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## GENERAL SALE AND SUPPLY CONDITIONS No DV-0279

Revision 15 - 05/01/2009

### 1 - Warranty

We warrant a perfect performance of all equipment delivered by us, with the efficiency for the designed capacity, according to standard AMCA No 210- 85 for fans, and we undertake the replacement, within the necessary required time for the causes identification and analysis, manufacturing and forwarding, of each and every part exclusively made by us and proven to be working during a 12 (twelve)- month period from the date of its operational hand-over, or 18 (eighteen)-month from the invoicing date, whichever occurs first. The warranty does not cover parts made by Bernauer which have become defective as a consequence of operator's malpractice, improper use and conservation, inadequate transportation, handling, conditioning and warehousing, accidents or Acts of God, lack of periodical preventive maintenance, nonobservance of the instructions contained in the operating and maintenance manuals, or those which have been repaired and / or modified by personnel who is non-authorized by the manufacturer, since all Bernauer equipment has identification plates and operating and maintenance manuals where the respective operating, maintenance and lubrication instructions are found. Modifications, alterations, adjustments or use of the equipment in disagreement with the specified uses cancel its warranty.

In the case of equipment or equipment parts which are subject to wear and / or operate under abrasive or corrosive conditions, or are exposed to aggressive agents, our warranty is restricted exclusively to the perfect mechanical functioning and performance, in conformance with the supply proposal data.

In the case of unassembled equipment dispatched from our plant, we only undertake the warranty thereof and their perfect operation provided that they are assembled by our assembly team, or at least under the supervision of a Bernauer assembly coordinator, as well as that the start-up is carried out by our Technical Assistance personnel.

Components purchased from third parties shall not be given our warranty; however the warranties given by the respective manufacturers or dealers shall be automatically transferred to the customer.

We shall only and exclusively undertake the technical responsibility for the components selection, dimensioning and rated life as per the technical catalogues provided by the manufacturers.

The warranty does not comprise disassembly services at buyer's facilities, product's freight and insurance charges, and transportation, board and lodging of Technical Assistance personnel as required by the customer. The services covered by the warranty shall be rendered exclusively at the supplier's plants.

Parts, sets, accessories or products repair or replacement during the warranty period shall not cause the original warranty period extension.

The present warranty is limited to the product supplied, and its supplier shall not be liable for personal damages inflicted to buyers or third parties, or for pecuniary damages caused to other equipment or facilities, for loss of income, loss in production or for any other damages arising from or as a consequence thereof.





- 1.1 - We are ready to provide the customer company's Head of Maintenance and Operation with instructions, free of charge, following the customer's interest and need.
- 1.2 - The warranty is still dependent upon the strict compliance with the "Warehousing Instructions" according to Annex "A" and instructions of the equipment operating and maintenance manuals.
- 1.3 - In case technical assistance is required during the warranty without need or due to malfunction caused by reasons beyond Bernauer's responsibility all costs of the process shall be charged to the customer.

## 2 - TERM OF DELIVERY

As provided in the proposal and in accordance with Bernauer's weekly schedule, the week scheduled for the delivery shall be fixed following all technical and commercial clarifications, drawings approval, as well as advance payments and the reception of the drawings. Thus, the term of delivery shall be fixed based on the latest event.

Occasional delays caused by Acts of God, as defined by law, casualties, or other reasons beyond Bernauer's control and will shall be construed as just cause.

The beginning of partial deliveries shall take place at Bernauer's sole discretion, so as to assure a perfect timing between its manufacturing schedule and subsequent assembly, thus avoiding future delays at final delivery.

## 3 - THIRD PARTIES MATERIAL ON CUSTOMER'S ACCOUNT

It is vital that the third parties' materials be delivered to us the latest 20 (twenty) days prior to the final delivery term and / or as per previously established chronogram. The non-compliance with such term shall entitle Bernauer to issue the corresponding Invoice, however in accordance with the established due dates and with the respective item to which they belong.

If the delivery does not take place within the stipulated term, the customer shall be subject to provisions under item 4.1 hereto.

## 4 - RE-SCHEDULING

- 4.1 - Any re-scheduling of terms, previously confirmed by our Company and / or referred to under construction and disbursement schedule, which last for 02 (two) continuous or intermittent months, shall have the respective prices automatically charged at 20% (twenty per cent) over the re-scheduled item amount, being invoiced for payment at 10 (ten) days after date, so as to compensate production flow losses. It should be noted that such charge is applicable irrespective of occasional readjustments stipulated in the proposal.
- 4.2 - In case of delay verified upon receipt of third-party materials under customer's responsibility, we shall add 20% (twenty per cent) to the amount of each ordered item whose production progress is unfeasible. In such case, the new delivery term shall be established according to the existing load in our Plant at the occasion of the receipt of materials under customer's responsibility, and the latter shall be officially notified accordingly.





## 5 - FORWARDING AND WAREHOUSING

- 5.1 - All Bernauer prices are FOT Factory - São Paulo -SP, with no packing. Should packaging be required, 5% (five per cent) for crates and 8% (eight per cent) for boxes shall be charged thereon, referring to the respective item and its amount, except for large-volume parts in respect to its small value. In case of packaging with special requirements, the customer shall contract companies specialized in industrial-packaging.
- 5.2 - For all shipments, besides the fiscal documents, the respective Bernauer Shipping List and corresponding manifests are included.
- 5.3 - The equipment come with detailed Shipping Lists and Manifests according to Bernauer's standard, that is, with the identification of the Manufacturing Order number, quantity, drawing and respective position for the sets, parts and / or part groups, besides the identification plates with the Manufacturing Order and Serial numbers. Special Shipping Lists or issued according to the customer's standard are subject to price review.
- 5.4 - The Operating and Maintenance Manuals and Warehousing Instructions shall be forwarded by e-mail and are available on our website after the equipment is ready for shipment.
- 5.5 - Warehousing: After 05 (five) days from the date of the respective notice for withdrawal, a 5% (five-per-cent) fee shall be charged per month or fraction thereof, over the value of goods and shall automatically be invoiced for payment at 10 (ten) days after date. In case of non-payment of the warehousing fee Bernauer reserves itself the right to hire transport and to withdraw the equipment, the costs being responsibility of the customer.
- 5.6 - All material and / or equipment shall be withdrawn / delivered from / to our Plant on working days from 8:00 hrs to 11:00 hrs and from 13:00 hrs to 16:30 hrs, unless clearly stated otherwise.
  - 5.6.1 - Bernauer reserves the right not to receive / deliver goods delivered / withdrawn outside these times, the request for a new delivery will be made by the supplier.
  - 5.6.2 - The delivery / withdraw shall be made at the main gate, located at 120, Dona Maria Cândida de Lima Street.

## 6 - RELEVANT REMARKS ON FANS, INSTALLATIONS, TESTS, INSPECTION AND FORWARDING

- 6.1 - Large fans are always shipped unassembled, in virtue of their dimensions and considering the transportation means and highways limiting factor.
- 6.2 - To reassemble the rotors / rotating sets back to their original positions, our Assembly Supervision Team shall be hired, without which the Warranty under item 1 hereto will be automatically cancelled.





6.3 - All rotors in our fans are statically and dynamically balanced by using electronic apparatus, complying with standards ISO -1940 and DIN-VDI-2060; Q = 2,5; Q = 4 and Q = 6,3; as required.

6.4 - We warranty all technical characteristics, as well as the volume and pressure, once the blades are assembled on the rotors by using gages, thus ensuring a perfect positioning and assuring the adequate angles. All tolerances are defined by DIN 24166 standards.

6.5 - We reiterate our warranties on our fans performance, thus eliminating frequent tests requirements, which are unnecessary and onerous. However, whenever required, the below fees shall be applied, per standard fan, being variable in accordance with the installed electrical motor power, taking into consideration the tests performance at our plant :

A) Work Position Test:

Motors up to 15 HP.....	R\$1.060,00
Motors from 20 to 50 HP.....	R\$1.480,00
Motor above 50 HP.....	R\$1.800,00

B) Work curve assessment:

Motors up to 60 HP.....	R\$2.620,00
Motors above 60 HP.....	R\$4.050,00

6.6 - All Bernauer fans are submitted to mechanical routine tests, observing the power supply limitations, as quoted under item 6.8. We shall provide the respective Test Sheet (TMR), together with the Operating and Maintenance Manuals. Whenever the purchase order requires the performance of tests, and the type thereof is not specified, the latter type shall be adopted.

6.7 - For all tests performed (work position, work curve assessment or mechanical routine one) the respective certificates and / or reports with the description of the obtained results will be provided. The fees indicated for the tests refer to their performance without the concurrence of the inspector, that is, non-witnessed tests. Should the tests performance witnessing be required, the following additional fees shall be charged, so as to compensate production flow deviations:

Fans with motors up to 15 HP.....	R\$500,00
Fans with motors from 20 to .....	R\$650,00
Fans with motors above 50 HP.....	R\$740,00

6.7.1 - In order to execute such tests the use of a measuring pipe is required, according to norm AMCA-21-67. If such pipe has to be built the costs will be borne to the customer and are not included in the values mentioned above.

6.8 - Fans equipped with up to 20 HP, 220 V motors, as well as fans equipped with motors up to 100 HP motors, 380 and 440 V, may be tested at our plant.

6.9 - Should a test be required (work position assessment) for large fans, such test shall be performed by Bernauer at the customer's plant and upon its request and payment of a fee, for the amount of R\$2.720,00 (two thousand seven hundred and twenty reais) per fan, plus transportation costs (traveling/ transferring), board and lodging, when the place is located outside the São Paulo Metropolitan Area. The execution of





- such tests, however, always depend on the installation type, since it shall have a straight stretch of piping of at least 8 (eight) to 10 (ten) times the main pipe diameter, at the fan suction or blast, that is, the duct through which the total gas volume flows.
- 6.10 - In case the above-mentioned ideal conditions may not be presented, the work position assessment can only be performed with the fan isolated from the system. A testing pipe will have to be manufactured to simulate the system's condition by means of suction choking (static pressure simulation).
- 6.10.1 - It should be noted that the manufacturing costs of the test pipe shall always be borne by the customer. Bernauer shall supply a detailed drawing for the preparation of the referred pipe.
- 6.10.2 - Should the test performance require a period longer than one day, additional daily fees shall be charged at the rate of R\$950,00 (nine hundred and fifty reais)
- 6.11 - For the requisition of technicians, the minimum required prior notice shall be observed, as per item 13.12 hereto.
- 6.12 - Non-standard tests – only by means of a specific estimate.
- 6.13 - Each and every inspection and / or procedures, as well as the standards and specifications thereof shall only be accepted by Bernauer if previously reported and mentioned in the proposal request. Any later disclosed information comprising inspection shall be subject to prices review and agreement by Bernauer.
- 6.13.1 - Inspections and / or procedures shall be notified in writing, stating date / hour, with 05 (five) working days prior notice. Bernauer may alter the date in up to 02 (two) working days, as a consequence of our Production Planning and Control department inspections schedule.
- 6.13.2 - As to installations and components, such as filter, scrubbers, cyclones, pipings, etc., the same shall come unassembled as odd parts, as per our manufacturing standard and transportation convenience.
- 6.14 - We reserve the right to carry out alterations and improvements to our equipment construction and manufacturing methods, as well as to our booklets, catalogues and technical literature, continuously and at our discretion, however never to impair its quality and functioning.
- 6.15 - We reserve the right to replace/alter any specification/brand of third-party components described in our proposal or drawing, unless it impairs the quality of the final product and unless the model/maker has been specifically specified by the customer during the proposal period.

## 7 - DRAWINGS AND MANUALS

- 7.1 - Whenever drawings are submitted for approval, copies shall be provided via e-mail. Additional printed copies will be subject to additional charges.





- 7.2 - Operating and Maintenance Manuals: shall be provided via e-mail or website. Additional printed copies will be subject to additional charges.

## 8 - ON-SITE TECHNICAL ASSISTANCE OR START-UP

- 8.1 - For fans and / or installations, comprising:
- I. Volume
  - II. Pressure
  - III. Velocity inside ducts
  - IV. Amperage
  - V. Temperatures
  - VI. Installation static balancing (adjustment)
  - VII. Rotors dynamic balancing
  - VIII. Vibrations verification
  - IX. Mechanical performance of fans and other Bernauer equipment.

For above requirements a daily fee (8 hours) shall be charged according to item 13.11 hereof. On overtime, there shall be accruals defined by law. A day fraction shall always be considered as a full day. For localities outside the São Paulo Metropolitan Area, transportation (traveling / transferring), board and lodging expenses shall be included.

- 8.2 - Sampling in Chimneys. As per standard DIN VDI-2066. For such case, a separate estimate shall be provided.

## 9 - PAYMENT CONDITIONS

- 9.1 - As described in the proposal.
- 9.2 - Bank charges, such as forwardings, payment orders, and others, shall be borne by the customer.
- 9.3 - Down Payment Guarantee: Whenever a down payment received requires a guarantee thereon, Bernauer shall furnish a Promissory Note, following approval of the Board of Directors, and such document shall be bound to the purchase order by means of a wording stating that it shall automatically and gradually have its amount decreased, as Bernauer effects the partial deliveries.
- 9.3.1 - Bernauer does not furnish Bank Letters of Guarantee or contractual bond, so as not to increase the proposal cost. In case our submittal of such guarantee document is vital, the cost thereof shall be automatically charged separately.





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- 9.4 - FINAME (Government Agency for Machinery and Equipment Financing)
- 9.5 - We hold the registration as national supplier for the type of the offered equipment, and we are in a position to furnish a specific proposal for FINAME purposes.
- 9.6 - We make it clear that we are in no way bound to FINAME regarding the release of payment, and in case of occasional payment release delays by such entity, the payments must be made directly by the customer on the due dates, for further reimbursement / endorsement as we receive the corresponding amount from FINAME.

## 10 - CONTRACTUAL PENALTY

- 10.1 - We agree on the usual rates of contractual fines, that is, 0.5% (zero point five per cent) per week limited to 5% (five per cent).
- 10.2 - The following items are not justifiable causes for implementation of contractual fine:
  - 10.2.1 - The Acts of God as defined by the Brazilian Civil Code, article 1058.
  - 10.2.2 - Late delivery of materials supplied by third parties, such as motors, sleeves, reducers and special raw material, etc., once proven that the purchase order was timely received by the suppliers, and that its delivery terms were compatible.
  - 10.2.3 - Delays verified at start-up when the reasons thereof have been originated by the customer.
  - 10.2.4 - At tests, adjustments and equipment and / or installations operating and maintenance phase.

## 11 - PRICE READJUSTMENTS

- 11.1 - Price readjustments shall be effected in accordance with clause described in the proposal.
- 11.2 - In case of replacement or extinguishment of the provided index (ices), we hereby reserve the right to appoint other indices which may be created by the Government, to be adopted for readjusting the prices of the present proposal.

## 12 - TAXES - TAX INCENTIVES

- 12.1 - Together with the amounts indicated in this proposal, the tax rates on ICMS (Value-Added Tax on Sales and Services), IPI (Excise Tax) or ISS (Services Tax) and other taxes levied on the offered products and / or services are specified, by considering the tax benefits (tax exemption, reduction of taxes calculation basis, etc.) in accordance with the laws in force by the time of the proposal elaboration.
- 12.2 - In case the tax rates on ICMS (Value-Added Tax on Sales and Services), IPI (Excise Tax) or ISS (Services Tax) and other taxes levied on the offered products and / or services considered while preparing the proposal are altered by tax legislation, or modified by reasons of extinguishment or suspension of tax benefits, or the institution of any other taxes or charges, which become effective and mandatory





prior to the delivery of the purchase order items, such alterations shall be considered on the invoicing occasion.

- 12.3 - In order to allow the correct taxation of the equipment object of this proposal, once the IPI (Excise Tax) shall not be integrated to the ICMS (Value-Added Tax on Sales and Services) calculation basis when the equipment are destined to industrialization or trading (Law 6.374/89 - Article 24 - Paragraph 1 - item 3 and RICMS - Decree No 45.490 dated 30/11/00 - Article 37 - Paragraph 1 - items 3 and 4), your purchase order must specify the destination for the ordered equipment; whether:
  - 12.3.1 - The equipment shall be integrated to the fixed assets utilized for the productive process;
  - 12.3.2 - If used for industrialization, trading, or own use, not being destined for the productive process.
- 12.4 - In case the customer is a beneficiary of special tax incentives, as for example, its location inside the free-trade zone, or other not considered while preparing the proposal, and, provided that legal evidential documentation is produced with the required anticipation, the benefit shall be considered in the Invoice issue.
- 12.5 - In case of non-delivery of the evidential documentation or such delivery is untimely made, or in case of non-indication or incorrect indication of the ordered equipment destination, which cause a new issue of the Invoices, a 2% (two per cent) fee on their amount shall be charged.
- 12.6 - For equipment with partial deliveries, the issuance of a Master Invoice should be adopted, and the respective items and components shall be shipped under Remittance-Purposes Only Invoice, on which the Master Invoice reference shall always quoted.

### 13 - MECHANICAL ASSEMBLY

- 13.1 - It is governed by our Assembly system, that is, the Letter of Presentation for Assembly, as well as the Builders' Diary.
  - 13.1.1 - All parts are registered on the Shipping List and forwarded with the respective identification, as per item 5.3 hereto, allowing an immediate and easy identification thereof, besides allowing the assembly follow-up by simply comparison with the drawing.
  - 13.1.2 - The perfect assembly progress is automatically reproducible in the wordings and remarks on the Builders' Diary, which is an appropriate document where all occurrences shall be registered, namely: any kind of claims, warnings concerning the implementation of fines, and whatever deemed necessary for the full assembly execution, also being necessary the registration of assembly completion, the equipment mechanical test, the equipment and / or installation final delivery and the final acceptance.
- 13.2 - The assembly shall be contracted for the price stipulated in the proposal, which shall also be presented apart of the equipment and shall mention whether or not the transportation (traveling / transferring), board and lodging, reception at the site, horizontal and vertical transportation expenses are included. On overtime, there shall be the accruals defined by law. If the expenses are to be borne by the customer, in





- case of long-term assembly services and performed outside the São Paulo Metropolitan area, the customer shall bear the costs relative to the fitters periodical return, which shall take place on weekends, every two weeks.
- 13.2.1 - We stress that the assembly performance rapidity within a pre-established chronogram requires a detailed planning by the customer on everything which is not under Bernauer responsibility.
- 13.2.2 - Any utility or services not specified in the supply scope of our proposal, or any other made available to our assemblers will not be reimbursed by Bernauer.
- 13.3 - In case the assembly may not be started, performed, or if interrupted and / or stopped by reasons attributable to the customer, the stoppage hours shall be charged separately, at R\$35,00 (thirty-five reais) man-hour, and board and lodging additional expenses shall accrue thereon, and in case of overtime, the legal accruals shall apply.
- 13.4 - As an example, reasons attributable to the customer are : failure to supply or untimely supply of auxiliary personnel, services or materials of masons, carpenters and electricians, ladders, scaffoldings, as well as all horizontal and vertical transportation at the job site (cranes, winches, trucks, forklifts and similar ones, whenever necessary); non-feasibility of the assembly in virtue of customer's production need at the same location; modifications made upon customer's request; start-up and / or tests delays by reasons of the customer; integration periods longer than 04 (four) hours; or other causes motivated by the customer, which impede or impair the normal progress of services.
- 13.5 - All the above-mentioned occasional occurrences shall be registered on the Builders' Diary with the respective code(s), being undersigned by the customer's representative responsible for the works.
- 13.6 - In compliance with the type and dimension of the installation, our projects comprise a tolerance for occasional adjustments, aiming the good performance at the assembly. This includes the sending of loose flanges and straight stretches with bigger dimensions for adjustment on field.
- 13.7 - Any extra modifications and / or assembly, as required by the customer, shall be object of complementary estimates.
- 13.8 - In case of bad weather, strikes, riots, Acts of God or force majeure, the stoppage period shall be automatically added to the contractual terms.
- 13.9 - Except if otherwise provided in the supply proposal or negotiation, the assembly values shall be biweekly invoiced as per Builder's Diary and the payment thereof shall be at ten (10) days from the invoicing date, since they are laborers. The respective taxes shall be added thereto as defined by law.
- 13.10 - In case of delay of the payment for assembly, it shall be automatically stopped, and all demobilization and mobilization expenses shall be borne by the customer.
- 13.11 - Assembly Supervision / Start-up:
- 13.11.1 - Assembly Supervision: performed by an assembly coordinator, at the daily (eight-hour) cost of R\$650,00 (six hundred and fifty reais)





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13.11.2 - Start-up: performed by a technician, at the daily (eight-hour) cost of R\$950,00 (nine hundred and fifty reais)

For localities outside the São Paulo Metropolitan Area, transportation (traveling / transferring), board and lodging expenses shall be added to the above daily charges. On overtime, there shall be accruals as defined by law.

13.12 - For soliciting technicians services on start-up and / or tests, supervisors and / or assembly coordinators and fitters, the customer must request it, in writing, with a minimum of 10 (ten) working days in advance, except if previously fixed dates are in the proposal and / or negotiation.

#### **14 - PROPOSAL VALIDITY**

14.1 - The proposal validity is of 30 (thirty) days, unless otherwise specified.

#### **15 - GENERAL CONDITIONS VALIDITY**

Each and every exception made to the Sale and Supply General Conditions shall only be valid if expressly agreed in writing.

The customer's conditions, chiefly those usually printed on the reverse of the purchase orders, shall only be applicable when explicitly accepted by us. As the purchase order is delivered to us, the customer shall make endeavors to accept the conditions precedent of our proposal and the present sale and supply general conditions.

We reserve the right to, from time to time, review the present sales and supply general conditions aiming to comply with and adjust to the market requirements.

#### **16 - IMPORTANT:**

It is indispensable for our organization that the purchase order indicates the number, revision and date of the proposal, so that we are able to process it.





### Annex A – Storage Instructions

If the equipment/components are not used/assembled shortly after its delivery, it becomes necessary to:

- I. Replace the grease or oil of the bearings for a period of non-use longer than 04 (four) months.
- II. It is essential that the bearings, motors and rotors be moved manually once a week, along their axle, in order to avoid contact oxidation.
- III. The same procedure as for item II should be done to the ventilators, rotary valves, screw conveyors or any rotating piece.
- IV. It should be stored leveled, protected from bad weather, humidity, corrosive ambience, vibrations, excessive temperatures and impacts. It is highly recommended that the storage be done in warehouses or covered sheds.
- V. In order to avoid contamination on materials, equipments/components made of stainless steel shouldn't be in contact with other material and should be stored separately.
- VI. The painting should be checked and preventive maintenance should be done every 06 (six) months of storage. In case of high temperature paintings the preventive inspection should be done every 02 (two) months.
- VII. The painting and the anti-corrosive protection of the worked parts of the equipment/components should be checked in case of damage due to transportation and, if necessary, the needed protection should be undertaken.
- VIII. Equipment shall not be stacked.
- IX. At the end of the storage period the equipment should be inspected for foreign bodies in its interior, such as stones, branches, pieces of wood, liquids etc.
- X. At the end of the storage period a Bernauer Assembly Supervisor should be hired to inspect and assess the state of the equipment, inclusive to guarantee the warranty maintenance.

