

**SYSTEM LOGISTICS S.p.A.: GENERAL PURCHASING CONDITIONS****Art. 1 GENERAL**

- 1.1 These General Purchasing Conditions (hereinafter “General Conditions”) apply to all purchasing and supply contracts (hereinafter “Contract(s)”) entered into by System Logistics S.p.A. (hereinafter System Logistics ) with a supplier (hereinafter “Supplier”), for the manufacture and/or supply of products (hereinafter “Product(s)”). These conditions are an integral and essential part of the formal order issued by System Logistics (hereinafter “Order”), to which they are attached or in which they are referred to together with the other documents referenced by the Order. The Supplier confirms that it is well aware of the conditions applying to the Order.
- 1.2 The rules and provisions contained in these General Conditions may only be modified by written provisions and clauses.
- 1.3 All sales or supplies to System Logistics must be expressly governed by an Order. The Order and all subsequent variations will be binding on System Logistics solely if issued by System's Purchasing Department and properly signed by authorised persons holding appropriate powers of representation. The Supplier must not make sales or supplies or, in general, perform activities not covered by the Order or subsequent variations. It is expressly understood that any sales, supplies or activities carried out by the Supplier which are not covered by the Order or subsequent variations will not result in the recognition of consideration to the Supplier, and that System Logistics reserves the right, at its sole discretion, to request their collection or removal by the Supplier at the latter's expense.
- 1.4 The Contract is deemed to be completed and the Order therefore becomes irrevocable by System Logistics on receipt by System Logistics of the duplicate copy (Order confirmation), without any variations or additions and properly signed for acceptance by the Supplier.
- 1.5 If System Logistics and the Supplier are linked by a telematic network, the Order and the Order confirmation may optionally be sent by telematic means. In this case, the Contract is deemed to be completed and the Order therefore becomes irrevocable when the Order confirmation is delivered to System's electronic mailbox by the provider of the telematic data service used. In every case, the provisions of paragraph 1.6 below remain applicable.
- 1.6 Even if System Logistics does not receive the duplicate copy of the Order (Order confirmation) signed for acceptance by the Supplier or submitted by telematic means, it is understood in all cases that the start of supply by the Supplier represents tacit acceptance of these General Conditions and the specific conditions stated in the Order.
- 1.7 Any verbal or written requests for supplies do not commit System, except at the time when the Order is issued.
- 1.8 If the Supplier identifies a material error (or omission) in the Order issued by System, concerning the commercial or technical aspects of the supply, the situation must be reported immediately to System Logistics so that the latter can make the appropriate corrections and modifications to the Order. The Supplier must also immediately request clarification about the Order.
- 1.9 The Supplier expressly recognises that System Logistics may make changes to the Contract at any time by written communication, and hereby accepts those changes not affecting the essential aspects of the Order (such as the item to be supplied, price, payment terms etc.).
- 1.10 All conditions or changes made to the Order and/or to these General Conditions by the Supplier upon acceptance of the Order or in any other document, whether subsequent to acceptance or otherwise, are deemed ineffective and as if not written, unless expressly agreed and accepted by System Logistics in writing.
- 1.11 The dates and deadlines indicated in the Order are always essential aspects.
- 1.12 The Contract and related supplementary documents represent the entire outcome of negotiations and set down the entire agreement between System Logistics and the Supplier in relation to the Products. Accordingly, they cancel and replace all previous agreements, both written and verbal, between System Logistics and the Supplier in relation to the Products.
- 1.13 By accepting the Order, the Supplier declares and guarantees as follows:
- a) acceptance of full and total technical and administrative responsibility for performance of the Contract in relation to both System Logistics and third parties;
  - b) availability of the financial and other means and organisation needed to perform the Contract and acceptance of full responsibility for the work of its employees, including for any losses incurred due to their fault by System Logistics and/or its employees and/or third parties;
  - c) agreement to coordinate its activities, as necessary, with those carried out by System, or by third parties designated by System, asking questions and requesting information useful for performance of the Contract;
  - d) without prejudice to its responsibility to perform the Contract in a full and precise manner, agreement to inform System Logistics as soon as possible and in writing about any facts or circumstances that impede the performance of the Contract on the basis and with the timing established therein.

**Art. 2 CONFIDENTIALITY, INFORMATION AND INDUSTRIAL PROPERTY**

- 2.1 Any commercial or technical information (such as, by mere way of example, costs, sketches and/or final drawings for projects, plans, technical specifications, calculations, other documentation and other data) communicated by System Logistics to the Supplier in writing, whether on paper or in electronic form, or verbally must be treated as and remain private and confidential in accordance with the provisions of this article. The Supplier agrees to protect all the information received and to treat it with the maximum degree of confidentiality, agreeing not to divulge any details about the activities performed to others, except for those of its employees and consultants authorised in advance to receive them and for those third parties authorised in writing by System.
- 2.2 For this purpose, the Supplier agrees to inform System Logistics in writing about any events that give rise to the communication of confidential information at least 15 (fifteen) days prior to the date of such communication. It remains understood, in the event of any such communication or otherwise, that the Supplier will take all precautions designed to minimise the adverse effects deriving from the communication concerned. The obligations arising under paragraph 2.1 above will continue to apply after termination of the Contract until the information concerned has fallen into the public domain for reasons independent of the conduct of the Supplier.
- 2.3 The information received remains the sole property of System Logistics and may be used by the Supplier solely for the performance of the Contract and related activities. The Supplier agrees, upon simple request from System Logistics communicated at any time and by any means, to return immediately to System Logistics any written information received.
- 2.4 In relation to such information, the Supplier is bound even after termination of the Contract to:
- retain it with the maximum care and confidentiality and, if requested, return it to System;
  - mark it as the property of System Logistics if not already so marked by System;
  - avoid reproducing or copying it, except to the extent expressly authorised by System Logistics and avoid communicating or revealing its contents to third parties until such information falls into the public domain for reasons unrelated to the Supplier;
  - avoid applying for patents or other forms of industrial rights which, if applied for and granted, must be transferred to System Logistics as its exclusive property;
  - avoid producing or causing to be produced and/or supplying to third parties for any reason, whether directly or indirectly, products designed or manufactured using the technical information referred to above;
  - impose and guarantee compliance with the obligations deriving from this article by its employees, suppliers and other third parties cooperating with it, to whom the Supplier has been authorised by System Logistics to communicate the above technical information as part of the performance of the Order.
- 2.5 When proposing or agreeing to design and/or adapt for or to supply a Product to System, the Supplier must give System Logistics advance written notice if any and, where applicable, which industrial rights – relating or applicable to the Products concerned or to a part included within them – belong to Supplier or are used by the Supplier under licence from third parties. Failure by the Supplier to provide such advance written notice will be understood as a waiver of such industrial rights belonging to the Supplier in relation to System Logistics and also to those suppliers engaged by System, even after completion of the Order, to manufacture the Products on its behalf. Failure to provide such notice will also be understood as agreement to obtain for System Logistics and the other suppliers mentioned, the authorisation to use the industrial rights used by the Supplier under licence from third parties.
- 2.6 The Supplier agrees not to utilise the information and industrial property rights belonging to System Logistics that have come to its attention for the manufacture of other products similar to those covered by the Order, unless prior written authorisation has been obtained from System.
- 2.7 If, in connection with research, design, experimental or development work carried out in performance of the Order, the Supplier makes inventions, whether patentable or not, or develops intellectual property, it must inform System Logistics and make available to the latter all information and documentation necessary or useful for their production, at the same time granting to System Logistics a free, non-exclusive licence for their production or reproduction (both directly and via third parties) and for their sale and use in Italy and abroad. If the invention subject to industrial ownership rights or the intellectual property subject to authorship rights applying to the Products has been obtained by the Supplier in an entirely independent manner, and not in connection with research, design, experimental or development work carried out in performance of the Order, and without drawing on the information, documentation or technical collaboration provided by System, the latter will pay fair remuneration as consideration for the licence. The Supplier agrees, if requested by System, to apply for suitable protection for the invention in Italy and the principal foreign countries, or to allow System Logistics to do this in the name of and on behalf of the Supplier.
- 2.8 If the above work was performed by the Supplier at the specific request of System, the invention and the related industrial ownership rights, the drawings and in general the technical results and intellectual property obtained will be the exclusive property of System, on condition that the request was made by System Logistics in return for a fee.
- 2.9 The Supplier guarantees that the production, use and commercialisation of the Products and the parts used in the manufacture of the Products do not involve breaching the industrial ownership rights of third parties, both in Italy and

abroad, agreeing to settle promptly any claims made by third parties and, in any case, to hold free and protect System Logistics from such claims and all actions that may prevent the unrestricted production and sale of the Products. In all cases, the Supplier will hold System Logistics free from any responsibility and from any charges or claims made against it in relation to the use of patents, licences, drawings, models, trademarks and other industrial ownership rights concerning the supplies, materials, installations, processes and means employed in the manufacture of the Products. In the event of disputes relating to such industrial ownership rights, the Supplier agrees to intervene and stand in place of System, if the latter is cited, guaranteeing System's defence and reimbursing all expenses and charges incurred by the latter.

2.10 If System Logistics is obliged to cease use of the Products as a consequence of the above ownership claims, the Supplier at its own expense must immediately guarantee for System, as an alternative, one of the following solutions:

- a) replace or modify the Products in order to avoid further disputes about usage rights, without prejudice to the requirement in all cases for performance to be equivalent to that of the original Products;
- b) take back the Products from System, returning the consideration paid.

It remains understood, in any case, that the Supplier will be liable to reimburse the losses incurred by System.

2.11 The Supplier agrees, if requested by System, to apply the System Logistics logo or other trademarks or distinctive signs belonging to System Logistics to the Products and to any spare parts, on the basis and in accordance with the instructions given by System. Such application may not under any circumstances be understood as a licence to use the System Logistics logo. Accordingly, the Products marked as above may be supplied solely to System. Use of System's trademarks must cease whenever requested by System Logistics and, in any case, following the last supply envisaged in the Order.

### **Art. 3 SPECIFIC EQUIPMENT AND MATERIALS**

3.1 The Supplier must use its own machinery and equipment to manufacture the supply.

3.2 Any equipment (callipers, dies, drills, specific equipment, control equipment etc.) made available to the Supplier on an exceptional basis by System Logistics for the performance of the Order will remain the exclusive property of System. Use of such equipment is granted to the Supplier by System Logistics on a free loan basis. The equipment must be returned upon simple request from System, made at any time without need for explanation. The Supplier is responsible for damage to the equipment and its loss or destruction.

3.3 With regard to the equipment referred to in paragraph 3.2 above, the Supplier must:

- a) record it as the property of System;
- b) arrange, if requested by System, for adequate insurance cover against the risks of fire, theft, vandalism, natural disaster, tampering and other insurable risks of loss or damage;
- c) look after and use it with the maximum care and carry out routine maintenance at its own expense, without tampering with or modifying it, except to perform work relating to the improvement of the process/Product after receiving specific written authorisation for this from System;
- d) report any necessary special repairs, replacements, modifications or refurbishment to System Logistics with the maximum urgency, so that System Logistics can decide what action to take, if any; the related expenses will be borne by System Logistics on condition that they were not incurred due to the negligence or other fault of the Supplier, in which case all expenses will be borne by the latter. Any Product faults or defects caused by defects in the equipment or materials supplied by System Logistics must be reported promptly by the Supplier, otherwise the Supplier will have sole responsibility for them;
- e) avoid transferring it away from the Supplier's factories, except to the extent agreed beforehand by System Logistics on a case-by-case basis;
- f) allow persons authorised by System Logistics access during normal working hours to check on how they are stored and used, as well as on their condition;
- g) avoid transferring it to third parties on whatever basis and avoid giving it in guarantee;
- h) avoid using it or allowing it to be used for purposes other than the performance of the Order, even after termination of the related supply, and in any case avoid producing and/or transferring to third parties on whatever basis, directly or indirectly, for use in production or as spare parts, products designed or manufactured using it;
- i) comply with the instructions given by System Logistics regarding its return, scrapping or retention for any supply of spare parts to System.

3.4 In the event of improper use by the Supplier, System Logistics reserves the right to charge for all the losses deriving from such improper use.

3.5 The provisions contained in paragraphs 3.2, 3.3 and 3.4 above also apply, to the extent compatible, to semi-finished products and other materials owned by System Logistics that are made available to the Supplier by System Logistics for or in relation to the performance of the Order.

3.6 Any and all equipment specially developed and manufactured or used by the Supplier to make the Products will be used by the Supplier solely for the production of the Products. If the equipment manufactured or used by the Supplier to make the Products is its exclusive property, the Supplier hereby grants System Logistics an option to purchase such

equipment at its residual cost after accumulated depreciation. This option will be exercised by System Logistics via a written request sent to the Supplier within 90 (ninety) days of termination of the supply relationship for whatever reason.

- 3.7 In the event of any early or other termination of the supply relationship, it is understood that the Supplier agrees to return at its expense the equipment made available by System Logistics or, if System Logistics exercises the option referred to in paragraph 3.6 above, to deliver the equipment to System Logistics carriage paid.

#### **Art. 4 PERIODIC OR REGULAR SUPPLIES**

4.1 The Supplier, if requested by System, agrees to promptly:

- a) modify the characteristics of the Products ordered;
- b) cease the production and supply of the Products ordered.

In such cases, on condition that the Supplier complies with the provisions contained in paragraph 4.2 below, System Logistics will be obliged to purchase those Products that have already been completed or which are in progress, to the extent in any case that the quantity does not exceed the sum of: 1) the deliveries envisaged for the month in which the notice of change or cancellation is communicated and for the following month; 2) the semi-finished products and raw materials for the production of the Products for delivery in the second subsequent month and 3) the volume of the contractually-required inventories. These Products, whether completed or in progress, and the related raw materials are understood for all purposes to have been transferred to System Logistics and, accordingly, the Supplier must comply with the instructions given by System Logistics regarding their use or delivery.

- 4.2 In such cases, the Supplier must take all steps needed to limit, to the extent possible, the quantity of modified or cancelled Products to be charged to System Logistics pursuant to paragraph 4.1 above and, in any case, to comply with the arrangements made with System Logistics on a case-by-case basis and/or with the latter's instructions, as well as to allow System Logistics to check the inventories.
- 4.3 System Logistics has the right, at its sole discretion, to rescind the Contract at any time by sending written notice to the Supplier. In this case, the Supplier will be entitled to payment for the supplies made prior to the notice of rescission and for those ready for shipment at the date of the communication, following their delivery to System. Unless a different date is specified in the notice of rescission, such rescission will take effect from the seventh day of receipt by the Supplier of the communication from System Logistics (notice period). It is expressly agreed that nothing more will be due to the Supplier for any reason as a consequence of the rescission by System.

#### **Art. 5 RELIABILITY, QUALITY AND CHECKS**

- 5.1 Even if the Products are manufactured by the Supplier using the technical documentation and technology made available by System, the Supplier is obliged to perform and/or to have performed all the tests and/or checks needed to establish the reliability and suitability of the Products required, as well as their conformity with Italian and EU regulatory requirements and those requirements indicated by System Logistics or which, in any case, are applicable to the Products. The results of the above tests and checks will not bind System, which reserves the right to perform its own checks and to approve the supply at its sole discretion.
- 5.2 The Supplier is authorised to start production in series only after having received approval for the supply from System Logistics based on the initial samples; in any case it is understood that any approval from System's technical departments and/or approve for the supply from System Logistics does not exonerate the Supplier or diminish its responsibilities and guarantees.
- 5.3 The Supplier is bound to establish and maintain production means, processes and controls suitable for ensuring that, at all times, the Products are reliable, of adequate quality and meet the technical specifications indicated by System Logistics (drawings, regulations, specifications, tables, approved and/or filed samples etc.). In addition, the Supplier is bound to report to System Logistics any technical innovations that might improve the quality and/or characteristics of the Products, as well as the technological innovations that might affect their quality.
- 5.4 Without prejudice to the responsibilities and obligations deriving from paragraphs 5.1 and 5.3, the Supplier agrees to allow access to persons authorised by System Logistics and/or, if requested by System, to persons authorised by System's customers in order to inspect and check the methods of working and/or testing implemented. If requested, the Supplier agrees to issue a certificate of quality certifying that the Products shipped to System Logistics have been adequately tested and found by such tests to be fit for their purpose. In this case, the Products shipped to System Logistics must be accompanied by the related certificate of quality, without which System Logistics has the right to reject the goods.
- 5.5 The Supplier may not make any modifications when manufacturing the Products, unless authorised in writing by System Logistics together with any related price revisions.
- 5.6 If the Products ordered are subject to Italian and/or foreign legislative requirements (covering safety, pollution etc.), the Supplier is bound to prepare specific documentation regarding the type approval and production processes which shows inter alia how the characteristics concerned have been tested, by whom and the results. This documentation must be

retained by the Supplier for at least 10 (ten) years and must be delivered to System Logistics upon request by the latter. In addition, since System Logistics is bound in relation to its customers to allow them to carry out checks on and inspections of the production and testing methods, as well as the test documentation, the Supplier agrees to allow similar checks and inspections at its premises. The Supplier must impose similar obligations on its own suppliers.

#### **Art. 6 TRANSFER OF RISKS - DELIVERY – INVENTORIES – PENALTIES**

- 6.1 All commercial conditions agreed with regard to the transfer of risks will be interpreted by reference to the INCOTERMS in force at the time the Contract is signed. If no specific conditions are agreed, the risks are transferred to System Logistics when delivery is made “duty paid” at the place indicated by System.
- 6.2 The Products must be marked, packaged, labelled, identified, shipped and transported in accordance with the instructions given by System Logistics and with the applicable regulations. The Supplier is bound to reimburse any losses deriving from any delay, loss or damage incurred due to shortcomings in the marking, packaging, labelling and shipment of Products caused by failure to comply with the above instructions or regulations. In particular, with regard to transportation and without prejudice to any additional specific instructions contained in the Order or agreed with System, the Supplier agrees to insure the load against all possible accidents or losses that may arise during transportation (including, by mere way of example, theft, fire, damage, loss etc.), with suitable policies acceptable to System Logistics arranged with a leading insurance company approved by System, and to always use carriers whose services meet the highest international standards applying to the sector (in particular: means of transport suitable for the load transported and equipped with adequate anti-theft systems), subject to prior approval from System. The Supplier will inform System Logistics with reasonable notice about the names of the insurer and the carrier, for approval.
- 6.3 System Logistics reserves the right to ask the Supplier to provide shipment notices by electronic means in accordance with its operating standards.
- 6.4 The delivery terms are deemed to have been respected if the Products are actually delivered within the agreed timescales to System Logistics or the third-party recipient, without faults or defects and manufactured to a high standard. The time required to eliminate faults and defects in the Products and to replace faulty or defective Products will be included as part of the delay.
- 6.5 The delivery dates and schedules specified in the Order are binding and essential and, with respect to these, no delays or early deliveries are allowed. Accordingly, System Logistics is authorised to return supplies received prior to the agreed dates at the Supplier's expense and risk, or to charge storage expenses to the latter.

In the event of delivery delays not due to force majeure, System Logistics has at its discretion one or more of the following options:

- a) require performance of the Order, in whole or in part;
  - b) source the Products elsewhere at any time, in whole or in part, at the Supplier's expense and risk with the sole requirement that notice shall be given to the Supplier;
  - c) rescind the Contract with immediate effect with full rights pursuant to and for the effects of art. 1456 of the Italian Civil Code, by giving simple written notice to the Supplier.
- 6.6 The above in all cases without prejudice to System's right to charge a penalty to the Supplier of 0.3% of the total value of the Products not delivered for each calendar day of delay with respect to the delivery dates specified in the Order, up to a maximum of 10% of the value of the Products not delivered; all without prejudice to System's right to reimbursement for any additional losses actually incurred.
  - 6.7 The Supplier is bound to maintain, at its own expense for the entire duration of the supply, sufficient inventories of the Product at its premises to ensure the continuity of supplies in accordance with the delivery schedules. The inventories of tested materials, subject to appropriate stock rotation, must be stored in a manner that facilitates their identification and the control of quantities by persons authorised by System. If the Supplier uses the reserve inventories to fill unplanned Orders from System, the Supplier agrees to restore the related inventory levels within and no later than 4 (four) weeks from the time when System Logistics made such Orders. If the required level of reserve inventories is specified in the Order, the Supplier agrees to maintain such level.
  - 6.8 In the event of failure to comply with the obligations imposed by paragraph 6.7 above, the Supplier will be charged a penalty of 20% of the value of the missing inventories, without prejudice to the right of System Logistics to rescind the supply contract with immediate effect pursuant to the provisions of article 12 below.

#### **Art. 7 FORCE MAJEURE**

- 7.1 If performance of the Contract is impeded by proven force majeure, being those events completely beyond the control of the Supplier (for example: natural disasters, riots, strikes – solely in a domestic context -, etc.), the Supplier must immediately send written notice to System Logistics by e-mail or fax, subsequently confirmed by registered letter with proof of receipt, about such events and must take all steps to limit their effects. In these cases, the delivery terms will be extended and the new dates will be established by the parties by mutual consent. Force majeure cannot be invoked if the event arises subsequent to the delivery date agreed. Delays for whatever reason by the Supplier's own suppliers will never be deemed to be due to force majeure.

SHEET No. 5/10	SIGNED FOR ACCEPTANCE	<b>System Logistics SpA</b>
----------------	-----------------------	---------------------------------

- 7.2 If the delivery delay caused by force majeure exceeds 25 (twenty-five) days or a shorter period that is incompatible with the commitments made by System Logistics to its customers or with System's production requirements, then System Logistics will have the right to rescind the Contract, in whole or in part, at any time, by sending simple written notice to the Supplier. In this case, the Supplier will only be entitled to the amount envisaged in article 4 for the cases considered therein.
- 7.3 System Logistics has no responsibility if natural disasters, strikes, fires, picketing or other circumstances beyond System's control prevent it from receiving the Products.

**Art. 8 ACCEPTANCE – GUARANTEES FOR DEFECTS AND NON-CONFORMITIES, DURATION AND WORKING ORDER**

8.1 The mere receipt of and/or payment for the Products cannot under any circumstances be considered as their acceptance, which is the responsibility of the relevant departments within System. The Supplier may send its personnel to System's factories, by arrangement, to view the means and procedures used to check receipt and perform acceptance testing. System Logistics is automatically deemed to have accepted the delivery if no matters are raised within 3 (three) months of receipt. The above without prejudice to the guarantees covering hidden defects and malfunctioning even after acceptance of the Products by System.

8.2 The Supplier guarantees that the quantity of Products supplied is in conformity with that agreed and that declared on the delivery note. If the quantity of Products delivered is found when checked on receipt not to be in conformity with that agreed, System Logistics has at its discretion one or more of the following options:

- a) Accept the quantity differences found with the right to increase or decrease any subsequent supplies by a corresponding amount;
- b) Without prejudice to any tolerances agreed in advance in writing, reject the excess part of the supply with the right, if the Supplier does not arrange for immediate collection, to return the excess at the Supplier's expense and risk or to charge the Supplier for inventory handling and storage;
- c) Require the Supplier to send immediately the missing supplies, on the understanding that all additional costs and charges incurred to make up the shortfall immediately will be borne by the Supplier.

In addition, if there is a shortfall between the quantity of Products indicated on the delivery note and that actually delivered, System Logistics will have the right to check or to have checked 100% of the Products delivered by the Supplier and/or take other preventive measures in relation to such Products and the related accounting documentation. In particular, these checks will verify the Product quantities received against the related delivery notes, charging the Supplier for all the costs and reasonable expenses incurred to carry out the above checks, if it is shown that the shortfalls are entirely attributable to the Supplier and having regard for the time limit for returns agreed in the Order. In addition to the above, if the quantity of Products delivered is found when checked on receipt not to be in conformity with that agreed, System Logistics may charge the Supplier a penalty of 10% of the price of the missing Products. Claims by System Logistics for the exercise of the rights envisaged in this paragraph 8.2 must be communicated to the Supplier within 90 (ninety) days of the delivery date of the batch concerned.

8.3 The Supplier guarantees that the Products supplied are free from defects and in conformity with the Order requirements, the regulations applying to the Products and those indicated by System, where applicable, as well as their good working order and duration, for a period of 1 (one) year from the delivery of the Products by System Logistics to its customers in the various markets and, in any case, for a period not exceeding 3 (three) years from the delivery of the Products to System; this in compliance with the methodology described in the remainder of this article.

8.4 If System Logistics identifies defects, non-conformities or malfunctions in one or more Products, System Logistics will have the right to:

- a) obtain at the Supplier's expense the prompt replacement of the defective products free of charge;
- b) arrange directly for the repair of the defective Products, charging all the expenses to the Supplier;
- c) reject the defective Products at the expense and risk of the Supplier, without requesting their replacement if, at System's sole discretion, this is not useful for System.

In each of the cases described in letters a), b) and c) above, the Supplier will be charged the cost of disassembling and assembling the Products, determined with reference to System's charge rates and the UCIMU hourly rates in force in the various markets.

Claims by System Logistics for the exercise of the above rights must be presented to the Supplier within 6 (six) months of the date when the defect was identified; the Supplier agrees to perform the necessary work based on the above claims, with the right to check that they are well founded at its own expense, at the Italian or foreign locations indicated by System Logistics where the defects were identified.

The above without prejudice in all cases to the obligation to reimburse any additional losses incurred by System.

8.5 If the defect in the Products is due to the use of defective materials supplied to the Supplier by System, the Supplier will only be exempt from the obligations envisaged in the preceding paragraphs if the defect in the materials could not be identified by diligent testing performed the Supplier.

- 8.6 The Supplier agrees not to sell but to scrap any defective or non-conforming Products that are returned, and System Logistics reserves every right of inspection and control to check compliance with this requirement. If the Supplier does not collect the defective products on a timely basis, System Logistics may arrange to scrap them directly on behalf of and at the expense of the Supplier.
- 8.7 In addition to all labour and other insurances compulsory by operation of law the Supplier shall be responsible for effecting and maintaining by System Logistics a supplier “Constructor All Risk”, “Transport” and “Product Liability” Insurances that will include the following provisions (subject to its limits, condition, exclusions, and deductibles):
- 8.8 Material Damage: insurance against loss or damage to the property of System, the Customer or other third parties arising out of accidental and sudden event for all permanent works, material, equipments and supplies intended for use or incorporation in the Works excluding Supplier's equipment.
- 8.9 3rd Party Liability: insurance indemnifying the insured in respect of its legal liability for death or bodily injury to any person, or loss of or damage to property arising from an unexpected and unintended occurrence on the Site in the course of and in connection with the performance of the Agreement by the Supplier and occurring during the period of insurance.
- 8.10 Product Liability Insurance: insurance of Product Liability Insurance Policy with a limit of Euro \_\_\_\_\_ = in total for the term, in respect of any injury or damage which might be caused in consequence of any defect in the Works and/or the Deliverables for demand claims caused by or arising out of or related to the Works, its quality, usage, designation, its usage instruction and damage to the Works by the Supplier.
- 8.11 The Supplier's Policies shall be effected with a high rated reputable insurance companies previously notified in writing and acceptable to System. The Supplier is solely liable for the payment of any premium or any other payments designated in the policies and such policies shall not limit the Supplier's liabilities under this Agreement or by applicable law.
- 8.12 The Supplier shall present System Logistics with a declaration issued by the insurance company stating that premium for the insurance stipulated above in this section has been paid and shall remain in force for the whole duration of the Supplier's obligations under this Agreement.
- 8.13 The Supplier shall promptly inform System Logistics about any modification, suspension or termination of any such policies.
- 8.14 If third-party liability (including product liability) or contractual liability claims, whether out-of-court or otherwise, are made against System Logistics or if claims are made against System Logistics for the violation of legal (safety, pollution etc.) or contractual requirements as a result of the defectiveness, non-conformity or unreliability of the Products supplied, the Supplier must relieve and hold System Logistics free from such claims and reimburse any losses that the latter may incur. System Logistics will inform the Supplier on a timely basis as soon as it learns that the violation of regulations or the responsibility claim is founded on the defectiveness, non-conformity or malfunctioning of the Products supplied by the Supplier.
- 8.15 If System Logistics implements a plant refurbishment campaign to replace or repair the Products found to be defective, malfunctioning or not in conformity with legal requirements and even if the defects, malfunctions or non-conformities concerned were identified after the end of the guarantee period, the Supplier must provide System Logistics free of charge and without expenses with the Products needed to implement such refurbishment campaign and must reimburse System Logistics for the cost of disassembly, assembly and refurbishment activities, on condition that the responsibility of the Supplier is proven.

#### **Art. 9 SPARE PARTS**

The Supplier agrees to supply System Logistics with spare parts for the Products for a period of 10 (ten) years from their delivery; such parts will be made using materials and technologies equal to or better than those used to manufacture the Products.

#### **Art. 10 CONSIDERATION FOR THE SUPPLIES**

- 10.1 The consideration for the provision of the supplies indicated in the Order is stated net of taxation; such consideration is all-inclusive, flat-rate, fixed and final and includes all costs, charges, insurance and transport expenses - regardless of the type of customs clearance -, packaging, conditioning, unloading and maintenance up to the time of delivery.
- 10.2 The contractual consideration is understood to cover all the supplies, services, charges and obligations placed on the Supplier, even if not expressly listed or envisaged or allocated to the Supplier in the contractual documents, necessary in order to perform the supply to the highest standard in accordance with the instructions, methods and timing agreed.
- 10.3 Any uplifts with respect to the consideration established in the Order will only be due as a consequence of changes made that were authorised in advance by System Logistics in writing. In all cases, System Logistics must inform the Supplier of its intentions regarding the proposed price change within and no more than 20 (twenty) days from receipt of the proposal; failing this, the Supplier may not apply the uplift.

**Art. 11 INVOICES, TRANSPORT DOCUMENTS AND PAYMENTS**

11.1 Invoices must only relate to the Products covered by a single Order, subject to the same rate of VAT. They must indicate:

- a) the number and the date of the Order, the position of the Order, the internal purchase request indicated on the Order, the delivery requirements, the Supplier's code and tax code, the transport document and the drawing (where applicable);
- b) the Products listed in transport document order;
- c) the unit of measure; both on the invoice and on the transport document, this must be that indicated in the Order and, in any case in special cases where this is not possible, the quantities under both units of measure must be clearly stated together with the relation between them (for example: X metres equal to Y kg).

11.2 The Products shipped must be accompanied by the number of copies of the transport document required by System. The transport document must contain the following information: name of the Supplier, part/drawing number, Supplier code, Product name, date of shipment, number and date of the Order and the internal purchase request, the number of the destination warehouse, the quantity in the batch shipped, the number of packages and all other information specified in the Order. The transport document number must be exclusively numeric, without slashes and must not exceed 7 (seven) digits. Each transport document must cover the Products included in a single Order or delivery schedule.

11.3 Payment will be made following the presentation of invoices issued on the basis established in the Order and presentation of the documents envisaged in paragraphs 11.1 and 11.2 above or those envisaged in the Order, where applicable, on condition that the right to such payment is already established on the date of issue of the related invoices. If not, the payment terms will commence from the end of the month during which the right to payment becomes established.

11.4 The payment terms will be agreed between the parties on a case-by-case basis and indicated in the Order. Unless established otherwise, these will commence from the date of acceptance, express or implied, of the Products by System.

11.5 In all cases, failure by System Logistics to dispute an invoice cannot be considered as acceptance of such invoice.

11.6 If envisaged in the Order and to the extent indicated in the Order, a withholding may be made from the invoiced amount to guarantee proper performance by the Supplier of all contractual obligations. This withholding will be retained for the period agreed in the Order. As an alternative to the withholding, the Supplier may release a bank and/or insurance guarantee for the same amount in favour of System, collectible upon demand and given by a leading bank or insurance company approved by System; the text of such guarantee must be approved in advance by System. The interest allowed for early payment must be agreed in advance with System Logistics and deducted from the price of the Products.

11.7 Any amounts due to System Logistics by the Supplier for penalties or any other reason will also be deducted from each payment.

11.8 If the Supplier does not comply with the requirements of the Order or these General Conditions, System Logistics will be entitled to withhold payments due to the Supplier for prior services, or for reasons unrelated to the Order, in order to guarantee compliance by the Supplier with the obligations deriving from the Order and to offset the respective receivables. System Logistics also has the right to withhold payments due for supplies relating to the Order in order to guarantee compliance by the Supplier with prior obligations or, in any case, obligations other than those relating to the Order.

11.9 The Supplier is expressly forbidden to issue notes for payment of the supplies. In any case, even if such notes are issued they will not be accepted and the Supplier will be held responsible for all losses deriving from such non-acceptance.

11.10 If, in relation to one or more batches of Products supplied, the percentage of defective or non-conforming Products significantly exceeds the agreed tolerance, System Logistics will have the right to withhold from the total payments due to the Supplier at that time an amount equal to the price of the batch concerned, until such time as the Supplier has delivered the replacement Products or batch.

11.11 Without prejudice to the provisions of the previous paragraphs in this article, any payment delays by System Logistics are understood to be subject to interest at a rate not exceeding the legal rate in force during the period of delay, determined pursuant to and for the effects of art. 1284 of the Italian Civil Code. The Supplier will have no right to reimbursement of the costs incurred for the recovery of unpaid amounts if a default letter has not been sent directly to System, by registered post with proof of receipt addressed to the manager of System's Purchasing Department, and 30 (thirty) days have elapsed without satisfaction from the date of such default letter.

**Art. 12 TERMINATION OF THE CONTRACT**

12.1 If the Supplier does not comply exactly with the requirements for the proper performance of the Contract, pursuant to the terms of these General Conditions or of the Contract concerned, System Logistics may give notice requiring such proper performance within not less than 5 (five) days by registered letter with proof of receipt. If this time elapses without the Supplier having remedied the non-performance, the Contract will be rescinded as of right.

SHEET No. 8/10	SIGNED FOR ACCEPTANCE	<b>System Logistics SpA</b>
----------------	-----------------------	---------------------------------

- 12.2 In addition to the provisions set down in other parts of these General Conditions, the Contract is understood to be automatically terminated pursuant to and for the effects of art. 1456 of the Italian Civil Code, by simple written communication by System Logistics in this sense, if the Supplier fails to comply with the declarations and guarantees given pursuant to and for the effects of paragraph 1.13 above, as well as with the obligations arising under art. 2 (Industrial property), art. 3 (Specific equipment and materials), art.4 (Periodic and regular supplies), arts. 6.4 and 6.6 (Deliveries and inventories) , art. 8.4 (Product defects) and art.20 (Governance organization model) of these General Conditions.
- 12.3 In addition, the Contract will be terminated with full rights pursuant to and for the effects of art. 1353 of the Italian Civil Code , without any requirement for notification by the parties, if applications are made for the bankruptcy of the Supplier or other court-supervised procedures are commenced, or if its assets are seized or attached, or if the legal representatives of the Supplier are sentenced in civil or criminal courts with an adverse effect on the Supplier's good name or activities, as well as in the case of mergers, liquidations or business disposals by the Supplier or changes in the ownership of the Supplier or its ultimate parent, except if in these last cases System Logistics has been notified in advance and has given written consent for the continuation of the Contract. The Supplier agrees to inform System Logistics on a timely basis if any of the above events should occur. The early termination of the supply relationship due to one of the situations described in this paragraph will not give rise to any responsibilities for System Logistics in relation to the Supplier, except for payment for the supplies already made on the basis described in article 11 above.
- 12.4 System Logistics will also have the right to terminate the Contract, by giving prior written notice, if situations, facts or evidence indicate that the Supplier has become or is likely to become unable to meet its normal obligations (such as, by mere way of example, failure to pay or delays in paying employees, social security institutions, the tax authorities, suppliers or banks, failure to honour promissory notes, seizure of financial assets and/or property, withdrawal of licences or authorisations, preparatory deeds and/or the start of voluntary liquidation procedures etc.). In this case, termination will take effect if the situation referred to in this paragraph does not cease within 10 (ten) days of the written communication sent to the Supplier by System.
- 12.5 In the above cases of Contract termination, System Logistics will have the right to keep the Products already delivered, paying the related consideration less, if termination is due to non-performance by the Supplier, a penalty corresponding to 10% of the contract price agreed for the entire supply, with prejudice to the reimbursement of any greater losses incurred.

#### **Art. 13 TRANSFER OF THE CONTRACT AND RECEIVABLES**

- 13.1 Unless agreed in advance by System Logistics in writing, the Supplier may not transfer this Contract and/or its performance and/or the receivables deriving from it, whether in whole or in part.
- 13.2 The Supplier expressly agrees that System Logistics may transfer the Contract with the Supplier to other companies within the System Logistics group pursuant to and for the effects of art. 1406 of the Italian Civil Code. "Companies within the System Logistics group" are defined as those companies directly or indirectly controlled by System Logistics S.p.A. , where the concept of "control" is that established in art. 7 of Law 287 dated 10 October 1990 .

#### **Art. 14 ADVERTISING**

Any advertising that makes reference to the supplies made to System Logistics must be authorised in advance by System Logistics in writing, on a case-by-case basis. In such cases, the Supplier agrees to comply with the form of advertising and all the other conditions that will be specified.

#### **Art. 15 TOLERANCE**

During the performance of the Contract, the tolerance of one of the parties with regard to the non-compliant behaviour of the other party with regard to one or more provisions contained in these General Conditions, or in the Contract, does not imply the waiver of the assertion of its rights at any time.

#### **Art. 16 INVALIDITY**

- 16.1 The provisions contained in these General Conditions are correlated with each other and indivisible.
- 16.2 If any individual clause contained in these General Conditions is void or invalid, this will not result in the other clauses or the Order becoming void or invalid. The parties agree to negotiate in good faith a replacement clause that maintains the equilibrium of the contract.

#### **Art. 17 COMMUNICATIONS**

All written communications between the parties must be sent, in the Italian language, to their respective registered offices at the time of signing the Contract or to any domicile elected for this purpose; failure to do this will result in the communication being deemed ineffective. In addition, all changes of domicile must be communicated to the other party in writing by registered letter with proof of receipt. This without prejudice to the right of the parties, in the situation envisaged in article 1.5 above, to make all communications relating to the Contract in the other ways agreed.

**Art. 18 INFORMATION PROVIDED PURSUANT TO DECREE NO. 196/2003 “PRIVACY CODE”**

- 18.1 Pursuant to the requirements of Decree no. 196/2003, the data obtained from or communicated by System Logistics will be used by the Supplier solely for the performance of the Order on the conditions indicated therein. This data will be retained in compliance with the security measures envisaged in Decree no. 196/2003 and will not be divulged externally except to persons, bodies or entities that perform supervisory functions: the Supplier guarantees adoption of the minimum measures required by current regulations governing the protection of personal data. If the processing of personal information is necessary, the Supplier becomes the party responsible for processing envisaged by Decree no. 196/2003.
- 18.2 Pursuant to the requirements of Decree no. 196/2003, System Logistics provides the Supplier with the information regarding the processing of its personal information that was previously sent to the Supplier and which, in any case, is available for consultation on System's website. This information is an integral and essential part of these General Conditions.

**Art. 19 APPLICABLE LEGISLATION AND JURISDICTION**

- 19.1 The Order and the Contract are governed by the laws of Italy.
- 19.2 The Modena Court will have exclusive jurisdiction over all disputes between System Logistics and the Supplier deriving from or connected with the interpretation and performance of the Order or the Contract, with the exclusion of all other competing jurisdictions.

**Art. 20 GOVERNANCE ORGANIZATION MODEL**

- 20.1 The Supplier declares and acknowledges that it is aware that System Logistics Logistics. has adopted the Organization, Management and Control Model according to the Legislative Decree n. 231/2001 (as subsequently amended) (the “**Model**”) and to have examined the Ethics and Conduct (the “**Code of Conduct**”) that can be consulted on the Company website ([www.systemlogistics.com](http://www.systemlogistics.com)) and that constitutes an integral part of the Model. The Supplier accepts the contents of the Code of Conduct attributable to it and engages to maintain a behavior compliant with the laws and to the principles and rules of the abovementioned Code of Conduct. Furthermore the Supplier engages itself to immediately notify the Internal Control Committee of System Logistics Logistics. if it becomes aware of any behavior that could imply a violation of the Code of Conduct by System Logistics Logistics S.p.A. employees/representatives. For the avoidance of doubts the breach of the obligations and engagements set out above constitutes a fundamental breach of the contractual obligations and entitles System Logistics Logistics to terminate forthwith the pending contract according to art. 1456 Civil Code without prejudice of further claim for damages.

WE HAVE TAKEN NOTE OF THESE GENERAL CONDITIONS AND DECLARE OUR AGREEMENT WITH THEM

**THE SUPPLIER**

Company Stamp and Signature

In particular, after having examined the content of these General Conditions, we specifically approve, pursuant to and for the effects of art. 1341 of the Italian Civil Code, the following clauses contained in the above General Conditions: 1.7 (Right of System Logistics to make changes to the non-essential terms of the Order at any time), 2 (Technical information and industrial property with particular reference to, but not limited to the waiver of undeclared patent rights and the obligation on the Supplier to hold System Logistics free from claims), 4 (Changes to periodic and regular supplies and rescission by System), 6.5 (Deadline for acceptance), 6.7 and 6.8 (Rights of System Logistics if the obligatory reserve inventories are not re-established and termination clause), 8.1 (Acceptance of the Products) ,8.2 (Non-conformity of Product quantities and rights of System), 8.3, 8.4 and 8.5 (Extent, basis and duration of the guarantee and deadlines for notifying defects), 8.7 (Responsibility for defective products), 8.8 (Refurbishment campaign), 11 (Payments with particular reference to, but not limited to the right of offset, the ban on issuing notes, the suspension of payment for defective goods, the default interest on delayed payments); 12 (Termination of the Contract with particular reference to, but not limited to the express termination clauses and conditions and the option to purchase the Products already delivered), 13 (Ban on transfers of the Contract or the receivables by the Supplier and transfer of the Contract by System), 14 (Advertising), 19 (Applicable legislation and jurisdiction),20 Governance Organization Model

**THE SUPPLIER**

Company Stamp and Signature

SHEET No. 10/10	SIGNED FOR ACCEPTANCE	<b>System Logistics SpA</b>
-----------------	-----------------------	---------------------------------