most suitable mode of transport to achieve the purpose, charging the cost to the Customer, as well as identifying the carrier and freeing itself from the obligation of delivering the Products when these are referred to the carrier. In this case, the rights that stem from the transport contract will be due to the Customer from the moment in which, having the Products reached destination or the time in which they should have arrived expires, the Customer requests delivery to the carrier. In the event that the delivery is contractually agreed to be carriage paid, but the carrier is identified or assigned directly by the Customer (regardless of who assumes the costs), the parties agree that when the carrier takes charge of the Products, CAE will be released from any obligation and the transportation risk passes completely to the Customer. Any reservations, claims, actions arising from and/or related with the transport and subsequent operations will have to be proposed by the Customer exclusively to the carrier. In all cases, the loading onto the carrier must be carried out by CAE, in collaboration with the driver of the vehicle, while unloading the vehicle upon arrival at destination will always be carried out at the expense and responsibility of the Customer.

8 – No peremptory terms of delivery - Non-acceptance of the penalties for delays. Cases of force majeure or unforeseeable circumstances. Disclaimer.

By express agreement the parties agree that the terms of delivery of the Products are always only indicative and not legally binding for CAE. Any delays in delivery - with respect to the timing assumed - will not result in any responsibility for CAE, therefore the Customer will not have the right to request compensation for damages of any kind incurred as a result of delays in delivery.

Any imperative or essential delivery deadlines must be expressly agreed upon between the parties and specified in the confirmation of the offer or order, and therefore expressly accepted by CAE and will always be effective from receipt of the order confirmation or accepted offer by the Customer . In any case, CAE does not accept the imposition of penalties for delays, which the Customer expressly waives effective immediately.

In the event of mandatory or essential terms at its own expense, CAE will not be liable in the event that the delay in delivery is due to force majeure, unforeseeable circumstances, and in any event from any and all outstanding or unusual events, which is likely affect the regular fulfillment of the order.

9 – Shipping and Storage.

If the Products have not been collected or are impossible to deliver because of the Customer and these must remain in storage at CAE, in addition to the cost of the order – CAE must be paid, after the first 10 days of exemption, an amount equal to 5% (five %) of the total value of the goods in stock for each week of storage, as reimbursement for storage, custody and administrative costs.

However , CAE has the right to implement any solution permitted by law in order to release itself from the burden of safekeeping the products and in any case, failure to collect the Products (i.e., the inability in fact to deliver to the Customer) does not involve deferral or exemption from paying the Products in accordance with the contractually agreed terms.

10 – Customer’s responsibility to verify the operability of the guarantee. Decadence.

Upon receipt of the Products the Customer is required to verify that they correspond, for quantity and type, to the transport documents, as specified in the order confirmation or in the accepted offer, and the bill of sale.

Furthermore, for the operability of guarantee rights, the Customer will be required to verify that the Products are free from faults, defects and anomalies before using them, and in any case, if before or during the use of the Products the Customer is aware of, or can reasonably suspect the existence of faults, defects or abnormalities, he will be required not to use them or to immediately stop all use, taking every precaution necessary to reduce or at least not exacerbate such defects and/or damage caused by these Products, thereby losing any right to the guarantee.

Costs and expenses for the verifications referred to in this paragraph, are and will remain the responsibility of the Customer, since it is his responsibility to do so.

11 – Terms and conditions for contesting the supplies.

Communication by the customer regarding the existence of faults, defects, missing quantities, must be made in writing by registered letter to be sent to the registered office of CAE and must be complete and comprehensive, outlining in detail the problems encountered, as well as the exact reference to the provision in question, (order confirmation/accepted offer , number and date of invoice, delivery date etc..) placing the products at the immediate disposal of the CAE, in order to enable the same to become fully aware of the complaint.

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The deadline by which the Customer must forward the communication to CAE in order to avail itself of the guarantee, is eight days from the date the Products are received, in the event of shortages of goods or faults, obvious defects or anomalies (i.e. that emerge upon inspection conducted by ordinary personnel), or eight days after their discovery, if hidden, or which emerged only when the Products were used, or eight days after the Customer receives complaints from the third parties to whom the products were sold.

By express agreement it is agreed that failure by the Customer to meet the terms, timing and manner described above when formulating any disputes will result in the immediate termination of any right arising from the guarantee offered by CAE.

12 – Quantitative discrepancies in supplies.

Any differences in the quantity of Products delivered compared to what has been agreed upon, will not determine the right to terminate the contract nor suspend payments, but only to integrate the order with the missing products.

13 – Purpose of the Guarantee.

CAE guarantees Customer that the Products are free from faults, defects and anomalies caused by the use of faulty materials, design, assembly or manufacture problems, as they are made in full compliance with national regulations, as well as the excellent quality of the raw material and good manufacturing practices, and that they have been subjected to random checks, all within the limits of what is contained in the product specifications that the customer declares to be aware of.

CAE, however, only guarantees that the Products delivered conform with those ordered and not that they meet the specific needs of the customer or any third party, unless specific contractual terms have been established, and are contained in the order confirmation or the accepted offer. Outside of what is stated here, CAE does not provide nor acknowledges any other guarantee, express or implied, including that of merchantability of the Products.

14 – Duration of the guarantee

The duration of the guarantee offered by CAE on the Products is limited to twelve months from the date of receipt by the Customer, unless an extension of the duration is contractually agreed upon.

After the termination of the period guarantee (or any extension, if contractually agreed upon), no claim can be made against CAE by the Customer or any third party for any reason whatsoever.

The duration of the warranty offered by CAE on the Products is limited to twelve months from the date of receipt by the customer, unless contractually agreed an extension of the duration.

After the term of the warranty period (or any extension, if contractually agreed), no claim can no longer be invoked against CAE by the Customer or any third party for any reason whatsoever.

15 – Cases in which the guarantee is not effective.

By express agreement, the guarantee will not be effective in the following cases:

- damage caused by transport;
- inadequacy of the type and characteristics of the products, compared to the system in which these are inserted;
- errors in design, size and plant operation;
- anomalies or malfunctions of any kind in the plant in which they are inserted;
- errors during installation, neglect, negligence, inability to use, disassembly;
- misuse and abuse of products compared to what is indicated in the specifications;
- composition of smoke to be filtered chemically and/or physically incompatible with the filtering Product, unless otherwise expressly indicated in the description of the operating conditions at the time the contract was entered into;
- wrong mode of storage, handling, preservation and maintenance of the Product;
- anomalies caused by climatic, environmental or other types of conditions;
- use of the Products mixed and/or combined with others from different sources or in a different condition of wear;
- tampering or direct attempts to repair or modify of the Products;
- late intervention to limit the consequences of any malfunction of the Product;
- failure to observe the directives issued by CAE;
- conscious use by the Customer of defective or spoiled Products, when the fault or defect is obvious or apparent, and could have been detected had the ordinary operator performed a control.
- pairing Products with inadequate and/or incorrect components;
- all that can be considered as normal wear and deterioration on the Product as a result of its use;

16 – Guarantee operating conditions. Release and repeat clause.

By express agreement, the parties agree that the Customer cannot assert the rights of the guarantee towards CAE if the price of the Products has not been paid in full, under the

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conditions and within the contractually agreed terms. The guarantee will be effective exclusively for the Products purchased directly from Clean Air Europe s.r.l. or its authorized distributors.

17 – Special guarantees. Guarantees provided if the Products are sold by the Customer to third parties.

Any special guarantees, must be agreed upon in writing directly with CAE at the time of conclusion of the contract, and expressly set out therein, whichever failing that under these GCS.

CAE will not be responsible or liable or responsible in the event that the Customer must release to third parties to whom it has sold the products, any guarantees in addition to those set forth herein, of whatever kind they may be.

18 – Contents of the Guarantee.

If the complaint is timely and is accepted, CAE will - in a reasonable time – without appeal and in any case after verifying the Customer's needs: repair the products in dispute at its own expense, also asking that they be forwarded to its workshops at the expense and risk of the Customer; provide e the Customer, free of charge, a batch of products with the same features and in the same quantity as those contested, which will be done ex- factory CAE (ex works); issue a credit note for the value indicated on the invoice of the Products contested in favor of the Customer .

Any Product replacement or repair shall not extend the guarantee rights, which shall commence from the time the original order is received.

The guarantee set forth in these GCS is absorbent and peremptorily in lieu of guarantees provided for by law, and excludes any other liability for CAE that originates from the Products supplied, in particular, the Customer may not submit claims for price reduction, suspension or termination of the contract or payments, waiving without exception - as of now - the use of actions or exceptions to such solutions.

19 – Express limitation of damages payable by CAE

Except in the case of fraud or gross negligence on the part of CAE, any compensation for damage suffered by the Customer or third parties to which the Customer has sold its products, of whatever legal issue (including liability) shall in no circumstances exceed the selling price of each component of the defective spoiled or faulty Product, and in any case within the limits of the mandatory 10% of the total net value of the supply.

20 – Improvements.

As part of its development activities, CAE reserves the right to

make changes and technical improvements to any products which - without altering its essential and functional characteristics – will make it more safe and easy to operate. These changes may result in the termination of the sales contract.

21 – Safeguard clause.

CAE has the right to withdraw entirely or in part from the sales contract concluded and from any negotiation, considering itself free from any responsibility for late or non-delivery, should the Customer be subject to protests, legal, monitory and ordinary proceedings, insolvency, arbitration procedures, and in all those cases in which, in a conservative opinion, the Customer cannot provide ordinary guarantees of solvency under a financial viewpoint, that is, its economic conditions have undergone aggravated changes.

22 – Confidentiality

The Customer agrees to keep confidential and not disclose to third parties unless strictly necessary for the legitimate use of products purchased, for the entire duration of the relationship and for a further three years after the delivery of the last order for each product, all information or technical information relating to the Products purchased, their function or use, as well as any administrative or commercial transaction in relation to the sales contract for the Products (price, payment terms and warranty information, specifications, GCS, etc.)

23 - Industrial and intellectual property.

The direct or indirect purchase of the Products and their use, does mean that any industrial or intellectual property rights on the products sold will transfer to the Customer, but will always remain always with CAE.

24 – Contract transfer

The transfer by the Customer of any contract rights or obligations, without the prior written consent of CAE will be considered void. CAE will also have the right to sell to any third party, at any time, receivables arising from sales, upon written notice of the sale to the Customer.

25 - Jurisdiction - Exclusive jurisdiction - Applicable Law.

Integration and Severability of Terms.

Exclusive and binding jurisdiction, with the express exclusion for the Customer's right to appeal to a different court for each dispute regarding the interpretation, application, execution and termination of this contract the Court of Lecco shall be exclusive and binding, and the supply relationship will in any case be governed by the jurisdiction and by Italian law and in particular the Civil Code and also in the case where the Customer is company under foreign law, or the Products are to be provided outside the national territory. This provision will apply even in cases of joinder .

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These general conditions of sale will apply in any dispute between the CAE and the Customer. In the event that any provision of these GCS is held to be void, invalid, illegal or unenforceable, the remaining provisions, or part thereof that are not deficient will continue to regulate the relationship between CAE and its Customer.

26 - Information regarding the protection of personal data Legislative Decree N° 196/2003.

Clean Air Europe, based in Civate, Via Provinciale 7, as the owner, will process Customer information electronically and/or manually, according to the principles of lawfulness, fairness and in compliance with the Legislative Decree N° 196/2003. The information may be used by Clean Air Europe, either directly or through any third party service providers of its

choice (Banks, credit institutions, insurance companies, companies managing administrative and/or computer services, debt collection companies, legal or commercial professionals, etc.) as holders of related treatments or controllers, only to comply with regulatory requirements, including those for accounting and taxation, as well as contractual obligations. In view of the existence of telecommunications or correspondence with the subjects of indicated, the information can be transferred abroad. According to Article 7 of Legislative Decree N°196/2003 the Customer has the rights, among other things, to be aware of the information processed, and request its integration, correction or deletion by contacting Clean Air Europe at the above address.

_____, on this _____

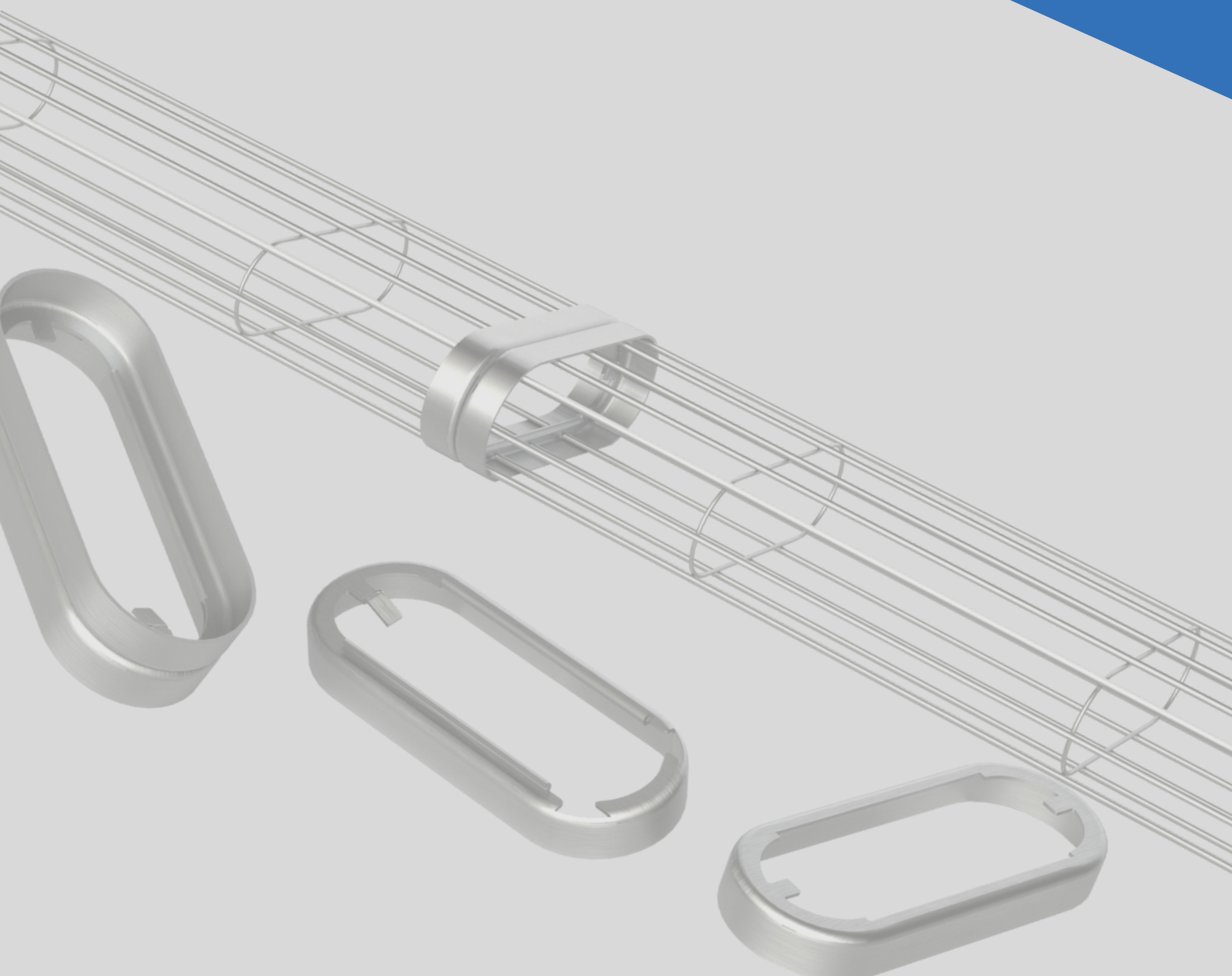
The Customer
(stamp and signature)

Pursuant to and for the purposes of articles 1341 and 1342, it is hereby declared that the terms set forth in these GCS and, in particular, the clauses in the following articles are accepted:

2 – Field of application - Waivers - Prevalence over general supply conditions - Invalidity of verbal agreements – Possibility to make changes; 6 - Terms and place of payment of the price – The right to suspend the supply in case of default – Forfeiture of benefits of terms - Prohibition from taking action if the total price is not paid. Waiver of any exceptions to the law; 8 – Non-peremptory terms of delivery - Non-acceptance of the penalties for delays. Cases of force majeure or unforeseeable circumstances. Disclaimer; 10 - Customer’s responsibility to verify the operability of the guarantee. Decadence; 11 – Terms and conditions for contesting the supplies; 12 – Quantitative discrepancies in supplies; 13 – Purpose of the Guarantee; 14 – Duration of the guarantee; 15 – Cases in which the guarantee is not effective; 16 – Guarantee operating conditions. Release and repeat clause; 17 – Special guarantees. Guarantees provided if the Products are sold by the Customer to third parties; 18 – Contents of the Guarantee; 19 – Express limitation of damages payable by CAE; 21 – Safeguard clause; 25 - Jurisdiction - Exclusive jurisdiction - Applicable Law. Integration and Severability of Terms. In cases of extension of the guarantee period, the Customer accepts the conditions of Attachment “A”.

_____, on this _____

The Customer
(stamp and signature)



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