

**GENERAL TERMS AND CONDITIONS APPLICABLE TO  
PURCHASE ORDERS OF MAGNESIUM COMPONENTS VERRES S.r.l.**

**FIRST PART – GENERAL**

**Clause 1 – GENERAL**

1.1 The present general terms and conditions (hereinafter called "General Purchase Conditions") shall apply to all contracts for the purchase and supply (hereinafter Contract/s) entered into between Magnesium Components Verres S.r.l. (hereinafter "MCV") and its suppliers (hereinafter "Supplier") to carry out and/or supply products (hereinafter "Products"). The present General Purchase Conditions form an integral and essential part of the formal order (hereinafter "Order/s") issued by MCV to which they are attached or mentioned together with the documents referred to in the Order, of which the Supplier hereby declares to be fully aware.

1.2 Supplier's general conditions of sale shall not be applicable to Contract.

1.3 Any special conditions are effective and can complement and / or derogate from these General Purchase Conditions only if expressly specified in the Order.

1.4 Each sale or supply to MCV will be expressly defined by an Order. The Order and each further amendment it will be valid for MCV if issued by MCV Purchasing Department and duly signed by its empowered representatives.

1.5 The Contract shall be concluded and the Order shall therefore become valid for MCV:

(i) as the confirmation of the Order is received by MCV free from any alteration or addition and duly signed by the Supplier for acceptance; or

(ii) as commencement of the supply set forth in the Order by the Supplier.

1.6 The Contract and/or the Order cannot be assigned.

**Clause 2 – REPRESENTATION BY THE SUPPLIER**

2.1 The work described in the Order shall be carried out by the Supplier through his organization and at his own risk, without any dependence and/or subordination towards MCV. The Supplier's obligation is to reach the results of the work set forth in the Order and this obligation still applies even when the Supplier has to comply with rules, prescriptions, standards, technical advice, etc.

2.2 By accepting the Order, the Supplier declares that he has full knowledge of the nature and of technical, technological and functional characteristics of the work and that he has duly considered all the factors, circumstances, uncertainties connected to the execution of the work and the operational modalities that may affect both the execution of the work and the relevant price. The Supplier shall thereupon not be entitled to any claim due to a slowing down of the works or delay in execution of the work nor to claim higher costs due to circumstances unforeseen when the Order was accepted.

2.3 By accepting the Order the Supplier declares and guarantees as follows:

a) to undertake full technical and administrative responsibility concerning the execution of the Contract with respect of MCV or any third parties;

b) To have the financial and organization necessary to execute the Contract and to undertake full responsibility for his personnel, also in case of damages caused to MCV and/or third party personnel;

c) To coordinate his activities with MCV or MCV designated third parties when necessary;

d) Without prejudice to his responsibility to fully and timely execute the Contract, to promptly inform in writing MCV about any impediments to the execution of the Contract according to agreed conditions and timings.

### **Clause 3 – RELIABILITY, QUALITY AND CHECKS**

3.1, The Supplier is required to carry out and/or arrange for the carrying out of all tests and/or checks needed to determine the reliability and suitability of the Products for the use envisaged as well as their conformity to the provisions of the Italian and EU regulations and laws and those rules indicated by MCV or applicable to the Products. The results of said tests and checks shall not be binding for MCV, which reserves the exclusive right to carry out its own checks and to approve the supply at its own discretion.

3.2 The Supplier shall inform MCV about any test results indicating lack of quality of the products or the non compliance with technical specification of the Contract. The Supplier shall keep the documentation relating to said test results at least for 3 (three) years, unless otherwise agreed in writing with MCV.

3.3 The Supplier shall not use, modify or replace test's results indicating non conformity of the product or defects , without the written permission of MCV. If the Supplier does not make the required tests, he will be held responsible for any defects, in products or work, or in documentation.

3.4 In case the ordered Products are subject to Italian and/or foreign laws and regulations regarding safety, prevention of pollution etc. the Supplier shall prepare specific documentation concerning the certification and the production processes in which it is shown, inter alias, how, by whom and with what results the features concerned were finally tested. The Supplier undertakes to ensure and guarantee MCV that the substances and/or preparations it supplies for processing purposes, which fall within the scope of European Regulation (EU) No. 1907/2006 (REACH Regulations), are properly registered or pre-registered in accordance with the REACH regulations and all other duties of care and other stipulations in the REACH regulations have been complied with.

### **Clause 4 – SPARES PARTS**

The Supplier undertakes to supply MCV with spare parts relating to the Products for a period at least of 10 (ten) years from the delivery of the same. The spare parts shall be manufactured with materials and technologies equal or superior to those employed for the Products.

### **Clause 5 – ORDER CHANGES**

5.1 MCV can at any time request to Supplier:

a) modification of quantity and/or quality of the ordered Products;

b) to partially or fully terminate the ordered Products. In such cases, MCV shall be charged for Products manufactured in accordance with MCV technical specification (i.e. not mass production) already completed or in the process of completion up to an amount not exceeding the Ordered Products.

5.2 In the above mentioned cases, the Supplier shall take all measures to limit as possible the quantity of modified or cancelled Products chargeable to MCV as per section 5.1 above and in any event to comply with the agreements reached from time to time with MCV and/or MCV' instructions, and also to allow MCV to check the goods in stock.

5.3 Changes to the Order will be made through revisions to the order. The Order by the words "Revised" will be considered as a new order to replace the previous one.

### **Clause 6 – DELIVERY TERMS AND CONDITIONS - PASSING OF RISKS**

6.1 Delivery terms and conditions will be included in the relevant Order according to INCOTERMS rules.

6.2 Delivery terms and conditions agreed by the Parties within the Order are considered binding and essential: therefore delays and/or advance deliveries are not allowed unless authorised in writing by MCV.

6.3 All risks shall be transferred to MCV at the moment of Products delivery in the location according to the Order.

### **Clause 7 – DELAY IN DELIVERY – PENALTIES**

7.1 In the event of delays in delivery not due to force majeure, MCV shall have the right to charge the Supplier with a penalty equal to 0,5% of the total price value of the Products for each week or part of week in delay for the first 2 weeks and equal to 1% for further weeks of delay with respect to the delivery terms set forth in the Order and up to a maximum of 5% of the Order total value, save MCV' right to claim further compensation for any greater loss actually suffered.

7.2 The above penalties may be set off with the MCV payment towards the Supplier.

7.3 In case of delay over one month, MCV shall have the right to terminate the Order according to art. 13. In this case the Supplier shall pay Penalties, plus the reimbursement to MCV for any occurred payments with the interest at the EURIBOR 360 (1 month) rate at the date of payments, save the right of MCV to claim further compensation for any greater loss actually suffered.

#### **Clause 8 – FORCE MAJEURE**

8.1 Delivery terms may be extended in case of occurrence of demonstrated force majeure events (i.e. natural disasters, riots, strikes etc., consisting of events of an unforeseen, unavoidable and extraordinary nature beyond the will and control of the Supplier). In these cases, the delivery terms and a new term shall be agreed by both parties.

8.2 The Supplier shall give MCV immediate written notice by email or facsimile, subsequently confirmed through registered letter, the occurrence of such events and take all steps to limit their effects. In these cases, Force majeure cannot be invoked for postponement of delivery terms if the event arises after the agreed delivery time or if the notice has been sent after 5 (five) days from the event. In any case, delays of subcontractors shall not be considered force majeure events.

8.3 If the force majeure event causes a delay more than 60 (sixty) days, MCV shall be entitled to terminate the Contract, whether in whole or in part, by way of a simple written communication to the Supplier according to article 13 below.

#### **Clause 9 – INVOICES**

9.1 Invoices shall be prepared, issued and managed in accordance with the applicable law and with MCV procedure.

9.2 Invoices must cover Products included in a single Order and subject to the same VAT rate.

9.3 Invoices must show: (i) the number of the Order; (ii) the description of products or works or services provided by the order; (iii) for works or services, the reference number of the technical approval issued by MCV.

#### **Clause 10 – PAYMENTS**

10.1 Payments will be made from FCA SERVICES S.p.A. in accordance with terms indicated in the Order and against the presentation of all documents correctly filled in, as indicated in the Order.

10.2 MCV will only accept the prices specified in the Order. Prices for the supply will be fixed, unless they have been modified with a variant of the Order issued by MCV.

10.3 The Supplier shall not be entitled to assign credits arising from the supply.

#### **Clause 11 – Interest due on late payment**

11.1 Without prejudice to the provisions of art. 7 above, as exception with the applicable legislation, MCV and the Supplier expressly agree that, in case of payment's delay may be applied a maximum interest at the EURIBOR 360 (1 month) subject to i) the Supplier's notice to MCV relating to the payment request by registered letter or PEC, and provided that ii) 15 (fifteen) days after said notice are expired without any payment.

#### **Clause 12 – Industrial property Rights and confidentiality**

12.1 The Supplier warrants that the production, use and merchandising of the Products and the parts employed in the manufacture of the same do not infringe any third parties industrial property rights. The Supplier shall defend and indemnify MCV from any claims advanced by third parties against itself or MCV for Product's infringement of industrial property rights.

12.2 MCV shall give to the Supplier immediate written communication about any notice of claims for Product's infringement of industrial property rights received by third parties and the Supplier shall indemnify MCV accordingly to article 12.1 .

12.3 Any document or information disclosed or otherwise made available, directly or indirectly, by MCV to the Supplier shall be considered strictly confidential (hereinafter "Confidential Information"). Accordingly, the Confidential Information: i) shall not be disclosed for a period of 5 (five) years from the end of the supply, ii) shall not be used for any purpose whatsoever other than the execution of the Order.

12.4 The Confidential Information should be used by the Supplier only for the execution of the Order.

12.5 Any potential patent rights or intellectual property rights arising from the activity made by the Supplier in execution of the Order will be the exclusive property of MCV. This obligations will also apply to design and tooling designed and produced by the Supplier for the execution of the Order.

12.6 The Supplier shall use documentation and asset provided by MCV for the sole execution of the Order.

12.7 The Supplier shall not copy the documentation provided by MCV or allow to use it by third party, unless it is strictly necessary for the execution of the Order. In this case, the Supplier shall require said third party be bound by the same confidentiality undertaking.. The Supplier shall be responsible for any damage MCV suffered as a consequence of Supplier's failure to this confidentiality clause.

#### **12.8 Clause 13 - Termination**

13.1 In case of Supplier failure to its obligations set forth in the Contract/Order, MCV shall have the right to notice in writing the Supplier by means of a registered letter with acknowledgement of receipt, to remedy such breach within five (5) days. At the expiry of such term without any remedy by the Supplier, the Contract/order shall be terminated forthwith.

13.2 In addition to what stated in this General Purchase Conditions, the Contract/Order shall be automatically terminated according to the provisions of Italian law by means of a MCV's written notice to this effect, in case of Supplier's failure to comply with the following clauses and sections of this General Conditions, namely clause 7.3 (Delay in delivery), 8.3 (Force Majeure), 16.2 (Code of Conduct and Organizational Model).

13.3 The Contract shall be terminated forthwith in accordance with the provisions of Italian law without any notice in case of Supplier's bankruptcy or similar insolvency procedures, sequestrations or distraint, or civil or criminal sentence pronounced against the Supplier's legal representatives, as well as in the event of the merger, winding-up or assignment by the Supplier of its activity/assets or any change in its corporate composition or in its ultimate ownership. In these last cases MCV may, being properly informed by Supplier, give its written consent to the continuation of the Contract. The Supplier undertakes to provide MCV with timely information concerning the occurrence of any of the above-mentioned events. The termination of any contractual relationship as a consequence of any of the circumstances envisaged in this section shall not imply any liability of MCV towards the Supplier, save the payment of the Products already delivered.

13.4 MCV shall terminate the Contract, through written notice, in case of conditions, facts or acts which may give evidence of an expected or predicted inability of the Supplier to fulfil its obligations (like, for instance, in case of missed or delayed payments to its personnel, to Social Security Departments, to Internal Revenue Department, suppliers, banks, bill protests, distraint of personal or real estate property, revocation of licences or authorizations, preliminary and/or preventive acts of voluntary wind up, etc). In such cases, termination of the Contract by MCV will take place when the situation as per this paragraph does not cease within 10 (ten) days from MCV's written notice to the Supplier.

#### **Clause 14 - Miscellanea**

14.1 Should any of the provisions of the present General Conditions become null and void, this shall not result in the nullity nor invalidity of the other provisions nor of the Contract. The Parties agree to negotiate in good faith the replacement of such provision, to maintain the balance between the Parties' respective rights and obligations as originally herein provided for.

14.2 Failure of either party to insist upon the strict performance of any provisions set forth in the Contract or in the present General Conditions or to exercise any right or remedy shall not be deemed as a waiver of any right or remedy with respect to any existing or subsequent breach or default.

14.3 Any advertising in which reference is made to supplies made to MCV must be previously approved by MCV in writing from time to time.

#### **Clause 15 – Applicable Law and competent jurisdiction**

15.1 The Order and the Contract shall be governed by the Italian law.

15.2 All disputes between the Supplier and MCV arising out of or in connection with the interpretation and execution of the Order or the Contract shall be exclusively submitted to the jurisdiction of the Court of Turin to the exclusion of any other concurrent courts.

#### **Clause 16 – Code of Conduct and Organizational Model**

16.1 The Supplier hereby,

a) acknowledges that he has carefully read the Code of Conduct (hereinafter the “Code of Conduct”) and the abstract of the Organizational, Managerial and Control Model (hereinafter the “Model”), adopted by MCV, according to Italian Legislative Decree 231/2001, documents available on the site [www.teksid.com](http://www.teksid.com) or, upon request, at MCV premises;

b) agrees at all times, in business relations with or connected to MCV, to fully comply with the terms and conditions contained in the Code of Conduct and in the Model;

c) agrees to respect Italian Legislative Decree 231/2001 and to immediately inform MCV of any implication in proceedings concerning illegal acts ruled by the above Legislative Decree.

16.2 The Supplier acknowledges that the violation of the undertakings described in the previous paragraph constitutes a material breach of its contractual obligations and, therefore, MCV shall have the right to break off negotiations with the Supplier and/or to terminate the Contract for default by simple written notification (according to the provisions of Italian law), and to claim for possible damages.

### **SECOND PART – PURCHASE OF GOODS AND PRODUCTS**

#### **Clause 17 – Quality and warranty**

17.1 The Supplier warrants that Products supplied are free from defects. The supplier shall repair or replace, as soon as possible and without charge, any defective Product (or Product part) during the warranty period of 2 (two) years from delivery (or different period indicated in the Order).

17.2 During the warranty period, MCV will have the right to claim compensation for suffered damages due to defective or non-compliant Products and/or delays in repairs or replacements. The Supplier shall pay all expense relating to warranty.

17.3 Mere receipt on delivery of Products shall not be deemed as acceptance of the same, being such acceptance issued by MCV' quality departments.

17.4 MCV shall accept only the quantity of Product indicated in the Order. Any changes on quantity must be expressly agreed in writing by MCV.

#### **Clause 18 – Relevant Supplier's representation and warranty**

18.1 The Supplier hereby represents to comply with all Italian or Foreign laws and/or regulation, applicable on Products (concerning safety, pollution, etc.).

18.2 The Supplier shall defend and indemnify MCV from any claims (whether in the form of legal proceedings or otherwise) alleging (i) its liability whether in contract or in tort (including product liability), or (ii) its violation of laws or regulations (concerning safety, pollution, etc.) or (iii) its breach of contractual obligations as a result of the defectiveness, nonconformity or unreliability of the Products supplied.

### **THIRD PART – SUPPLY OF WORKS AND SERVICES**

#### **Clause 19 – Relevant Supplier Obligations**

19.1 The Supplier shall ensure, on its sole responsibility and at its own expense, that the works are carried out in compliance with the Contract in a perfect workmanlike manner and adopting the most advanced techniques available, in full compliance with all the laws, rules, regulations and specifications of any authority, both in force or that may be coming into force during the execution of the works.

19.2 More specifically, the Supplier shall carry out the work in compliance with all the existing health and safety, hygiene, environment and ecology, ergonomics, fire prevention, rules and regulations, in force from time to time in Italy, in the European Union and in the country of destination of the work.

19.3 Whenever the activity takes place, even partially, at MCV's premises or at the premises of a third party, the Supplier represents that Supplier's personnel shall comply with all the rules, regulations and disciplinary provisions in force therein.

19.4 In addition to the provision in art. 11 above, all payment from MCV to the Supplier are subject to the following documents to be provided by the Supplier to MCV:

- a) list of employees and / or collaborators who have carried out activities under the contract, indicating the name, tax code and serial number INPS and INAIL;
- b) "Documento Unico Regolarità Contributiva – DURC"

19.5 if documents listed in Art. 19.4 above are missing or incomplete, MCV will be authorized to suspend payment of invoices issued by the Supplier.

#### **Clause 20 – SPECIFIC TOOLING/EQUIPMENT**

20.1 The Supplier is required to use its own tooling and equipment to execute the Order. MCV shall remain the sole owner of any tooling/equipment it may exceptionally place at the Supplier's disposal for the execution of the Order. With reference to the above mentioned tooling/equipment the Supplier shall be required: (i) to provide adequate insurance to protect said tooling/equipment against fire and theft; (ii) to record the same as MCV's property. In case of termination of the Contract, even before its normal term, the Supplier shall return to MCV any tooling/equipment as above stated.

20.2 MCV shall have the right, at any time, to check the proper storage, maintenance and use of tooling/equipment placed to Supplier's premise. MCV will have the right, at its sole discretion, to demand the return of any tooling/ equipment, even if the Order is not completely executed.

20.3 Unless otherwise agreed in the Contract/Order, the Supplier is fully responsible for the quality and technical accuracy of design relating to the Product and all the design shall be made at Supplier's expense. All the design, including drawings and any other technical specification relating to the Product) must be sent to MCV including but not limited to:

- lay-out drawings;
- diagrams of wiring, hydraulic and pneumatic;
- components and auxiliary parts needed for assembly;
- components and mechanical devices required for maintenance;
- wear parts and spare parts.

The Supplier shall deliver the complete list of the parts and equipment purchased by subcontractors, including the indication of the manufacturer and the serial number.

#### **Clause 21 – SUBCONTRACTING**

21.1 The Supplier shall not be authorized to subcontract to any third parties, in full or in part, the execution of the work indicated in the Order without written authorization by MCV.

21.2 If and when duly authorised in advance by MCV to sub-contract any part of the Order, the Supplier (i) shall only select, under its own responsibility, reliable and financially sound sub-contractors, with the experience and technical skills required to perform the portion of the Order assigned to them, and (ii) shall assure that such sub-contractors agree to comply with any and all the obligations set forth in these General Terms and in the relevant Contract. The Supplier shall be and remain fully liable towards MCV for the proper and punctual fulfillment of the activity of its subcontractor.

#### **Clause 22 –CHANGES/MODIFICATIONS**

22.1 Whenever the design of the work is supplied by MCV, the Supplier is required to give MCV written notice of any design modification/changes necessary to duly carry out the Work and ensure it is suitable for its use. Unless prompt written notice of the required corrections or additions is sent to MCV, any faults or defects in the Work shall be fully under the Supplier's charge and responsibility.

22.2 MCV may at any time ask the Supplier to carry out modifications/changes to the project or the work and the Supplier shall execute such modifications. Modifications to the project or to the work may be introduced by the Supplier only upon prior specific written amendment of the Order, issued in compliance with article 5 above. Should the Supplier introduce such modifications to the project or work without the previous written Order, they will not be paid by MCV, save the right of MCV to require the Supplier to remove the modifications at its own expense and charge.

#### **Clause 23 – COMPLETION, INSPECTION AND TRY-OUTS – ACCEPTANCE**

23.1 The Supplier must provide, with its specialized staff and without additional costs for MCV, all necessary assistance to the complete commissioning of the work in accordance with the requirements required, regardless of the deadlines set in the Agreement.

23.2 The works or services shall not be deemed accepted until written technical approval given by technical department of MCV, as a result of inspection or testing that MCV will have the right to carry out.

23.3 In case of intermediary and/or partial test of the work, MCV shall be entitled to make reservations or raise objections related to parts already tested at the final buy off and tests.

23.4 Upon completion of the testing operation, a minute will be prepared and the inspector appointed by MCV shall state the eventual presence of any defectiveness or lack of compliance with the technical specification and/or the applicable regulatory requirements, and whenever possible, the reasons of such defectiveness or lack of compliance and the proposed remedial actions

23.5 In case of faults or deficiencies of the work during the inspection and try out phases MCV will have the shall be entitle to:

- a) ask for the elimination of such faults or deficiencies (in particular, as an example, the free and prompt replacement of the defective parts) at the Supplier's care and expenses within a final date decided by MCV;
- b) accept the work and apply a price reduction equal to the costs and expenses to bear for the elimination of such faults or deficiencies, or
- c) terminate the Contract. In such case the provisions as per paragraph 14 will apply.

23.6 MCV shall be always entitled to ask and recover from the Supplier the indemnification for any greater loss MCV may have suffered.

23.7 What stated above is not prejudicial to right for warranty in case of faults or deficiencies of the work due to defects occurred after the acceptance.

23.8 Under no circumstances the work shall be considered as tacitly accepted by MCV.

**Clause 24 – WARRANTIES**

24.1 The Supplier warrants that the work is free from defects and complies with the technical specification provided by the Order and/or the Contract and the rules and regulations applicable to the work or noticed by MCV. The Supplier also warrants the proper operation and duration of the work till the end of the warranty period indicated in the Order and/or the Contract or, if not agreed, for 3 (three) years from acceptance date, unless the law provides more favorable conditions for MCV.

24.2 The Supplier warrants the perfect quality of the work and it will be obliged to promptly repair or substitute, at no cost for MCV, any defective or non-conform parts during warranty period above described.

24.3 If MCV discovers defects, non-conformity or non-operation, MCV shall be entitled:

- a) to require the Supplier to promptly eliminate said faults or defects (more specifically, by way of example, to promptly replace the defective parts for free) at the Supplier's expense;
- b) to carry out directly or through third parties all activities to eliminate faults and defects, charging the Supplier all relevant costs and expenses, or
- c) to terminate the Contract if the work is unsuitable for its use, in which case the provisions of section 13 below shall be applicable.

It is understood that MCV shall be always entitled to ask and recover from the Supplier the indemnification for any greater loss MCV may have suffered.