

**General Terms and Conditions of Purchase**  
**Goods, Services, Manufacturing Activities**  
**Edition 2/2019**

**1. Purpose of these General Terms and Conditions**

- 1.1 AB Impianti S.r.l., AB Service S.r.l and/or the companies controlled by AB Holding S.p.A. which are part of the AB Group ('**AB**') pursue the objective of ensuring to their customers the best quality possible for their products and intend to select partners able to guarantee a reliable supply of goods and services as well as to implement efficiencies within the supply chain.
- 1.2. To this end, by accepting these general terms and conditions ('**GTCs**'), the supplier ('**Supplier**') agrees with the business values of AB and acknowledges that the GTCs shall apply to any supply of goods and services to AB.

**2. Definitions ed Interpretation**

- 2.1 If not otherwise indicated within these GTCs, the following terms shall have the meaning as set out below:

'**Contract**' means the Purchase Order and/or the separate agreement between the Supplier and AB, as integrated by these GTCs;

'**Force Majeure**' means an event or series of related events (e.g. natural catastrophe or cataclysm, civil disturbance, terrorism, mass contamination, political or financial crisis, embargo, suspension of import licenses) which fall beyond parties' control and materially as well as detrimentally affects parties' ability to fulfil their respective obligation under a Purchase Order. It is understood that lack of manpower and/or impossibility to enter into agreements with sub-suppliers and/or strikes not organised on a national basis are not considered as Force Majeure events;

'**Goods/s**' means raw materials, mechanical components, electrical components, accessories, tools, tooling, spare parts, machinery and anything else necessary for the manufacture of the AB's products, including the products resulting from the Manufacturing Activities;

'**IPR**' means all intellectual property rights, including without limitation, patents, utility models, trade and service marks, trade names, domain names, rights in design, copyrights, moral rights, topography rights, database, trade secrets and commercial and industrial know-how;

'**Manufacturing Activities**' means any activity and/or service necessary for the production process of AB performed by the Supplier on raw materials and/or semi-finished products provided by AB to the Supplier, including without limitation, washing, galvanisation, painting activities in compliance with the Manufacturing Specifications as from time to time indicate in each Purchase Order;

'**Manufacturing Specifications**' means the AB's technical requirements indicated in each Purchase Order and related to the performance of the Manufacturing Activities on the Materials, including without limitation, washing, galvanisation, painting activities.

'**Materials**' means raw materials and/or semi-finished products provided by AB to the Supplier for performing the Manufacturing Activities;

'**Purchase Order**' or '**PO**' means a written purchase order, including its annexes which are substantial part thereof, issued by AB to the Supplier according to these GTCs, containing the conditions applicable to the supply of Goods and/or Services and/or Manufacturing Activities (e.g. quantity, types and part number of the Goods, Technical Information, prices, rebates related to quantity, packaging requirements, delivery conditions, timing for performance of the activities, payment terms, place of performance of the Services, Manufacturing Specifications);

'**Services**' means the activities indicated in the Purchase Order including without limitation the performance of installation, start-up, commissioning, testing and check and/or warranty activities;

'**Technical Information**' means any kind of technical or technological information, models, drawings, designs and/or samples made available by AB to the Supplier for the design, testing, development, manufacture, supply of Goods and/or Services and/or Manufacturing Activities;

2.2 In these GTCs and for the purpose of any Contract, any reference to a Party and/or to the Parties is to be intended to AB and/or the Supplier which has accepted these GTCs according to the following article 4.1.

### **3. Scope of these GTCs**

3.1 These GTCs shall apply to any purchase of AB and have to be intended as fully referenced and as substantial part of any Purchase Order, order confirmation of the Supplier and/or separate agreement between the Supplier and AB, even if not expressly referenced therein.

3.2 In case of any conflict, discrepancy or inconsistency among these GTCs and the below documents, the following hierarchy shall apply

(i) Purchase Order;

(ii) GTCs;

(iii) Technical Information and/or Manufacturing Specifications, even if not annexed to the Purchase Order;

(iv) the other annexes to the Purchase Order;

(v) Supplier offer, if annexes or referenced into the Purchase Order.

3.3 By accepting these GTCs, the Supplier expressly waives its own supply or sale general terms and conditions, if existing, even if referenced into any supplier's order confirmation, any supplier's accounting document or in any other supplier's document, prior or following the acceptance of the Purchase Order and/or these GTCs.

3.4 By accepting these GTCs, the Supplier acknowledges and accepts that the GTCs shall apply to any POs issued by any company controlled by AB Holding S.p.A. and part of the AB Group, as company issuing the PO.

3.5 Attachment A 'Vendor Rating' is a substantial part of these GTCs.

### **4. Purchase Order and Acceptance**

4.1 The Purchase Order shall be binding on the Supplier at its receipt, if not rejected in writing within 3 days and in any case it shall be deemed as accepted in case of performance, even partial, by the Supplier of any activity provided for in the Purchase Order.

4.2 AB shall be bound to purchase from the Supplier only the Goods and/or Services and/or Manufacturing Activities which will be specifically set out in the Purchase Order.

4.3 The Purchase Order may be sent to the Supplier in electronic form by e-mail to the address of the Supplier indicated in the offer or to another address agreed in writing between the Parties. The Parties waive any and all exceptions as to the validity and enforceability of any Purchase Order based on electronic transmission.

### **5. Modifications to Purchase Order**

5.1 AB is entitled at any time to request modifications to the Goods and/or Services and/or Manufacturing Activities set out in the Purchase Order already issued pursuant to Article 4 above, including but not limited to changes to specifications, drawings, delivery date and place, packaging, quality, quantity and means of transport.

5.2 If a change required under Article 5.1 above results in an increase or decrease in Supplier's costs and/or a potential delay in delivery, the Supplier shall promptly notify AB and the parties shall agree in writing on the terms and conditions under which to make the required changes.

5.3 AB is also entitled to cancel the Purchase Order for any reason by simple written notice to the Supplier within 48 (forty-eight) hours of acceptance of the Purchase Order by the Supplier pursuant to Article 4 above, without any liability whatsoever of AB towards the Supplier for such cancellation.

### **6. Manufacturing Activities**

6.1 If under the Purchase Order the Supplier carries out Manufacturing Activities in AB's favour, the following additional provisions shall apply, it being understood that the other provisions of the GTCs shall remain in full force and effect, provided that they do not conflict with this Article 6.

6.2 AB will deliver the Materials at its own care and expense to the Supplier's premises specified in the Purchase Order so that the Supplier performs to the required Manufacturing Activities in accordance with the Purchase Order and the Manufacturing Specifications.

6.3 Upon receipt of the Materials and prior to the performance of Manufacturing Activities, the Supplier shall be

obliged to inspect the Materials and inform AB of any defects found by visual inspection.

- 6.4 In the event of non-conformity and/or rejection of the Goods which may result from the Manufacturing Activities, unless the Supplier proves that such non-conformity is attributable to AB in accordance with Article 6.3 above, the Supplier shall compensate AB for the value of the Materials, and nothing shall be payable for the Manufacturing Activities which resulted in non-conformity and/or rejection of the Goods.
- 6.5 Upon receipt of the Materials, the Supplier shall be responsible for their safekeeping, ensuring that the Materials (i) are not damaged and/or deteriorated (ii) are stored completely separately from other goods/products (iii) are clearly marked as the sole property of AB.
- 6.6 Unless otherwise stated in the Purchase Order, the Goods shall be delivered EXW (Incoterms 2020) at the address of the Supplier's premises and within the timeframe set out in the Purchase Order, provided that the Supplier shall also return to AB non-conforming Goods and/or Materials and/or scraps properly identified as such. Until delivery to AB, Supplier shall ensure that the non-conforming Goods and/or Materials and/or scraps properly identified as such (i) are not damaged and/or deteriorated (ii) are stored completely separately from other goods/products (iii) are clearly marked as the sole property of AB.
- 6.7 AB reserves the right, upon prior appropriate written notice, to make an inventory of the Materials and Goods at the Supplier's premises, provided that the Supplier shall be fully responsible for the storage of such Materials and Goods until collected back by AB.

## **7. Delivery**

- 7.1 The Goods shall be properly and accurately packaged in accordance with the best quality standards, taking into account the nature of the goods being shipped and the means of transport used, and in such a way as to allow easy unloading and in compliance with the safety requirements.
- 7.2 Unless otherwise communicated by AB, the Goods shall be delivered DDP ('Delivered Duty Paid' - Incoterms 2020) and unloaded at the AB plant, Via Agnelli 9, Orzinuovi (BS), Italy.
- 7.3 AB reserves the right to refuse, at the Supplier's expense, supplies delivered earlier than the delivery date indicated on the Purchase Order.
- 7.4 The Supplier shall promptly inform AB in the event of circumstances that may cause a delay in delivery. In the event of late delivery, AB shall have the right to:
  - i. require delivery, in whole or in part, of the Goods and apply a penalty of 0.5% of the price of the undelivered Goods for each day of delay, without prejudice to further damage; and/or
  - ii. cancel the Purchase Order with immediate effect by written notice to the Supplier, without any liability of AB for such cancellation; and/or
  - iii. obtain the Goods from third parties, at Supplier's costs.

The above remedies are without prejudice to any other rights AB may have against the Supplier in the event of late delivery under these GTCs or under applicable law.

- 7.5 If, at the time of delivery, it is found out that the quantity of Goods delivered does not correspond to the quantity indicated in the Purchase Order, AB shall be entitled to:
  - i. accept excess Goods and reserve the right to change the quantity of subsequent deliveries accordingly;
  - ii. reject excess Goods and return them at Supplier's expense;
  - iii. require immediate delivery of the missing Goods at Supplier's expense, including, if necessary, by special express delivery.

The above remedies are without prejudice to any other rights AB may have against the Supplier for damages suffered as a result of or in connection with the difference in quantity of Goods delivered.

- 7.6 The transfer of ownership of the Goods to AB shall occur at the time of delivery, except for Goods which AB reserves the right to return to the Supplier under these GTCs.

## **8. Consignment Stock**

- 8.1 AB reserves the right to request the Supplier to apply the consignment stock scheme to the supply of Goods and

the Supplier undertakes to make all necessary efforts to meet such request. The consignment stock conditions shall be negotiated from time to time between the Parties in a separate agreement, including, inter alia, that the transfer of ownership of the Goods to AB shall occur upon withdrawal.

#### **9. Services, Installation and Commissioning Activities, Manuals**

- 9.1 If provided for in the Purchase Order, the Supplier shall be at the place specified by AB in the Purchase Order ('Site') for the performance of the Services, including, in the case, installation and/or commissioning of the Goods, in accordance with the timing and requirements set out in the Purchase Order. In the event of delay in the performance of the Services with respect to the timing agreed in the Purchase Order, AB reserves the right to apply a penalty equal to 0.5% of the price for each day of delay in performance of the Services, without prejudice to any further damage. Unless otherwise agreed, the Supplier shall carry out and complete the Services during a single visit to the Site and, if more than one day is necessary, on more than one consecutive day, subject to prior agreement with AB.
- 9.2 The Supplier shall deliver the use and maintenance manuals for the Goods no later than the date of delivery of the Goods on Site or at AB's premises. The use and maintenance manuals will be delivered in the language indicated in the Purchase Order, and in any case, also in English, in digital format, unless otherwise indicated in the Purchase Order or unless otherwise provided for by applicable law.
- 9.3 The Supplier shall, upon delivery of the Goods, also deliver to AB the certificates required in the Purchase Order, in the language indicated therein and, in any case, also in English, in digital format, unless otherwise indicated in the Purchase Order or unless otherwise provided for by applicable law.

#### **10. Price, Invoice, Delivery Notes, Payment**

- 10.1 The prices indicated in the Purchase Order for all types of Goods and/or Services and/or Manufacturing Activities are fixed and final, exclusive of VAT. Prices include any cost for the packaging, loading, transport, insurance and/or stowage of the Goods, for the delivery of technical documentation, certificates and manuals for the use and maintenance of the Goods and of single components of the Goods, as well as for the performance of Services and/or Manufacturing Activities, labour, for any food, lodging and travel and for training in the use of the Goods.
- 10.2 Prices shall not be subject to variations or adjustments deriving from variations in the costs of raw materials and/or labour, from fluctuations in exchange rates or monetary depreciation or for any other reason unless otherwise agreed in writing between the Parties.
- 10.3 Invoices shall indicate the correct VAT rates and specify all information and data of the Supplier, including the VAT number. The Goods shall be accompanied by the relevant transport document duly completed and which shall also indicate the weight of the Goods, with and without packaging.
- 10.4 Payments shall be made in accordance with the terms set out in the Purchase Order. AB is hereby authorised to set-off any amount due by the Supplier to AB for any reason whatsoever.
- 10.5 Payment of the invoice does not imply waiver by AB of any claims for defects and/or non-conformity of the Goods supplied and/or the Services and/or Manufacturing Activities performed.
- 10.6 AB's remedies in the event of a serious breach of the provisions of Articles 4, 5, 6, 7, 8 and 9 include suspension of payment until the breach has been remedied. If AB exercises this right, it shall not be liable to the Supplier for any damage whatsoever, nor shall be charged against AB any interest on late payment arrears arising from suspended payments. This provision is in addition to any other remedies available to AB under these GTCs and/or applicable law.

#### **11. Custom, Origin and Export Control**

- 11.1 The Supplier shall notify AB in writing of the materials or components used in the manufacture of any Goods which the Supplier purchases in a country other than that in which such Goods are delivered to AB and of any duties included in the price of such Goods. The Supplier shall provide AB with all documents and information necessary to establish/identify the country of origin and shall comply with the requirements on the rules of origin of the country of destination.
- 11.2 Rights to any duty drawback and export credits, and to the benefits thereof to the extent permitted, shall



automatically be transferred to AB and become its sole property. The Supplier shall provide assistance in obtaining refunds or refunds of duties, taxes or charges paid and in receiving export credits.

11.3 The customs duties and fees of the customs broker shall be borne exclusively by the Supplier.

11.4 The Supplier shall provide AB with all necessary assistance to determine eligibility, timely release, customs clearance and issue of the import customs bill, licensing requirements and minimum import duties for the Goods in the country of destination, being these under AB's responsibility. If an import/export licence for the Goods is required, the Supplier shall assist AB in obtaining such licence.

## 12. Force Majeure

12.1 In the event of Force Majeure, the Party affected shall immediately inform the other Party describing the cause and impacts on the fulfilment of its obligations.

12.2 The Parties shall meet within 7 days of receipt of the notice referred to in Article 12.1 to agree on any amendment to the Purchase Order which may be necessary or appropriate in order to deal with the consequences of the Force Majeure event.

12.3 If no agreement is reached within 30 days of receipt of the notice referred to in article 12.1 or if the event lasts longer than 30 days, either Party may withdraw from the Contract by giving written notice to the other Party.

## 13. Warranty

13.1 The Supplier warrants that the Goods supplied:

- i. comply with all laws and regulations in force in the countries in which they will be used;
- ii. are free from defects, are fully functional and meet AB's specifications, drawings, descriptions, designs, including Technical Information and Manufacturing Specifications; and
- iii. are suitable and suitable for the use for which they are supplied.

13.2 The Supplier warrants that the Services provided are performed with the utmost care and professionalism, according to the highest quality standards, in full compliance with the provisions and regulations in force within the place of performance of the Services, indicated in the Purchase Order.

13.3 The warranty shall remain in force until the expiry of the term of 24 months from the delivery of the Goods or from the date on which the performance of the Services is completed. In the case of an Good subject to commissioning activity, the warranty shall last 24 months from the date on which the commissioning activity of the Good is completed.

13.4 At any time during the warranty period, if there are non-compliant Goods within the meaning of Article 13.1 above ('**Defective Goods**') and/or non-compliant Services within the meaning of Article 13.2 above ('**Non-Conforming Services**'), AB (in addition to the rights set out in Article 14 below) may, at the Supplier's expense:

- i. carry out, even by entrusting third parties, any quality control, testing of the Goods; and/or
- ii. at its discretion, refuse or require the immediate replacement of the Defective Goods or, if the Parties have agreed on a margin of tolerance and the margin of tolerance is exceeded, and if necessary refuse or require the replacement of the entire batch referred to in the Purchase Order of which the Defective Goods are part; and/or
- iii. in the case of Non-Conforming Services, request immediate intervention by the Supplier for the re-performance of the Services until the defect is fixed. In case of lack of intervention by the Supplier within 24 hours as of the request, AB may perform on its own or by entrusting third parties, charging costs and expenses to the Supplier, without prejudice to the warranty obligation in favour of AB; and/or
- iv. recover Defective Goods through additional work if the Supplier is unable to perform immediate replacement.

13.5 AB will report defects in the Goods and Services within 60 days from detection.

13.6 The Supplier shall take care of the request referred to in this article 13, at the site if necessary, within 24 hours as of receipt of AB's written request, bearing the costs of repair, replacement and labour, food, travel and lodging of the technicians involved as well as the costs of transport, storage, customs clearance. Without prejudice to the above, in the event of delay, AB will apply a penalty equal to 0.5% of the price indicated in the Purchase Order for each day of delay, without prejudice to further damage.

13.7 By accepting the Purchase Order in accordance with these GTCs, without any cost, expense or charge to AB and in any case without prejudice to this warranty obligation in favour of AB, the Supplier hereby gives its consent in favour of AB to the partial assignment of the rights of intervention under this warranty obligation to the company AB Service S.r.l. or to other subsidiaries of AB Holding S.p.A. that are part of the AB Group ('AB').

#### **14. Indemnity and Insurance**

14.1 Supplier undertakes to indemnify and hold AB harmless, on demand, (i) against any and all liabilities, losses, damages, expenses (including without limitation legal and expert fees) and other costs incurred in connection with any breach or non-compliance of the Purchase Order by Supplier; and (ii) for any claim arising out of injury or death of any person and damage to or loss of any goods caused by Defective Goods and/or Services and/or Manufacturing Activities which are not in compliance or otherwise arising out of any act, omission or negligent activity of the Supplier (or any person acting on its behalf), as well as any loss, cost, damage, for failure to comply with applicable ISO and environmental regulations.

14.2 In addition to the indemnification and compensation obligations set out in Clause 14.1 above, the Supplier shall cooperate with AB in implementing any action AB may reasonably take in relation to any claim received from AB's customers for alleged breaches of building and environmental law.

14.3 As a condition for the issuance of the Purchase Order and, in any case, for the payment of the amount due under the Purchase Order, the Supplier undertakes to provide AB with a copy of the insurance policy certificate with a leading insurance company, which shall include Third Party Liability Policy, Third Party Liability Policy for Workers and Product Liability Policy with appropriate limits and/or in accordance with the Purchase Order. In the case of continuous and serial supplies and, in any case, on simple request of AB, the Supplier undertakes to deliver a certificate of existence of insurance coverage and payment of renewal fees. It is understood that the coverage under the insurance policies is not intended to limit the liabilities and obligations of the Supplier arising from the Contract.

14.4 AB reserves the right to request from the Supplier any additional insurance cover, including transport liability insurance, in addition to that provided for in this Article.

#### **15. Technical Information and IPR**

15.1 The Technical Information and/or Manufacturing Specifications and all materials and information of any kind provided by AB to the Supplier are and shall remain the sole property of AB and may be used by the Supplier solely to produce the Goods and/or perform the Services and/or Manufacturing Activities towards AB under the Purchase Order.

15.2 The Supplier undertakes to:

- i. keep the Technical Information and/or Manufacturing Specifications confidential in accordance with Clause 18 below and return them immediately to AB upon request;
- ii. not reproduce or have reproduced by any third party in whole or in part the Technical Information and/or the Manufacturing Specifications except to the extent expressly authorised by AB; and
- iii. not use any Technical Information and/or Manufacturing Specifications and/or other information based, in whole or in part, on Technical Information and/or Manufacturing Specifications for manufacturing goods other than Goods and/or perform services and/or activities other than Services and/or Manufacturing Activities.

15.3 Prior to the performance of the Contract, the Supplier shall notify AB in writing if specific Goods and/or Services and/or Manufacturing Activities are covered by the Supplier's IPR and, if so, to which IPR they are subject, provided that failure to do so shall constitute a waiver of the relevant IPR against AB.

15.4 The Supplier warrants that the manufacture, use and sale of the Goods and/or the performance of the Services and/or Manufacturing Activities shall not in any way infringe applicable laws and regulations or the IPR of any third party. The Supplier shall bear the cost of any third party claims and shall indemnify and hold AB harmless from any such claims or any other action that may be taken by any third party against AB.

#### **16. Use of AB's company names and trademarks and Publications**

16.1 No Party shall use any name, logo, company name or sign, trade or service mark or other name without the prior written consent of the Party that owns or controls such company name or sign or trade mark or other name.

16.2 Without AB's prior written consent, the Supplier shall not disclose to any third party in any manner (including marketing or other media) that it has entered into a contract with AB or it has supplied Goods and/or Services and/or Manufacturing Activities to AB, unless required to do so by applicable law or regulation.

#### **17. Withdrawal and Termination**

17.1 AB shall have the right to unilaterally withdraw from the Contract at any time and for any reason upon written notice to the Supplier with 60 days' notice and no amount of any kind shall be paid to the Supplier for any reason, except for the consideration already due at the date of withdrawal. The Supplier waives any right of unilateral withdrawal from the Contract.

17.2 Without prejudice to any other provision of these GTCs and all remedies under applicable law, AB shall have the right to cancel the Purchase Order and/or to terminate the separate contract entered into with the Supplier with immediate effect upon receipt by the Supplier of the relevant written notice, if the Supplier has breached its obligations under any of the following articles: 4, 5, 7, 9, 10, 13, 14, 15, 16, 18, 19 and 20. Such termination shall not affect a Party's liability for obligations arising prior to the date of termination.

17.3 If AB is in material breach of an obligation under the Contract, unless such breach is due to the Supplier's non-fulfilment, even if partial, the Supplier may request AB to cure the breach within the period specified in the notice, which in any event shall not be shorter than sixty days. If AB fails to perform its obligations under the Contract, the Supplier shall in case be liable for the proper fulfilment of its obligations under the Contract.

#### **18. Confidentiality**

18.1 The Supplier shall not disclose or otherwise make available to third parties any information, including Technical Information and/or Manufacturing Specifications, which the Supplier has acquired or to which it otherwise has access as a result of or in connection with the Purchase Order.

18.2 The confidentiality obligations set out in this clause shall continue in force for a period of 10 years after the termination of any supply relationship with AB for any reason whatsoever.

18.3 Any communication to third parties regarding the existence and content of these GTCs through any means of communication must be agreed in advance between the Parties in writing.

18.4 Upon termination of the contractual relationship, the Supplier shall immediately return to AB any document delivered to it.

#### **19. Personnel, Wage, Tax and Welfare**

19.1 The Supplier in any case guarantees that the personnel working for the supply of the Goods and/or for the performance of the Services and/or of the Manufacturing Activities has a regulatory and wage conditions not lower than the minimum mandatory wage conditions applicable to the industry of reference.

19.2 The Supplier guarantees that the personnel, in accordance with applicable law, shall be duly trained, technically and professionally capable it being prohibited, even on a temporary and/or occasional basis, to use personnel which does not have the necessary authorisations, permits issued by the Public Safety Department, the Territorial Labour Office, the Municipal Offices that may be necessary also in compliance with the applicable legislation on health, safety and the environment. In the case of use of non-EU personnel, the Supplier is required to verify the existence of a valid residence permit for valid work reasons.

19.3 The Supplier's personnel and/or subcontractors shall be under the sole control, management and liability of the Supplier and shall not be deemed as connected to AB by an employment relationship whatsoever.

19.4 The Supplier guarantees to duly and timely comply, towards all its personnel used for the supply of Goods and/or the performance of the Services and/or of the Manufacturing Activities, with employment legislation related to wage, pension, welfare and insurance coverage. The Supplier also guarantees the full compliance with all tax, insurance and social security obligations relating to personnel as well as the compliance with the provisions relating to social security, insurance and any other contributions in force or that may be adopted during the performance of the Purchase Order and, in any case, the Supplier guarantees the existence of all registrations, authorisations provided for by current legislation, including those relating to the particular nature of the activity and to each employees and/or subcontractors.

19.5 The Supplier shall indemnify and keep AB harmless against any cost or consequence the latter may incur in

case of any claim made by Supplier's personnel and/or subcontractor or employment agencies of pension authorities in relation to any activity performed by the Supplier in favour of AB up to two years after the termination of the Contract. For this purpose, in addition to any other provision under these GTCs, also by way of exception to art. 29 of the Legislative Decree no. 276/2003, the Supplier shall exonerate AB from the obligation of solidarity pursuant to this legislation governing the Supplier's wage and pension obligations towards its personnel and subcontractors working on the activities under the PO. Therefore, throughout the duration of the Contract and for two years following its expiration, the Supplier shall indemnify and hold AB harmless against any action or claim related to the alleged existence of any employment relationship whatsoever with AB, including actions according to art. 20 Legislative Decree no 276/2003. Such indemnity obligations might be fulfilled, if they arise when the Contract is in force, by offsetting against any consideration due to the Supplier by AB.

- 19.6 The Supplier shall exhibit, at AB's request, the registration and payroll books, the workplace accidents record, as well as the Supplier shall provide appropriate documentation (including a valid DURC) also by means of self-certification, certifying duly payments to social security and tax authorities pursuant to Art. 13-ter of Legislative Decree no. 83 of 22 June 2012 and subsequent amendments and additions. Failure to provide the above certifications, before the due date of the invoice for the month of reference, shall entitle AB to suspend payment of the invoices due until the above certifications are provided.
- 19.7 The Supplier shall comply with all workplace safety regulations, including the provisions of Legislative Decree 81/2008, as well as any internal regulations of AB's customers, of which AB will give a copy to the Supplier where necessary. AB reserves the right at any time to request from the Supplier a copy of the documentation proving the compliance with the obligations under this Article 19.7 and the Supplier undertakes to provide such
- 19.8 AB shall provide the Supplier with all information necessary to promote effective cooperation in the management of any interference that may arise between the activities carried out by AB, the activities carried out by the Supplier and those carried out by third parties, including by AB's customer.
- 19.9 AB reserves the right to immediately suspend the performance of any activity by the Supplier if AB, at its sole discretion, deems that the Supplier is in breach of any of its safety obligations under Article 19.7 as well as the Supplier does not deliver the full documentation within the term under Article 19.7.

## **20. Processing of personal data**

- 20.1 The Supplier and AB declare and warrant to apply and comply with the provisions of Legislative Decree 196/2003 and EU Regulation 2016/679 and subsequent modifications and integrations related to protection of Personal Data.
- 20.2 For the purpose of these GTCs, the Supplier and AB accept and acknowledge to act as independent data controller in relation to the personal data they process throughout the performance of the Contract.
- 20.3 With reference to the processing of personal data of Supplier's personnel carried out by AB, the Supplier shall inform its own personnel that (a) personal data of Supplier's personnel, received by AB, shall be processed by AB in order to allow AB to fulfil the obligations under the Contract (b) data subjects may exercise their rights to access, rectify and cancel their personal data, by writing an e-mail to [privacy@gruppoab.it](mailto:privacy@gruppoab.it) and/or lodging a complaint before the competent authority.
- 20.4 Additional and specific information about personal data protection and AB's processing are contained in the notice provided to the Supplier and available at <https://www.gruppoab.com/it/corporate/informativa-sulla-privacy/>.
- 20.5 Each Party shall promptly cooperate with the other, by providing from time to time all necessary information and support to enable the fulfilment of duties under applicable data protection legislation. In particular, for any data breach of which the Supplier becomes aware and which may result in "accidentally or unlawfully in the destruction, loss, alteration, unauthorised disclosure or access to personal data transmitted, stored or otherwise processed", the Supplier shall inform AB in writing, promptly and in any event no later than 8 (eight) hours of in order to enable AB to verify the need to notify the data breach to the supervisory authority within the statutory period (72 hours after becoming aware of the data breach) and, where appropriate, to the data subjects concerned, within 72 hours as of becoming aware of the data breach.



## **21. Compliance – Legislative Decree no. 231/2001**

- 21.1 The Supplier shall (i) be responsible for the obtainment, payment and maintenance in force all licences, authorisations, permits and approvals issued by any authority which are or may be necessary for its business activities (ii) comply with all laws and regulations, including technical rule of the related business sector, in force in relation to its business activities.
- 21.2 AB, in compliance with Legislative Decree 231/2001 on administrative liability of companies connected to criminal offences, has adopted an Organisation, Management and Control Model and a Code of Ethics, which can be available on the website [www.gruppoab.it](http://www.gruppoab.it) in the section Corporate->Company->Profile->MOG23. By accepting the Purchase Order, the Supplier undertakes to carry out its business activity in order to not breach the provisions of Legislative Decree 231/2001 and accepts that if interlocutory measures or sanctions under the aforementioned decree are imposed on the Supplier, AB shall be entitled to terminate the Contract immediately.
- 21.3 AB intends to cooperate and engage business relationships only with Suppliers whose conduct is inspired by similar principles as those under its Code of Ethics. The Supplier hereby declares that it is aware of the contents of the AB's Code of Ethics and undertakes to refrain from taking any action that may result in a violation of the Code of Ethics as well as of any public or private anti-bribery law, including including the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and any respective implementing law.
- 21.4 Without prejudice and in addition to what provided under Article 17 above or under other clauses of these GTCs, AB shall be entitled to withdraw with immediate effect from the Contract or from the separate agreement with the Supplier if the Supplier is charged with any criminal offence related to its business activity. Such withdrawal shall not affect any Party's obligation before such withdrawal date.
- 21.5 AB may request the Supplier from time to time to certify in writing its compliance with what above.

## **22. Quality and Environment**

- 22.1 Before the delivery, where provided for in the specific Purchase Order, the Supplier shall carry out all necessary tests in order to verify the conformity of the Goods with the defined technical specifications and applicable laws and regulations.
- 22.2 Without prejudice to the Supplier's exclusive responsibility, AB may carry out any control, even through entrusted third parties, at any time and place with regard to the supply of the Goods and/or the performance of Services and/or Manufacturing Activities. The Supplier undertakes to provide AB with all the assistance necessary to carry out the aforesaid controls.
- 22.3 The Supplier shall use all resources and facilities necessary for the manufacture of the Goods (including materials, energy and water) efficiently and in such a way as to minimise the environmental impact arising from its own manufacturing process, in particular with reference to waste, waste water, air pollution and noise. In the event that, for fulfilling its obligations under the Purchase Order, the Supplier has to supply or use chemicals of any kind, the Supplier shall promptly inform AB in writing and provide an updated copy of the product safety data sheet prior to any supply or use. The delivery of such data sheets and their acceptance by AB is an essential condition for the performance of the activities referred to in the Purchase Order.
- 22.4 AB actively promotes an environmentally friendly, socially aware and sustainable workplace and requires the Supplier to abide by the same standards and principles. In particular, AB and the Supplier shall always endeavour to be inspired by the Universal Declaration of Human Rights, the ILO Tripartite Declaration on Principles concerning Multinational Enterprises and Social Policy, and the OECD Guidelines for Multinational Enterprises

## **23. Supplier's Assessment (Vendor Rating)**

- 23.1 Without prejudice to the provisions of Article 13 above, the Supplier acknowledges that AB has adopted a Vendor Rating system to measure the quality, reliability and continuous improvement of suppliers with a view to establishing and implementing a clear and collaborative supply relationship.
- 23.2 To this end, Attachment A to these GTCs defines such methods and timing of evaluation and calculation of the so-called Vendor Rating Index ('VRI').

23.3 If during the assessment period specified in Attachment A according to the calculated IVR the Supplier is "qualified with reservations" or "not qualified", the Supplier undertakes to submit to AB a plan of action for improvement within 30 days from the communication of the VRI by AB.

23.4 If for two consecutive assessment periods, according to the calculated IVR, the Supplier is "qualified with reservations" or "not qualified", AB shall be entitled to terminate the Contract in accordance with Article 17.2 above.

#### **24. Miscellanea**

24.1 Upon notice to the Supplier, AB may access and copy all information, books, documents, payroll data, receipts, correspondence and other electronic and non-electronic documentation of the Supplier relating to the supply of Goods and/or Services and/or Manufacturing Activities for the purpose of monitoring or verifying the Supplier's performance of and compliance with the terms of the Contract. The Supplier shall be obliged to keep such information and documents for a period of not shorter than 10 years.

24.2 The Supplier undertakes to ensure, to the extent possible, that any subsidiary or parent company, its employees, agents and other representatives, as well as its own suppliers and subcontractors, comply with the obligations and constraints set out in these GTCs.

24.3 Any waiver or amendment to these GTCs shall only be valid if agreed in writing by means of the so-called 'Amendment to the GTCs', signed by both Parties.

24.4 The Contract, including any claims arising therefrom, may not be assigned, in whole or in part, or otherwise transferred by the Supplier to a third party, without the prior written consent of AB.

24.5 The Supplier may not subcontract in whole or in part the performance of the Contract and/or any other activity covered by the Purchase Order unless it is expressly authorised in writing by AB. In the event of an authorised subcontract, the Supplier shall in any event remain jointly and severally liable with the subcontractor vis-à-vis AB.

#### **25. Applicable Law and Jurisdiction**

25.1 The Contract shall be governed by and construed in accordance with Italian law. The Parties expressly exclude the application of the United Nations Conventions on Contracts for the international sale of goods.

25.2 Any dispute arising under or in connection with the Contract shall be finally settled by the Court of Milan as sole venue.

#### Supplier's signature and stamp

Date: \_\_\_\_\_

Pursuant to articles 1341 and 1342 of the Italian Civil Code, the Supplier hereby specifically approve the following provisions of these GTCs: 3.3 (waiver of the Supplier's general conditions); 4.1 (binding effect of the Purchase Order); 5.1 (changes to the Purchase Order); 5.3 (cancellation of the Purchase Order); 6.3 (verification of the Materials); 7.4 (ii) (cancellation of the Purchase Order); 8 (application of the Consignment Stock); 10.4 and 19.5 (right of set-off of AB); 10.6 (suspension of payment); 12 (withdrawal for Force Majeure); 13.4 (iii) and 13.7 (repair of defects by third parties or AB); 15.3 (waiver of IPR not communicated); 17.1 and 21.4 (waiver of the right of withdrawal of the Supplier and withdrawal right of AB); 17.2 and 23.4 (termination); 17.3 (default of AB and waiver of the claim of breach of the Supplier); 19.9 (suspension of the Contract); 24.4 (prohibition of assignment of contract; prohibition of assignment of receivables); 25.2 (place of jurisdiction).

#### Supplier's signature and stamp

Date: \_\_\_\_\_

**ATTACHMENT A – VENDOR RATING**

**SUPPLIERS OF GOODS**

For the Suppliers of Goods the actual evaluation will be based on an objective mathematical calculation which will measure the following parameters.

Two cases have been identified based on product categories that differ in the assessment method used:

- **Case 1:** product categories for which **documentation must be received** for the correct use of the product - these will be evaluated on the basis of all three parameters (Quality, Service, Documentation)
- **Case 2:** product categories for which **documentation does not have to be received** for the correct use of the product - these will be evaluated only on the basis of the first two parameters (Quality and Service)

**A. QUALITY PARAMETER:** ratio between incidences of non-compliance (NC) and the total number of transport documents:

$$[NC / N^{\circ}TD]$$

QUALITY PARAMETER (case 1)			QUALITY PARAMETER (case 2)		
MAX	MIN	SCORE	MAX	MIN	SCORE
1	0,55	0	1	0,55	0
0,55	0,45	5	0,55	0,45	5
0,45	0,35	10	0,45	0,35	10
0,35	0,3	15	0,35	0,3	20
0,3	0,25	20	0,3	0,25	30
0,25	0,2	25	0,25	0,2	35
0,2	0,15	30	0,2	0,15	45
0,15	0,1	35	0,15	0,1	55
0,1	0,05	40	0,1	0,05	60
0,05	0	45	0,05	0	65

**B. SERVICE PARAMETER:** evaluation of the difference between the expected date and the actual date of delivery (n° of days' difference relating to deliveries made)

$$[\Sigma(|promised\ delivery\ date - actual\ delivery\ date|) / N^{\circ}\ lines\ of\ late\ orders] / N^{\circ}TD]$$

SERVICE PARAMETER (case 1 and 2)		
MAX	MIN	SCORE
> 0,20	0,20	0
0,20	0,15	5
0,15	0,10	10
0,10	0,05	15
0,05	0,02	20
0,02	0,01	25
0,01	0,005	30
0,005	< 0,005	35

**C. DOCUMENTATION PARAMETER:** evaluation of the difference between certificates requested and certificates actually received

$$[(N^{\circ}\text{Certificates}/ \text{total requested certificates} + N^{\circ}\text{Manuals}/\text{total requested manuals})/2]$$

<b>DOCUMENTATION PARAMETER (case 1)</b>		
<b>MAX</b>	<b>MIN</b>	<b>SCORE</b>
1	0,90	20
0,90	0,75	18
0,75	0,60	15
0,60	0,45	12
0,45	0,30	9
0,30	0,15	6
0,15	0,05	3
0,05	0,01	0

For each supplier the numerical evaluation is the sum of the scores of the 3 above parameters (from 0 to 100) and the overall final qualification rating will be structured as follows:

- **QUALIFIED:** Supplier that has achieved a score of at least 55/100. A commercial relationship may continue to be maintained with this supplier as usual, without any mandatory measures.
- **QUALIFIED WITH RESERVATIONS:** Supplier that has achieved a score from 35/100 to 55/100. A commercial relationship may continue to be maintained with this supplier, while carefully monitoring its performance. An Audit may also be carried out, the result of which must be positive, following which observations - shared with the supplier - must be highlighted to use as a starting point for future improvement and to be verified during the following year's supplier evaluation stage.
- **NOT QUALIFIED:** Supplier that has achieved a score lower than 35/100 and with which commercial relationships must be suspended, at least temporarily. The supplier must nonetheless be re-contacted by the relevant Purchasing Department to assess possible solutions for improvement aimed at enabling it to comply once more with the qualification standards.

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In all cases a further, more in-depth evaluation can be performed by the departments responsible, if they think necessary, through data analyses or inspections at the suppliers' own premises.



**SUPPLIERS OF SERVICES**

The evaluation will be based on a mathematical calculation to measure the following 3 parameters:

**A. Conditions of supply**

This parameter depends on the ability of the supplier to meet all the requisites explicitly stated in these GTCs or in the purchase order issued or in the signed framework agreement. It also refers to its speed and precision in delivering the required documentation and its compliance with the agreed rules and organizational procedures. Scores must be awarded as described in the following table:

<b>CONDITIONS OF SUPPLY</b>	
<b>PARAMETER</b>	<b>SCORE</b>
Punctuality and precision in delivery of the required documentation, scrupulous compliance with the Safety and Environmental regulations and the agreed organizational procedures	5
Good punctuality in delivery of the required documentation, compliance with the Safety and Environmental regulations and the agreed organizational procedures	4
Fair punctuality in delivery of the required documentation. Need for monitoring of compliance with the Safety and Environmental regulations and the agreed organizational procedures	3
Poor punctuality in delivery of the required documentation. Need for frequent monitoring of compliance with the Safety and Environmental regulations.	2
Constant lateness in delivery of the required documentation. The supplier needs constant monitoring, does not guarantee compliance with the minimum Safety and Environmental requisites.	1

**B. Quality of service**

This parameter is made up of different aspects: compliance of the service provided with the required quality standard, punctuality in delivery and/or ways of carrying out the work, flexibility to variations in the schedule, receipt of warnings or notifications of non-conformity. Scores must be awarded as described in the following table:

<b>QUALITY OF SERVICE/SAFETY IN WORK</b>	
<b>PARAMETER</b>	<b>SCORE</b>
Excellent compliance with the required quality standard, excellent punctuality in delivery and/or in performance of the services, maximum openness to variations in the schedule. Maximum collaboration and cooperation. No warnings received.	5
Good compliance with the required quality standard, good punctuality in delivery and/or in performance of the services, good openness to variations in the schedule, good collaboration and cooperation. Sporadic warnings received.	4
Fair compliance with the required quality standard, fair punctuality in delivery and/or in performance of the services and openness to variations in the schedule, passable collaboration and cooperation but with room for improvement. Occasional warnings received	3
Sufficient compliance with the required quality standard, sufficient punctuality in delivery and/or in performance of the services, sufficient openness to variations in the schedule, sufficient collaboration and cooperation, the contractor requires periodic monitoring. Frequent warnings received.	2
Poor compliance with the required quality standard, poor punctuality in delivery and/or in performance of the services openness to variations in the schedule, inadequate collaboration and cooperation, frequent lateness in delivery and numerous warnings received.	1

**C. Technical support**

Technical support means the ability shown by the supplier to develop its service using independent Know-How in such a way as to meet the needs of AB companies. This parameter also includes characteristics such as speed in replacing faulty supplies and/or work, since the service guaranteed by the supplier in terms of technical assistance and Environmental and Safety management during the activity or following warnings/suggestions for improvement is crucial. Scores must be awarded as described in the following table:

<b>TECHNICAL SUPPORT</b>	
<b>PARAMETER</b>	<b>SCORE</b>
Immediate and positive action to resolve warnings received.	5
Swift and positive action in resolving warnings received	4
Fair rapidity in resolving warnings received, implementing acceptable solutions.	3
Slowness of action in resolving warnings received in an acceptable way.	2
Unacceptable speed of action despite the acceptability of the operational solution implemented to resolve the warnings received.	1

For each supplier the numerical evaluation is the average of the scores of the 3 above parameters (from 0 to 5) and the overall final qualification rating will be structured as follows:

- **QUALIFIED:** Supplier that has achieved a score of at least 3.5/5. A commercial relationship may continue to be maintained with this supplier as usual, without any mandatory measures.
- **QUALIFIED WITH RESERVATIONS:** Supplier that has achieved a score from 2.5/5 to 3.5/5. A commercial relationship may continue to be maintained with this supplier, while carefully monitoring its performance. An Audit may also be carried out, the result of which must be positive, following which observations - shared with the supplier - must be highlighted to use as a starting point for future improvement and to be verified during the following year's supplier evaluation stage.
- **NOT QUALIFIED:** Supplier that has achieved a score lower than 2.5/5 and with which commercial relationships must be suspended, at least temporarily. It must nonetheless be re-contacted by the relevant purchasing department, and possible solutions for improvement must be assessed aimed at enabling it to comply once more with the qualification standards.

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In all cases a further, more in-depth evaluation can be performed by the departments responsible, if they think necessary, through data analyses or inspections at the suppliers' own premises.