

GENERAL CONDITIONS OF PURCHASE OF GOODS AND SERVICES

1) Non-derogation of general conditions of purchase

The general conditions of purchase (hereinafter "GCP") established by Metalcastello and accepted by the Supplier are applicable to all supply agreements even if not expressly stated on each Order. The fulfillment of the supply by the Supplier shall be deemed to be tacit acceptance of these conditions and of those specifically stated on the Order. Derogations from these general conditions of purchase shall be deemed to be valid only if agreed in writing by Metalcastello. The Supplier's general conditions shall apply only if accepted in writing by Metalcastello.

2) Definitions

For the purpose of these general conditions of purchase, the following definitions shall apply:

Supplier: the party indicated in the Order;

Order: written request by Metalcastello to supply a Product;

Open Order and/or Open Contract: an order that requires further clarification as to quantities and timing;

Products: parts, groups, subgroups and aggregates to be used as original equipment or as loose or spare parts, as well as prototypes, semi-finished products, services, performance, consumables, equipment, plant, machine tools, measuring instruments and anything else covered by the Order, including services or individual processes.

3) Conclusion of contract

The contract shall be deemed to have been concluded when Metalcastello receives confirmation of the Order from the Supplier or when the Supplier starts to fulfil the Order.

The Order and these GCP shall be deemed to have been accepted by the Supplier and the contract concluded and binding once 7 days have passed without any written communication to the contrary from the Supplier.

Metalcastello may revoke or modify the Order prior to the conclusion of the contract.

4) Terms of delivery of the Products and delays in delivery

The terms of delivery of the Products, as indicated by the Order or otherwise agreed are deemed to be essential and binding and no delays in delivery nor deliveries outwith the agreed timing shall be allowed. If the Supplier is not capable of complying with the essential terms of delivery as indicated by Metalcastello, it must notify the latter in writing within 5 working days from receipt of the written Order, otherwise the terms shall be deemed to have been accepted and will thus binding and essential.

Due to the essential nature of the terms, in the event of any delays, without prejudice to the right to compensation for damages, Metalcastello may, at its choice:

a) procure supplies from other suppliers of the undelivered Products at the price that shall be requested. In this case, the price shall be charged to the Supplier together with any additional costs incurred by Metalcastello to avoid delays in serving its customers or interruptions in the assembly chain;

b) terminate with immediate effect the Order pertaining to the late delivery and other unfulfilled Orders via simple communication to the Supplier;

c) accept the late delivery with the application of a penalty – to be immediately offset upon payment of the price, of 0.7% of the price for each calendar day of the delay, without prejudice to the possibility of also charging the Supplier for damages and/or additional costs incurred by Metalcastello to avoid delays in serving its customers or interruptions in the assembly chain.

Metalcastello will not accept goods delivered in advance of the date indicated on the order if this gives rise to advanced payment of the consideration, unless otherwise agreed in writing with Metalcastello's purchasing department.

5) Place of delivery

Without prejudice to any Incoterms accepted and agreed by the parties, the delivery must be effected at the place indicated on the Order with charges and expenses to be borne by the Supplier.

Without prejudice to any Incoterms accepted and agreed by the parties, in the event of delivery to a place other than the manufacturer's plant, or to a place agreed by the parties, the Supplier shall be liable for any loss of or damage to the Products caused by the transportation, including situations attributable to the shipper. The Products will not be accepted by Metalcastello unless accompanied by a delivery note indicating the date, the Order number and the specification of the material and any other data required by Metalcastello.

6) Characteristics of the Products and warranty

The Supplier warrants that all the Products supplied are:

- a) perfectly in compliance with designs, pieces, samples and all the technical indications provided by Metalcastello;
- b) produced and performed to the highest possible standards;
- c) free from defects attributable to design or processing or related to the material;
- d) supplied with the best work techniques and/or with the most recent technologies available;
- e) fit and fully functional for their intended purpose.

Metalcastello reserves the right to modify, at any time and by written notification, the project (including designs, materials and technical specifications) and the manufacturing and packaging methods and the Supplier undertakes to effect the modification in accordance with the timing and conditions agreed with Metalcastello. The Supplier may not effect any modification to the Product, the project, the manufacturing method, the packaging or shipping methods or the place of delivery without prior written approval from Metalcastello.

Metalcastello reserves the right to refuse the Products, even after having taken delivery thereof, if they do not have the characteristics indicated or have other defects. No waste will be tolerated, unless otherwise agreed in writing with the Supplier.

If requested by Metalcastello, the Supplier undertakes to provide a certificate of origin related to the Products supplied.

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Any decision by the Supplier to rely on one or more Sub-suppliers for the execution of the processing assigned thereto, or a part thereof, must be agreed to by Metalcastello. The Supplier must be capable of proving that it evaluated its Sub-suppliers, that it has control over their processes and that it regularly monitors the results. Once a supply process has been approved, it is not possible to turn to another Sub-supplier unless the intention to do so has been communicated to Metalcastello and new samples have been submitted thereto. The new supply may be authorised only once approval has been received for the change in process. The Supplier, however, remains liable to Metalcastello for the activities of and supplies from its Sub-suppliers.

7) Control of and satisfaction with the Products and returns to the Supplier.

Metalcastello shall perform or shall allow its customers to perform at their facilities a control of the Products and if the outcome is positive, it will declare its satisfaction with the supply. Products not accepted shall be made available to the Supplier for the examination thereof and to take them back within the time limit indicated by Metalcastello. If this does not occur, Metalcastello shall be authorised to ship the Products with all costs to be borne by and charged to the Supplier and with the exclusion of any liability for damages or losses. As an alternative, Metalcastello may dispose of or scrap Products not accepted and/or defective and shall charge the related costs to the Supplier.

8) Warranties concerning non-conforming and defective Products

The Supplier warrants that the Products supplied are free from flaws and defects arising from non-conformity, design or manufacturing. Contestation may be initiated at any time, prior to or after the use of the Product in production and prior to the assembly or after assembly or the entry into service of the goods by the end customer.

For flaws or defects that have arisen in the period of delivery of the Product to Metalcastello subsequent to having left the factory premises, Metalcastello may, at its choice:

- (a) obtain, at the expense and risk of the Supplier, the immediate replacement of the Products in question or of the entire batch pertaining thereto;
 - (b) reject, at the expense and risk of the Supplier, the Products in question or the entire batch pertaining thereto;
 - (c) ask the Supplier to select the defective Products at its own expense or directly perform the selection at the expense of the Supplier where the latter has failed to do so within the required or agreed time limit;
 - (d) recuperate, at the expense and risk of the Supplier, the Products in question via additional processing where there is an urgent need or where the Supplier is not capable of providing for their immediate replacement or where otherwise agreed with the Supplier.
- The exercise of the rights under (a), (b) and (c) above must be effected within twelve (12) months from the date of written notice of non-conformity.

For flaws or defects that have arisen in the period between having left the facility that produced the product family for which the Product was used or the sale thereof as a spare or loose part and the expiry of the legal or conventional warranty granted to its distributors and customers, Metalcastello will have the right to:

- (a) request the prompt replacement free of charge of the defective Products, at the expense of the Supplier, with it understood that, if the Supplier has not complied with the request within fifteen (15) days, Metalcastello will be entitled to charge thereto the original equipment price of the foregoing defective Products, applicable at the time, plus a mark up of 3%;
- (b) repair the defective Products and charge the related costs to the Supplier;
- (c) charge the Supplier the value of the defective Products, with reference to the applicable price at the time, in the event that their replacement as per paragraph (a) is of no use to Metalcastello due to the cessation of the use of the Product in production;
- (d) charge the Supplier the value of the Products, which, based on an examination of samples, have proved to be defective; this value shall be calculated with reference to the original equipment price, applicable at the time of the recharge, plus a mark up of 3% (unless a higher rate has been agreed). It is hereby understood that Metalcastello shall be entitled to effect the above recharge based on the quantities of Products alleged to be defective following the examination of a sample performed in the absence of the Supplier if the latter, on having been invited to perform a joint examination, did not appear within the scheduled time limit. In each of the cases indicated at points (a), (b), (c) and (d) above, the Supplier shall be charged dismantling and assembly costs, inclusive of transport costs, needed for the elimination of the defect, calculated based on Metalcastello's billing indices and on hourly market rates, as well as line stoppage damages. The exercise of the rights under (a), (b) and (c) above must be effected within twelve (12) months from the date of written notice to the Supplier of the contestation.

The foregoing is without prejudice to Metalcastello's right to obtain compensation for damages suffered, including those attributable to line stoppages, handling, urgent transportation, testing, controls, dismantling, damage, replacement and reassembly of the products or machinery components and scrapping costs as a consequence of delays in delivery, flaws, defects and non-conformity of the goods or services covered by the Order.

In the event that Metalcastello were to be sued for civil (including product liability) or contractual liability or were to be party to a dispute over the breach of legal regulations (safety, pollution, etc.) as a consequence of defects, non-conformity or unreliability of the Products supplied, the Supplier shall be obliged to indemnify Metalcastello and to compensate any damages suffered thereby. Metalcastello undertakes to inform the Supplier as soon as it becomes aware of the fact that the breach of regulations or the disputed liability is based on defects, non-conformity or unreliability of the Products supplied by the Supplier. Without prejudice to the foregoing, the Supplier undertakes to take out (and announce it has done so), at its expense, prior to supplying the Products, a third party liability insurance policy (with adequate all risks cover), which insures both parties against damages to persons and/or property, directly or indirectly linked to Products, to their production and sale, during and after the term of this agreement. As an alternative, the Supplier will have the possibility to include Metalcastello as an insured/protected party in the policy (all risks) as long as the policy is adequate.

9. Prices

Prices quoted on price lists will not change during the course of the supply, even if increases occur in the cost of raw material or labour or in the cost of transport, freight, taxation and duties. Agreements to the contrary must be written on the Order or accepted in writing by Metalcastello. No payment shall be made of any further amounts other than those provided for contractually unless previously accepted in writing by Metalcastello.

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In the event of a price revision request by the Supplier, even if in line with trends in market price lists, Metalcastello will be entitled not to accept the request and the Supplier must guarantee to Metalcastello, for a period of at least 6 months, the application of prices applied prior to the price revision request.

Metalcastello may offset all amounts due thereto by the Supplier for any reason whatsoever against amounts due thereby to the Supplier for any reason whatsoever, by deducting the amount in question from the Supplier's invoices falling due for payment.

10. Confidentiality and Obligations of the Supplier

The parties acknowledge that the present clause supersedes any confidentiality agreements previously entered into by the parties.

The technical information communicated or made available to the Supplier for design, experimentation, development or production in connection with a Product, of related prototypes or equipment, remains the sole property of Metalcastello and may be used solely for the fulfilment of the Orders.

In relation thereto, the Supplier, even after the termination of the supply relationship, is obliged to:

- (a) retain them with the utmost care and confidentiality and to return them to Metalcastello if requested to do so thereby;
- (b) mark them as Metalcastello's property in the event that Metalcastello has not already done so; refrain from reproducing or copying them unless in compliance with limits expressly authorised by Metalcastello and from transmitting or disclosing the content thereof to third parties; refrain from depositing patents or other titles to industrial property rights, which, if deposited, the exclusive ownership of which must be assigned to Metalcastello;
- (c) refrain from producing and/or from supplying to third parties, for any reason whatsoever, directly or indirectly, for use in production or as spare parts, any parts designed or produced by exploiting the above Technical Information, in the event that the foregoing could compromise industrial property rights and secret industrial know-how;
- (d) meet directly the obligations deriving from this article and/or arrange for them to be met by any third party to whom the Technical Information has been transmitted, with the consent of Metalcastello, as part of the fulfilment of the Order.

The Supplier represents to have correctly fulfilled all obligations related to employee remuneration and social security issues. Furthermore, the Supplier is obliged to indemnify and hold harmless Metalcastello against costs or damages arising from any disputes and claims involving employees of the Supplier, or any sub-suppliers, or social security and/or welfare institutions or any other authorities.

The Supplier is obliged, if requested by Metalcastello, to provide appropriate and updated documentation certifying the regularity of contributions and remuneration.

The Supplier is aware that Metalcastello SpA has adopted and implemented an organisational, management and control model pursuant to Legislative Decree 231/01 (hereinafter Model 231), together with a pertinent Code of Conduct and Disciplinary System. The Supplier represents to have read Model 231 and Metalcastello's Code of Conduct as made available on the website at www.metalcastello.com and undertakes to comply with the principles and content thereof and the procedures, in general, and to abstain from any conduct that may be construed to be an offence pursuant to Legislative Decree 231/01 and its subsequent amendments and additions. It also undertakes to comply and arrange for compliance by its collaborators with all the principles contained in the above documentation and the conduct protocols envisaged by our organisation pursuant to Legislative Decree 231/2001. Any infringement of the rules laid down by the above documents shall constitute serious contractual breach. The Supplier hereby indemnifies Metalcastello SpA against any penalties or damages that may arise from the foregoing as a consequence of the breach of the aforementioned documents by the Supplier or any of its collaborators.

11. Express termination clause

Metalcastello may terminate with immediate effect the unfulfilled Order to which the breach refers and all unfulfilled Orders with the Supplier, pursuant to and for the purposes of art. 1456 of the Italian Civil Code by written notice in the event of breach or non-compliance by the Supplier of any of the obligations, commitments and warranties contained in clauses 4, 5, 6, 8 and 10 of the present GCP.

The foregoing is without prejudice to compensation for damages.

12. Governing law and Jurisdiction.

The present general conditions and Supplier Orders are governed by Italian law. Any disputes arising in relation to the Orders and the present General Conditions shall be submitted to the exclusive jurisdiction of the court of Bologna, Italy.

For approval and acceptance of the above general conditions

Stamp and signature _____ Place and Date _____

Pursuant to and for the purposes of art. 1341 et seq. of the Italian Civil Code the following clauses of the general conditions are hereby specifically approved

3 (Conclusion of contract); 4 (Terms of delivery of the Products and delays in delivery); 6 (Characteristics of the Products and warranty); 7 (Control of and satisfaction with the Products and returns to the Supplier); 8 (Warranties concerning non-conforming and defective Products); 12 (Governing Law and Jurisdiction).

Stamp and signature _____ Place and Date _____

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