

GENERAL CONDITIONS OF SUPPLY

In the following general conditions of supply, the term "Purchaser" is intended as indicating Fandis S.p.A., while the term "Supplier" is intended as indicating the designated supplier. The term "Parties" refers to the Supplier and the Purchaser. The term Product(s) refers to the products made *and/or* commercialized by the Supplier and supplied to the Purchaser.

The general conditions of purchase that are specified below are intended, to all intents and purposes, to be an integral part of the purchase order.

In cases where the Supplier's general conditions are contrary to the Purchaser's general conditions of purchase, unless specifically approved by the latter in writing, they shall be intended as not accepted and contractual relations shall be integrally regulated by the present conditions.

1. ACCEPTANCE OF PURCHASER'S ORDER

The Vendor shall notify the Buyer of acceptance by returning the stamped and signed Purchase Order no later than 3 (three) working days from receipt. The Vendor shall also sign the clauses requiring "double acceptance" in the Buyer's Purchase Order under articles 1341 and 1342 of the Italian Civil Code.

If the order is not accepted by the Seller within the aforementioned term, the Purchase Order will be automatically cancelled and the contract will be considered concluded before starting.

2. CORRESPONDENCE

All correspondence shall always make reference to the number of the Purchaser's purchase order.

3. TERMS OF DELIVERY

The terms of delivery indicated in the order are intended as essential. Extensions are not allowed without the prior written approval of the Purchaser. In any case, the Purchaser must be immediately informed of the delay as soon as the Supplier becomes aware of the situation.

4. SUPPLY EXECUTION – PRODUCT(S)

4.1. Products must be in strict conformity with the order and the specifications approved by the Parties, with the exclusion of any unilateral changes and must be accompanied by the documentation prescribed by law or contract.

4.2 The order and its execution cannot be transferred by the Vendor, even partially, unless expressly authorised in writing by the Buyer.

4.3 Delays due to force majeure, as under article 10 of these Supply Conditions, shall be promptly notified to the Buyer and the Buyer shall be promptly informed as soon as their effect has ceased.

4.4 The Vendor shall request the Buyer's prior written acceptance before introducing any variation to the Product, however insignificant.

4.5 The supplied Products shall strictly correspond with those sampled and previously approved by the Buyer. They will also comply with the technical and illustrative documentation and the accompanying operating instructions required by law or requested in the order.

5. DELIVERY DELAYS – explicit cancellation clause

5.1 In case of delivery delays exceeding 30 calendar days, the Buyer may terminate the order with immediate effect pursuant to and for the purposes provided for by article 1456 of the Italian Civil Code by notifying the Vendor, without prejudice to the right to compensation for damages incurred.

5.2 In the case of deliveries spread over time, the termination may involve deliveries previously made and paid for if the Buyer loses interest in the partial supply as a result of non-completion.

5.3 Any partial deliveries may be rejected if not included in the order and if they are accepted are still under the condition of return if the order is terminated as above.

5.4 If the Buyer accepts a partial or late delivery not making use of the express termination clause in this case for each day of delay in the completion of the supply itself, a penalty shall accrue, for each week of delay or fraction thereof, equal to 2.5% of the amount due for the supply, up to a maximum of 15% of the total amount due for the supply, without prejudice to any greater damage incurred. In any case, the Buyer may communicate the intention to make use of the termination clause at any time. In this case, without prejudice to greater damages, a penalty for termination equal to 20% of the consideration for the supply itself will be applied, including any penalty for delay already accrued.

6. SPECIFICATIONS AND CONFIDENTIALITY COMMITMENT

6.1. The Supplier undertakes not to communicate technical and commercial information or any other information acquired by the Purchaser during the course of supply execution to third parties, nor to use it for purposes other than that of production destined to the Purchaser. The Supplier also undertakes to extend the same undertaking to his personnel and to respect all aspects of the Purchaser's privacy.

6.2 The Buyer shall provide technical specifications accurately describing the Product to be manufactured, i.e. the variants and customisation required on the products manufactured in series by the Vendor. Furthermore, the specifications will indicate the sizes, tolerances and levels of finish and sometimes the types of materials to be used.

6.3 Any changes to the technical specifications or the production methods or the materials must be approved by the Buyer in advance. The Buyer shall be allowed to examine the prototype made based on the Buyer's specifications and verify its functionality. The specimen thus verified will be kept in duplicate by the parties as a reference parameter for any subsequent evaluation of the conformity of the supplied goods.

6.4 Pledge to respect confidentiality shall be upheld for an indefinite time, unless the facts and information become known, and is extended to the Vendor's collaborators, who shall, in any case, refrain from any use, including their own, unrelated to contractual activities.

6.5 However, the Parties acknowledge that the contractual relationship does not constitute a subcontracting relationship concerning the ownership of the relevant know-how.

7. INTELLECTUAL PROPERTY RIGHTS

All drawings, technical documents, confidential information, software and know-how regarding the commissioned Product and its production, provided by one Party to the other Party before or after the conclusion for the supply order remain the property of the Party that supplied them.

8. SHIPPING

8.1 The delivery terms are intended to refer to the ICC Incoterms 2020, stated in the order.

8.2 For supplies with delivery agreed "ex works", the Supplier must obligatorily use the transporters and/or carriers indicated in the order.

- a) For supplies with delivery agreed "free to destination", any loss of or damage to the material during transport is fully chargeable to the Supplier.
- b) Packing – The Supplier shall provide for adequate packing of the supplied materials according to best practices, such that the material is not damaged either during storage or during transport.
- c) The Purchaser is expressly exempted from carrying out conformity and integrity checks upon delivery, barring visual ones from close examination of the packing. In any case, goods are intended as always being accepted conditionally, subject to checking.

9. QUALITY AND CONTROLS

9.1 The Vendor shall implement and maintain production and control means and processes suited to make sure that the Product is reliable, of adequate quality and in conformity with the technical prescriptions provided by the Buyer.

9.2 Unless otherwise agreed in writing, the Vendor shall issue a certificate of qualitative conformity to declare and certify that the supplied Product was adequately tested and found to be suitable following such testing.

9.3 The Vendor shall inform the Buyer of technical innovations that could improve the quality and/or characteristics of the ordered Product and the technological innovations which could concern the quality and/or the features of the ordered Product.

9.4 During the production or preparatory activities of the supply, the Buyer may intervene to conduct audits with their quality control service. The positive outcome of the aforementioned checks will not, however, exempt the Vendor from responsibilities in the event of a non-conforming supply or from the obligation to adopt the changes and additions required by law for the product to comply with the applicable legal provisions, even giving notice.

10. FORCE MAJEURE

If one of the parties is unable to fulfil its obligations in relation to an accepted order, it shall immediately inform the other party, detailing the reasons for the impossibility.

By way of example, events of force majeure are understood to be:

- Exceptional natural disasters;
- Wars, civil wars, revolutions, insurrections and riots;
- Serious accidents to means of transport provided that they are not attributable to the party responsible for them;
- Measures issued by Authorities;
- National strikes, with the exclusion of those exclusively concerning the party unable to fulfil its obligations;
- Epidemics and pandemics;
- Shortages of raw materials and semi-finished products, internationally and/or worldwide.

Under events of force majeure, the party prevented from performing undertakes to do everything in its power to minimise the consequences of the occurrence of the event of force majeure and, in the case of the Seller, the latter undertakes to propose alternative solutions, materials and components that the Purchaser undertakes to examine in good faith.

The supply contract shall remain suspended for a period not exceeding twice the supply deadline, and at the expiry of the deadline either party may withdraw from the contract in writing without any consequences. In each individual order, the parties may agree different and specific terms, conditions and commitments for negotiation.

11. ACCEPTANCE OF GOODS

Without affecting what has been previously stated, goods are visually checked upon arrival at the Purchaser's warehouse or in places indicated by the Purchaser.

Any inconformity of the supply with respect to the order shall be rectified by the Supplier at his expense and as soon as possible.

Formal notice of inconformity, damage or defectiveness must be given in writing within 90 days of delivery, except in the case of hidden defects for which the aforesaid period runs from the date of discovery, provided that this is within 18 months of delivery.

12. WARRANTY

12.1 The Supplier guarantees that the supplied product is suitable for the use and conforms to the technical specifications of the ordered product. The Supplier also guarantees that the materials employed are free of defects or faults, even hidden ones, and that the manufacturing processes have been carried out to the highest standards and according to the most modern technologies, and that they are in compliance with current regulations.

12.2 The Vendor undertakes to replace defective material at their care and expense, even if supplied to third parties, upon simple request of the Buyer, who will also be entitled to full compensation for the damage incurred. The Vendor shall access the end customer for the replacement operations at their own expense and if the Vendor does not do so with the utmost promptness, the Buyer will step in and be entitled to charge the costs of the operation in addition to a penalty for non-performance equal to an amount corresponding to 5 times the supply price of the product with a minimum of €1.000,00. The respective amounts may be offset against any credits from the Vendor.

12.3 Any attempt by the Vendor to deny, limit or restrict such warranties shall be ineffective or unenforceable unless the Buyer has given their prior written consent.

12.4 The Supplier also guarantees having undersigned product tort liability insurance.

13. DEFECTIVE MATERIAL RECALL

The Supplier recognizes the Purchaser's right to recall defective material, even if incorporated by third parties in their products. The related expenses, of any type, shall be chargeable to the Supplier. The choice of substitution, repair or integral rejection of the supply lies with the Purchaser, also regarding items still possibly in the warehouse, with the withdrawal of the items chargeable to the Supplier without exception.

14. PRICES

The prices confirmed by the Supplier are fixed, all-inclusive and unchangeable.

15. FULL STIPULATION

15.1 The Purchase Order and the conditions of supply, which are sent by registered mail to the Vendor and which are expressly referred to on each Purchase Order sent by the Buyer, represent the complete agreement between the Parties and supersede any previous agreement regarding the subject matter of the supply.

15.2 Acceptance of the Purchase Order by the Vendor automatically cancels the Vendor's conditions of supply. All clauses contained in the Vendor's order confirmations and contrast with those provided for in the Buyer's "general supply conditions" are understood to be rejected and thus ineffective.

15.3 The Buyer reserves the right to make changes to the Purchase Order in writing, before it is processed, concerning quantity, place and date of delivery, method of shipment and packaging.

16. MISCELLANEA

16.1 All the rights and remedies of the Parties listed herein, or some thereof, shall be in addition to all other relevant statutory rights and remedies and deemed cumulative and not alternative to such statutory rights and remedies.

The present conditions of supply have been promptly notified to the Buyer, who has carefully and completely read them. They cancel and replace any other agreement, verbal or written, that may have been made between the Parties.

16.2 Any amendment to the clauses shall only be valid if made in writing. The practice shall not constitute a tacit amendment to the conditions laid down in the present contract.

16.3 The simple delivery or payment can in no case be considered as acceptance of the goods.

17. PATENTS

18.1 The Vendor shall indemnify and hold harmless the Buyer and their customers from and against any and all claims, lawsuits or demands made against the Buyer or their customers, relating to the use of patents used by the Seller in the manufacture of material and equipment under the purchase order and the process thereof. If the use of the material, equipment or process covered by the purchase order is prohibited, the Vendor shall either procure, at their expense, for Buyer the right to continue using the material, equipment and/or process covered by the purchase order or replace it with

equivalent non-infringing material or equipment or process, or take back such material or equipment and refund the purchase price to Buyer including the cost of transportation and installation.

18. EU COMMUNITY DIRECTIVES AND LAWS

It is compulsory for the Supplier to respect that provided for by the Directives issued by the EU and applicable to the supplies specified in the Purchase Order. Furthermore, the Supplier must fulfil, under his direct responsibility, all obligations provided for by Italian and EU law, where applicable, for the execution of the supply of materials and services.

19. ASSIGNMENT OF CREDIT

The assignment of credit, specific recovery orders or other systems of payment delegation is not allowed without the prior and express approval of the Purchaser.

20. APPLICABLE LAW

The applicable law is Italian law.

21. DISPUTES – ARBITRATION CLAUSE

Any dispute or controversy deriving from the execution and/or application of the supply order not been amicably resolved by the Parties shall be submitted exclusively to Italian jurisdiction and the competence of the Court of Novara.

Borgo Ticino, 27th April 2022

Fandis S.p.A.
Silvano Zilioli
C.E.O.

