



GENERAL TERMS OF PURCHASE

MO_47

(Andreoli & C. S.r.l.)

Approved by:

Revision No.: 02

I. ANDREOLI signature

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1. GENERAL PRINCIPLES

These General Terms of Purchase, unless derogated by a specific written agreement of the parties, are to be considered an integral and essential part of the order or contract and are understood to be valid for any order sent by the Purchaser to the Supplier or for any signed contract.

2. ORDERS AND AMENDMENTS

The order shows code, description and quantity of the supply, delivery date and agreed price.

The order shall still be construed as accepted even if not signed by the Supplier, failing disputes or different written counter-proposals sent by the Supplier and received by the Purchaser within 3 working days from sending the order by email or fax. Performance of the supply by the Supplier shall in any case be construed as tacit acceptance of these conditions and of the specific ones set out in the order. In case of counter-proposal, it shall only be valid if expressly accepted in writing.

The Purchaser reserves the right to make any change to the order by issuing an "order modification" containing the proposed change and its effective date. It shall be construed as accepted by the Supplier unless they express in writing to the Purchaser, within 3 working days from sending, their unwillingness to supply at the new proposed conditions.

3. PRICES

The prices are indicated in the order or contract and, unless otherwise indicated therein, they always refer to the price list in force at the time of issuing the order or signing the contract.

The set prices are understood as net of VAT and are fixed and invariable, hence not subject to increases for any reason or cause.

The prices, unless indicated otherwise in the order/contract, shall be understood as inclusive of all costs, duties, taxes, insurance, packaging expenses and mandatory legal contributions.

Any changes to the price lists in force shall be notified and accepted beforehand in writing by Andreoli & C. S.r.l.

4. DELIVERY TERMS AND METHODS

The terms indicated in the order/contract are understood as mandatory and essential. Any derogations shall be expressly agreed in writing.

The delivery date shall be understood as the date on which the goods arrive at the purchaser's warehouse.

In the event of delay in delivery of the goods or execution of the order not due to force majeure, the Purchaser shall be entitled to apply a delay penalty, equal, unless agreed otherwise in the order/contract, to 1% of the price of the undelivered goods for each week of delay or fraction thereof.

The Purchaser shall be entitled to apply the penalty by withholding the amount on the residual expired or expiring price. That is without prejudice to the right to compensation for greater damages as well as the Purchaser's right to terminate the order/contract in the event of a delay of more than 5 days.

Transport expenses arising from partial deliveries of the goods (caused by delays accepted in writing by the Purchaser with respect to the terms of the order/contract) shall be borne by the Supplier.

5. SHIPMENT OF THE GOODS AND TRANSPORT DOCUMENTS

Shipments shall be effected with the most suitable means. The Supplier shall be required to use the services of the forwarding agent indicated in the order or however expressly agreed with the Purchaser.

The Supplier shall be liable for the damage arising from incorrect packaging.

The goods shall always be accompanied by the transport documents (Waybill), drawn up in compliance with the legal provisions in force and/or required in the order/contract. If specifically required, the Supplier must also attach the declaration of conformity, the chemical analysis performed and the mechanical tests of the goods used.

Should the documentation sent be incomplete or non conforming to the order/contract or regulations in force, payment of the invoices, including subsequent consignments, may be suspended until the complete and correct documentation is duly received.

The packaged goods shall display the following identification details: Supplier, Purchaser product code, product description and quantity.

6. WARRANTY

The Supplier guarantees that the goods comply with the features and technical specifications as well as the quantity agreed or stated in the order/contract or as per the samples or prototypes handed, that it is fit for use, that the materials used are free from faults/defects and that processing has been performed in a workmanlike manner.

Following agreements with the Supplier and with 48 hours prior notice, the Purchaser is entitled to perform audits on the Supplier's quality system or request a copy of the relevant manuals and certifications, where expressly required by the end customer, as well as to perform inspections during processing of the ordered material.

Unless otherwise set forth in the orders/contracts, the goods are covered by the Supplier's warranty for defects in design, manufacture, materials or unfitness for use for a period of 24 months after testing.

In express derogation to art.1495 of the Italian Civil Code, the defect must be reported by the Purchaser within 30 days from the date of testing for "recognisable" defects or from the date of finding for "hidden defects". The written non conformity reports shall be understood to be accepted unless they are disputed within 3 days from receipt.

Without prejudice to any other right the Purchaser is entitled to by law or contract, the Supplier shall repair and/or replace the defective goods, at their expense, within a reasonable term required by the Purchaser. The warranty includes the cost of labour, transport, packaging.

Failing prompt action by the Supplier, the Purchaser shall be entitled, at their discretion, to:

- a) accept the goods with a fair price reduction;
- b) perform the repair directly or have it performed by third parties, debiting the relevant expenses to the Supplier. In case of replacements or repairs the warranty term shall be effective from the date thereof.
- c) terminate the contract.

The Supplier shall be obliged to indemnify and hold harmless the Purchaser for any damage, cost or demand, also due to recall campaigns or lawsuits brought by third parties, arising from or consequent to defects of the goods.

The Supplier is responsible for the damage caused by defects of the product and shall at their own expense take out a suitable and adequate insurance policy for product third party liability.

7. NON CONFORMING SUPPLY - RETURNS

In the event that, upon delivery and/or during processing, the Purchaser should ascertain the non conformity of the goods to the samples or however to the agreements, they shall notify the Supplier by means of RNC (MO13F_RNC). Unless otherwise agreed in writing by the parties, the Supplier shall, under their responsibility and at their expense (so called carriage forward), collect the non conforming goods within the strict term of 2 days from receipt of the RNC via email or via fax. Failing that, the Purchaser shall return the goods directly, and charge the relevant expenses to the Supplier.

In the other case where the Purchaser should eliminate the non-conformity found either directly or through third parties, all related expenses (e.g. labour costs), specified in the "Costs" part of MO13F_RNC, shall be borne by the Supplier.

The Supplier shall repair and/or replace the defective goods at their expense within the term required by the Purchaser. In the event of failure to comply with the term, the Purchaser shall charge a penalty to the Supplier equal to 15% of the value of the defective goods, always without prejudice to the right to terminate the contract, subject to compensation for damages.

In the event of request to replace the goods, the Supplier shall indicate on the Waybill the details of the Purchaser's returned goods document of and attach the non conformity report.



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8. TESTING

All materials, unless agreed otherwise, are subject to inspection and test by the Purchaser, both in the production stage and upon delivery. The inspection shall not affect the right to reject the non-conforming or unsuitable goods or entail any recognition of perfect fulfilment and/or acceptance of the goods.

Acceptance of the supply is subject in any case to the positive outcome of testing by the Purchaser.

In the event of dispute, the Purchaser shall notify the Supplier within 15 working days, via fax or via email. Within the following 3 days, the Supplier undertakes to collect the faulty/non conforming and/or excess goods at their expense, and to make up the amount of ordered goods within the following 5 days.

9. FORCE MAJEURE

Force majeure refers to unforeseeable events and circumstances that are beyond the reasonable control of the affected party and whose occurrence is inevitable and unforeseeable for it and which have the effect of preventing the affected party from fulfilling a part or all contractual obligations (by way of non-limiting example: natural disasters, fire, earthquake, flood, acts of sabotage, national strikes...).

Subcontractor delays shall in no case be considered force majeure. In the event of delay due to force majeure exceeding 15 days the Purchaser has the right to cancel the order by written notice effective immediately.

10. COUNTERFEITING

The Supplier declares that intellectual property rights related to the supply are exclusively held by the Supplier or covered by a licence issued to the Supplier by third party holders of the aforementioned rights so that the Purchaser may freely use and/or sell the Supply. The Supplier also guarantees that the manufacture, use and marketing of the goods supplied, relevant accessories and components do not involve counterfeiting of industrial property or intellectual rights of third parties.

Consequently, the Supplier guarantees and shall hold harmless the Purchaser and their customers against any complaint, costs, damage, expenses and/or lawsuits brought by third parties in reference to actual or alleged breaches of intellectual property rights, patents, trademarks, copyrights and similar rights to protect know-how or industrial secrets, guaranteeing the lawfulness of the use and trade of the goods covered by the contract/order, in Italy and abroad. If in the Purchaser's opinion there exists a risk of complaints or lawsuits, the Supplier undertakes to adopt all the necessary measures to eliminate the risk of counterfeiting.

To produce the goods, the Supplier guarantees to use original parts only and undertakes to provide the documentation proving the originality and traceability of the product all the way to the original manufacturer (which the Supplier undertakes to retain for a minimum period of 10 years), if required, to the Purchaser and/or competent Bodies/Entities. The Supplier may not use independent Distributors (brokers) without the Purchaser's specific written authorisation.

The materials identified as counterfeited must be marked permanently and eliminated in order to avoid placing them on the market.

In the event the parties should agree on orders for products/goods defined as "critical", the Supplier undertakes to comply with the clauses contained in the purchasing conditions specifically arranged and forming an integral part of the contract/order.

11. INSPECTION AND RIGHT OF ACCESS

The Supplier shall grant to Andreoli & C., its appointed representatives, competent Authorities and/or customers the right of access to their premises, as regards the supply, and to the documented information connected thereto, and to be able to inspect the contracted services and products at any time before completion of the supply.

12. PROHIBITION TO ASSIGN THE CONTRACT

The Supplier is expressly prohibited to transfer or assign to third parties, either wholly or in part, orders/contracts or related rights/obligations without prior express written authorisation of Andreoli & C. S.r.l.

In the event of any breaches, the Purchaser is entitled to discontinue payments pursuant to art.1460 of the Italian Civil Code.

In the event of a subcontract, the full direct liability of the Supplier to the Purchaser remains unaffected.

13. ORDER REVOCATION OR WITHDRAWAL

The Purchaser is entitled, at their discretion, to revoke the order or withdraw from the contract at any time, via fax or via e-mail, with acknowledgement only of the documented expenses incurred by the Supplier up to the date of the revocation/withdrawal and approved prior.

14. CONFIDENTIALITY AND NON-COMPETITION OBLIGATION

The Supplier unconditionally undertakes to keep the strictest confidentiality and secrecy on any kind of verbal or written information, either technical or commercial, that is provided either directly or indirectly by the Purchaser in connection to the object of the order. They are obliged not to disclose to third parties, to use the information for other purposes, nor to copy or reproduce any documentation, unless expressly authorised by the Purchaser.

In the event of production on a drawing, model, mould or sample owned by the Purchaser or specifically made for the Purchaser, the Supplier also undertakes to return them if required as well as not to produce or market the same or similar products, either directly or via third parties or go-between companies. The confidentiality obligation is binding for the Supplier and their successors in title and shall be valid indefinitely, regardless of any changes in company name or in ownership structure.

15. CODE OF ETHICS – RULES OF CONDUCT

The Supplier declares to know the provisions under Italian Legislative Decree No. 231/01 and to have read the Purchaser's Code of Ethics. Specifically, the Supplier declares to perform their activity in compliance with the provisions of the aforementioned Legislative decree and in accordance to the Purchaser's rules of conduct, as specified in more detail in the aforementioned Code of Ethics. Pursuant to and by effect of art. 1456 of the Italian Civil Code, the Purchaser shall be entitled to lawfully terminate the contract in the event of failure to comply with the aforementioned requirements/principles, subject to compensation for any greater damage.

16. JURISDICTION

Any dispute related to the existence, validity, interpretation, execution and termination of these conditions/orders or contracts shall solely be under the jurisdiction of the Court of Modena.

Please note that any contract entered into with the undersigned company shall be governed by these General Terms of Purchase, which you will find published on our website:

www.andreolisrl.com



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17. Payments

Payments are effected, except where expressly derogated, by bank transfer to the Supplier's current account indicated in the order/contract.

It is the Supplier's responsibility to promptly notify any changes in writing.

In the event of a complaint of defects or faults or however of non-accurate and exact performance by the Supplier, the payment terms shall be suspended and shall resume from the moment in which the defect or fault has been eliminated. The suspension or delay of payments does not legitimate suspension of the Supplier's performance for any reason. Payment does not constitute acceptance of the goods, even partial. The Purchaser shall be entitled to offset the sums to be paid with any sum due by the Supplier to the Purchaser, also by way of damages.

DATE

STAMP AND SIGNATURE

The following clauses are expressly confirmed: 2. Orders and amendments, 4. Delivery terms and methods, 6. Warranty, 7. Non conforming supply>Returns, 8. Testing, 10. Counterfeiting 11. Inspection and right of access, 12. Order revocation or withdrawal, 13. Confidentiality and non-competition obligation, 15. Code of Ethics-Rules of conduct, 16. Jurisdiction, 17 Payments.

DATE

STAMP AND SIGNATURE
