

STANDARD GENERAL CONDITIONS IN EFFECT FROM 1 SEPTEMBER 2002

FOR THE FOLLOWING CONTRACTS :

- **101 SOFT WHEAT**
- **102 DURUM WHEAT**
- **103 MAIZE (CORN)**
- **104 BARLEY – OATS – RYE – TRITICALE – LESSER GRAINS**
- **105 SORGHUM**
- **106 MOLASSES**
- **107 BEET PULP**
- **110 RICE AND BROKEN RICE**
- **110-BIS PARBOILED PROCESSED RICE**
- **121 SOFT WHEAT FLOURS**
- **122 DURUM WHEAT FLOURS**
- **129 ALFALFA AND FLOURS**
- **131 SOFT AND DURUM WHEAT BRANS**
- **132 SOYBEANS**
- **133 MAIZE GERM – DRIED GRAPE SEEDS – TOMATO SEEDS**
- **135 TOASTED NON-DEOILED SOYBEANS**
- **136 CAKES AND MEALS – OLEAGINOUS SEEDS – OTHER SIMPLE FEEDS OF VEGETABLE ORIGIN**

Introduction

- Every delivery shall be considered a separate contract.
- When the sale is not made “subject to approval”, the goods must always and in any case be picked up by the buyer.
- If not otherwise specified, the temporal terms are expressed in working days, except for payment, for which they are intended as consecutive days.
- Working days are weekdays, with the exception of Saturdays and 24 and 31 December.
- Also considered holidays are the days declared such in the place of performance of the contract, and the party residing there must inform the other party about them with a reasonable previous notice.
- All communications envisaged by these standard general conditions shall be made by telegram or other rapid means, provided they are expressly agreed upon by the parties.
- “Sound” goods are goods free of anomalous odours, neither heated nor fermented, which have not been contaminated by moulds and/or their metabolites beyond the legal tolerance levels, and which do not present infestations by live animals. Moreover, any residues of chemicals - also resulting from the normal production or storage of the goods themselves - which can be found even after the normal preliminary treatment operations, must fall within the tolerance levels and limits set by the relevant laws in effect.

PART I
(QUALITY – ALLOWANCES – COMPLAINTS
– SAMPLING – ANALYSES)

Art. I – QUALITY

- a) The goods sold on the basis of “*real sample*”, which must obligatorily be stated, must correspond to the sample on which the sale was finalized.
- b) The goods sold on the basis of a “*type sample*” must correspond to the essential characteristics agreed upon, with a tolerance of 1% on the value of the goods themselves.
- c) The goods sold on the basis of “*name*” and/or “*with characteristics*” must conform to the characteristics agreed upon.
- d) The goods sold on the basis of “*varieties*” or “*excluded varieties*” must conform to what was agreed upon.
- e) The goods must comply with the relevant laws in effect, in relation to the use expressly stated in the contract.

Art. II – TOLERANCES AND ALLOWANCES

In the event of a failure to exercise the right to reject the goods – envisaged in Art. IX – the qualitative deficiencies over the tolerance levels envisaged by the specific Standard Contracts will be subject to examination for the arbitration to be carried out on the sample filed or on the results of the analyses performed by the analysis laboratory agreed upon.

Art. III – COMPLAINTS

For any complaint and/or contestation the buyer may want to make to the vendor for the goods received, he must give communication of this by and no later than:

- 2 (two) days after receipt of the goods; in the case of large quantities delivered in several shipments, after the last receipt;

- the day after receipt of the goods, solely for products “to be dried”.

The complaint must contain, on penalty of nullity, a specific indication of the qualitative characteristics contested.

If the goods are delivered on behalf of the vendor by another firm, within the chain, the complaint must also be sent at the same time in copy to those who made the delivery.

The intermediate vendors/buyers must retransmit this communication to their direct vendor/buyer within the day after that of receipt of the communication.

If the contestation concerns the treatment of the goods, the buyer – by the same deadline as for the

complaint – must summon the vendor in Arbitration for Quality and Treatment.

Art. IV – SAMPLING – ANALYSES

a) Sampling

The burden and obligation of the pick-up of the sealed samples – if requested – belong to the vendor for the sales “ex works” and to the buyer for “carriage free” sales.

The sampling shall be done, unless agreed otherwise, at the place of delivery of the goods. At least two specimens for each single receipt shall be taken jointly by the receiver and the deliverer (whether they be the vendor or the buyer, or otherwise the carrier who, even without any specific authorization, will represent, for all intents and purposes – in the sampling – the party that entrusted him with the transport) and be diligently stored by the parties.

Samples shall be packaged in suitable hermetically closed containers, with a net weight of at least 300 (three hundred) grams, unless otherwise specified.

In the event of refusal to do the sampling jointly, the diligent party is authorized – notifying the other party immediately in this sense – to proceed with the drawing and sealing of the samples through a Public Mediator or another person delegated by the Chairman (or any other person acting in his stead) of the Association cited in the contract, or by another organization or civil or judiciary Authority located closer to the place of departure or arrival of the goods, debiting the negligent party with all expenses.

The vendor or consignee of the goods picked up past the margin deadline must – if requested – draw the samples, which will be valid and binding like those drawn during the margin period.

b) Analysis

In the event of a complaint, the sample or samples must be presented for analysis, unless otherwise specified, to the Laboratory of the Association indicated in the contract as the seat of arbitration – on penalty of forfeiture:

- within 5 (five) days if filed, or 3 (three) days if sent by post, starting from the day after the taking of the sample(s);

- solely for the products “to be dried”, the samples must be filed within 3 (three) days starting from the day following the taking of the sample(s); shipment by post is not envisaged.

In the case of large orders divided into several deliveries, the aforesaid time limits start from the day after the last sample taking.

The results of the analyses are valid and binding for the contracting parties and a copy of the analysis

certificate must be sent to the other party by registered letter, within 8 (eight) days from receipt, on penalty of forfeiture.

If the vendor intends to avail himself of the “counter-analysis”, he must present – on penalty of forfeiture – to the same analysis Laboratory and within the above-indicated time limits starting from the day after receipt of the complain, the valid sample or samples in his possession, at the same time notifying the other party in this sense.

The party that requested the counter-analysis must transmit the analysis certificate to the other party by registered letter within 8 (eight) days from its receipt. Failing this, after 30 (thirty) days from the counter-analysis communication, the other party is entitled to ask the Laboratory – which is obliged to issue it – a copy of said certificate.

As a result of the recourse to the second analysis, the average of the two results will be considered final and definitive.

The analysis and counter-analysis expenses, for the amounts relative to the deficient data, are charged to the losing party.

PART II (PERFORMANCE – PAYMENT – ARBITRATION CLAUSE)

Art. V – QUANTITY

When the quantity agreed upon is accompanied by the word “approx.”, it is possible to deliver 2% more or less than the agreed quantity. The tolerance of 2% refers to each single contractual amount.

Art. VI – DEADLINES AND INSTRUCTIONS FOR THE PERFORMANCE OF THE CONTRACT

The deadlines and instructions for the performance of the contract shall be meant to refer to the place established for the delivery and/or shipment of the goods, and regulated as follows:

a) For immediate delivery contracts, goods are intended at the buyer’s disposal from the date the contract is signed.

The vendor grants the buyer a margin of 3 (three) working days after the contract date.

b) For ready/available delivery contracts, goods are intended at the buyer’s disposal from the day after that of the signing of the contract.

The vendor grants the buyer a margin of 8 (eight) working days after the contract date.

c) For contracts entered with the condition of deferred delivery in one or more times, the vendor grants the buyer a margin of 8 (eight) working days to pick up the goods.

Said margin starts from the working day after the goods become available.

The aforesaid margin limits also apply for the performance of the sales stipulated with the condition “carriage free”.

The vendor must make the goods available within the contractual deadline, on one of the days of the contract period, and must include information that is sufficiently clear for the buyer to conform with normal diligence, with particular reference to the contract, the goods, the quantity, and the place of delivery.

If made on the last day of said period, it must be communicated by and no later than 12 noon.

On the other day of the contract period, the goods must be made available by and no later than 6 (six) o’clock pm.

If made available after 6 (six) o’clock pm, the availability is intended valid, for all intents and purposes, from the following day.

However, the vendor is entitled to move up the sending of the communication of the availability even during the 5 (five) days preceding the period envisaged in the contract, provided the deadlines of all the other contractual obligations remain unchanged.

The margin period – in this case – will start from the first day of the contract period.

In the case of sale with the condition “pick-up”, the vendor must make the goods available by the last day preceding the period envisaged for said pick-up.

In the case of several availabilities made for a single amount, the quantity may be no lower than a normal truckload capacity, per single place of delivery.

For contracts that envisage “immediate” and “ready/available” performance, it is not necessary to make the goods available.

For 10-day, 15-day, or 1-month delivery or shipment or pick-up, the following are intended:

- for first 10 days: the period of the month going from the 1st through the 10th day;

- for the second 10 days: the period going from the 11th through the 20th day;

- for the third 10 days: the period going from the 21st through the last day of the month;

- for the first 15 days: the period of the month going from the 1st through the 15th day;

- for the second 15-days: the period going from the 16th through the last day of the month;

- for 1-month: the period going from the 1st through the last day of each month agreed upon.

Art VII – NON-COMPLIANCE WITH THE PERFORMANCE DEADLINES

The non-compliance with the delivery or shipment deadlines by the vendor or the pick-up deadline by the buyer, as well as the failure to send instructions by whoever is supposed to do so, give the other party the right to consider the contract cancelled:

- **a)** when the normal margin period has expired, for goods contracted with the conditions “immediate delivery”, “ready/available”, or in any case when performance is to begin within 15 (fifteen) days after the contract date;

- **b)** in the other cases, after 2 (two) days following the expiry of the contractual delivery, shipment, or pick-up deadlines, the vendor has the duty/right to deliver and the buyer has the duty/right to pick up the goods, with, however, the negligent party held responsible for any difference existing between the current market price on the date of expiry of the margin period and that on the date of the actual delivery, shipment, or pick-up.

The possible price difference is not claimable if the buyer’s financing has been established within the pre-existing margin deadlines.

Breach by either party always entitles the other party to the indemnification of the related price and expense differences.

Art. VIII – PLACE AND METHOD OF DELIVERY

“Place of delivery” means the place where the vendor is obliged to deliver the goods to the buyer at his own risk and expense and on his own responsibility.

For sales made with the condition “ex works”, it is mandatory for the vendor to indicate, in the availability notice, the exact place where the goods will be loaded.

Art. IX – RIGHT TO REJECT GOODS

If the buyer decides to reject the goods because they do not conform to the contract conditions, he may raise a formal objection by resorting to an *Informal Arbitration* at the place stated in the contract, and the Arbitrators will decide whether or not the buyer is entitled to reject the goods.

The rejection right must be validated every time the damage is, in the Arbitrators’ judgment, of an amount greater than 10% of the value of the goods.

In any case, in order to exercise the rejection right, it is necessary to proceed with a sampling of the goods on the vehicle of the receiver or consignee, as envisaged in Art. IV.

If the Arbitrators decide in favour of the right to reject the goods, the buyer must be refunded for all the expenses incurred for the transport, holding, and storage of the goods, and he will be entitled to give

up the goods, have them replaced, or repurchase them through the Public Mediator, with a reimbursement – by the vendor – of the difference between the contract price and the repurchase price, as well as the Public Mediator’s fees.

The buyer’s decision must be carried out within 2 (two) days after receipt of the arbitration decision, and notified to the vendor.

In the event the rejection right is not recognized, the buyer will be entitled only to the allowances set by the Board of Arbitration.

Art. X – PAYMENT

Unless otherwise agreed, payment must be made to the domicile of the vendor and/or delegated shipper, in cash and free of charge, at each single delivery.

“*Ready payment*” means a payment to be made by and no later than 8 (eight) days after the delivery, shipment, or pick-up of the goods.

When the goods are sold under the generic condition of “*consegna franco valuta*”, the payment is understood as “ready”.

For “*deferred*” payments, i.e. apart the 8 (eight) days specified in the preceding paragraph, the start of the deadline period begins on the day after that of delivery, shipment, or pick-up.

In spite of the fact that “*deferred*” payment has been agreed upon, the vendor always has the right to demand payment on delivery of the goods, however acknowledging to the buyer:

a) in the case of payment agreed upon as “*ready*”, a 2% (two percent) discount on the contract price;

b) in the case of payment agreed upon as “*deferred*”, in addition to the 2% (two percent) discount, a reduction of the contract price by the amount of the interest – calculated on the basis of the official European discount rate, plus 4 (four) points – for the period falling between the eighth day from the delivery, shipment, or pick-up of the goods, and the payment deadline envisaged by the contract.

In the case of the buyer’s refusal, the contract will be considered cancelled, with a reciprocal reimbursement of any price differences, on the basis of the original contract price.

In the case of previous *unpaid invoices* referring to expired payments for supplies of goods of this contract, the vendor will be entitled to suspend deliveries as indicated above. The charges deriving from such suspension shall be paid by the buyer.

For the *unpaid invoices* referring to expired payments of other contracts, the vendor will be entitled to suspend the remaining deliveries and, after placing in 8-day default by telegram – if not paid – to request the cancellation of the contract with a reciprocal reimbursement of any price differences

and the right to offset those differences with the amount of the *unpaid invoices*.

Any pending complaint of the buyer for goods received does not exempt him from paying the vendor, by the established deadlines, 90% (ninety percent) of the value of the goods, except for the case where the rejection right has not been exercised.

If the amount withheld should prove to be higher than that actually owed, the debtor shall also pay interests calculated on the basis of the official European discount rate, plus 4 (four) points.

In the case of pre-financing of the goods, if, on expiry of the margin period, the buyer has not yet picked them up, the vendor – if he does not intend to grant an extension of the delivery deadline – must return the funds plus interests calculated on the basis of the official European discount rate in effect, by the end of the following working day, at the same time notifying the other party in this sense.

Art. XI – BREACHES

Except for cases of force majeure, any non-performance of this contract or any portion thereof – even if this occurs due to the buyer's acknowledged right to refuse the receipt of goods not corresponding to the contract conditions as stated in Article IX above – will be grounds for cancellation of the contract, solely for the portion not yet performed.

The defaulting party shall refund the amount of any differences between the contract price and the current price at the moment of the breach, to be evaluated, generally speaking, on the basis of the market statement of the immediately subsequent Market.

The defaulting party will be charged with the interest on any price differences, calculated on the basis of the official European discount rate plus 4 (four) points, and starting from the day when the breach occurred, up to that of the payment.

The party not in default, after giving notice to the defaulting party by telegram within 5 (five) consecutive days after the date of the breach, may proceed with the repurchase or sale of the portion not performed, through a Public Mediator, with any differences, losses, and related expenses to be paid by the defaulting party.

Also considered in default will be the contracting party who has been declared bankrupt or in a moratorium or who has summoned the creditors to obtain an out-of-court or court settlement or who, in any case, has notoriously suspended payments. In that case, the other party will be entitled to proceed immediately – again after notice by telegram to the other party or his agent or broker in the deal – with the repurchase or resale or, as he chooses, the refund of the difference between the contract price and the

current price, of all the contract portions not yet performed at the time the above-said situations arose, including those for future deliveries; he will also be entitled to the refund or claim, as creditor of the liquidation or bankruptcy, of any differences, losses, and expenses; he must account for any profits, with the right, however, to offset the profits with the losses, even if they derive from the liquidation of this or other contracts existing with the same contracting party.

Art. XII – CAUSES OF FORCE MAJEURE

In the case of unforeseeable events that prevent, in a definitive manner, the performance of the contract, it will be intended cancelled for the part yet to be performed.

If the hindrance is of a temporary nature, the performance deadline will be extended by as many days as the duration of the hindrance.

If the hindrance lasts more than 15 (fifteen) days, the contract or portion thereof not yet performed is cancelled in observance of any price differences.

The party that claims force majeure must notify the other party that such circumstances have arisen, in any case no later than 3 days later, by telegram, with the obligation to provide proof of such hindrance.

Art. XIII – ARBITRATION CLAUSE

The parties agree to refer the settlement of any dispute that may arise concerning the validity or performance of the contract to an informal arbitration to be carried out according to the Arbitration Regulations of the Association designated in the contract, which the parties state they know well and accept.