

GENERAL TERMS AND CONDITIONS AND SUPPLY QUALITY REQUIREMENTS

GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

For the purposes of these General Terms and Conditions (GTC) the following terms shall have the following meanings:

- SIRELMA: The Company SIRELMA Group srl and all the Companies, whatever their location worldwide, connected or controlled by SIRELMA Group srl according to the meaning intended in the clause 2359 of Civil Code,
- "Product/Material": any Product/Materials supplied by the Supplier to SIRELMA,
- "Supplier": The Company to which SIRELMA purchase order is addressed.

2. SCOPE OF APPLICATION

These GTC govern all supplies of Products, Materials and Services provided by the Supplier to SIRELMA, including the ones subject to electronics purchase orders.

If some special terms agreed for a specific supply vary from or conflict with the present GTC, these special terms will prevail, limited to the specific supply they have been agreed for.

The Supplier declares to fully accept the present GTC and agrees that his General Terms and Conditions shall be wholly inapplicable to any purchase made by SIRELMA and shall not be binding in any way. Any change or integration to the present GTC shall be agreed on in written form between SIRELMA and the Supplier.

3. SUPPLIED GOODS

SIRELMA, following the agreements with the Supplier, shall issue an open or closed purchase order containing all the necessary information for the execution of the supply.

The Supplier agrees to supply SIRELMA with the material according to the specifications mentioned in the order.

These specifications may be written by SIRELMA itself or by another issuer. No deviation, exception or modification will be accepted unless previously accepted in writing.

Purchase orders and Specifications will be considered acknowledged and fully accepted 3 days after reception, intended as delivery by any means to the Supplier sales personnel.

4. MODIFICATIONS AND UPDATES

During its relationship with the Supplier, SIRELMA may at any time request adjustments and/or changes to the Products. The Supplier agrees to put in place these adjustments and/or changes honouring the time schedule and the economical commitments agreed with SIRELMA in writing.

5. DELIVERY TERMS AND PENALTIES

Delivery terms agreed with the Supplier are essential for SIRELMA business, in accordance with clause 1457 of Civil Code.

In case of delayed delivery, except for Force Majeure cases specified in clause 8 of the present GTC, SIRELMA has the right, after written notification to the Supplier, to procure replacement products from an alternate source, and Supplier will be liable for payment for such replacement products from the alternate source.

SIRELMA may charge the Supplier for every 5 working days of delay a penalty amounting to 2% of the total value of the Products whose delivery has been delayed.

The total amount of penalty, applicable to every single event, shall not, however, exceed 10% of the total value of the Products involved in late delivery.

This maximum amount represents an esteem of the damages agreed in advance between SIRELMA and the Supplier. SIRELMA may in any case request the refund of any greater damage and, in case the above-mentioned maximum amount is exceeded, is entitled to terminate the Purchase Order with immediate effect according to clause 1456 of Civil Code.

Supplier debts towards SIRELMA arising from the application of penalties according to these GTC are to be deducted from the amount due from SIRELMA at the time of payment.

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6. PRODUCT WARRANTIES

6.1 QUANTITY

Supplier guarantees that the quantity of Material complies both to what contracted and to what indicated in the delivery documents issuing a 3.1 conformity certificate according to EN10204.

In case a quantity non-conformity should arise, SIRELMA may:

- a) accept the difference in quantity, with the option to modify quantities for the following supplies accordingly,
- b) reject the exceeding quantity, with the option, if the Supplier does not pick it up immediately, to return the exceeding quantity to the Supplier at the Supplier's risk and expense or charge the Supplier for storage and handling costs,
- c) without prejudice to what provided for by clause 5, ask the Supplier to immediately deliver the missing Material, being understood that the Supplier will take charge of any extra cost. In this case, the Supplier agrees to immediately proceed with the delivery of the missing Materials.

6.2 QUALITY

The Supplier will do everything needed to guarantee the quality of Products and their conformance to the requirements indicated in the specifications mentioned in the order. SIRELMA's Supplier acknowledges and accepts the norms on the Quality of Supplies:

- I. The European Regulation (EC) No. 1907/2006 concerning the registration, evaluation, authorisation, and restriction of chemicals (REACH), entered into force in June 2007. Suppliers shall comply with all applicable REACH requirements related to Products delivered to SIRELMA. All extra EU-based Suppliers, exporting Products (parts or Materials) into the EU, shall appoint an EU representative in order to comply with all the importers obligations in accordance with REACH regulation,
- II. Directive EU 2018/851 introduced further compulsory requirements to comply with the SCIP database. In addition to the REACH provisions, Suppliers shall provide with addition information on goods containing SVHC (*Substances of Very High Concern*) on the *Candidate List* with values above 0,1% weighted on the item weight,
- III. The European Regulation 2017/821 entered into force with effective date 1st January 2021. It refers to "*Conflict Minerals*" provisions laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas. SIRELMA requires all Suppliers to deliver Products and Materials free of any elements coming from mines located in conflict areas,
- IV. The Supplier will be responsible for the quality of the Products and Materials supplied and shall provide duly documented information following specifications recalled on the drawings, Product specifications, General Terms and Conditions and purchase orders,
- V. SIRELMA may check every batch / Material supplied to verify conformity of the products to the quality requirements indicated in the specifications. The inspection will be done on a statistical sample, representative for the batch, except if otherwise indicated in the Purchasing specification.
According to the results of inspection, the batch might be:
 - a. ACCEPTED, if all the analysed characteristics follow the supply specifications,
 - b. ACCEPTED UNDER DEROGATION, if the non-complying characteristics do not prevent the process management and / or the usage of the product,
 - c. REJECTED, if one or more non-complying characteristics prevent the usage of the Product.
- VI. For the rejected batch/material, SIRELMA might:
 - a. request the Supplier to select the non-conform product at SIRELMA's plant,
 - b. select the material during production, if necessary,
 - c. rework it to make it usable,
 - d. return it to the Supplier.

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VII. Upon SIRELMA's Quality Dept. specific request, every production batch shall be accompanied by a Quality and Conformity Certificate according to the table below.

Document type	Raw Material Supplier	Heat Treatment Supplier	Machining Supplier
Material Certificate	X		
Quality Certificate		X	R
Other documents	R	R	R

Legend:

- X = for every batch;
- R = for samples or upon request.

Deliveries of batches with missing documentation will be handled as rejected, except in case the Supplier will be able to provide with the missing information in timely manner.

In case the missing documentation will lead to additional inspection for SIRELMA, the Supplier will be charged with related costs.

VIII. The Quality and Conformity Certificate shall contain the following information:

- a. certificate progressive number,
- b. date of issue,
- c. company name,
- d. batch number,
- e. delivered quantity out of produced quantity (for partial deliveries),
- f. Supplier declaration ensuring that the supplied product meets the supply specifications.

IX. Delivered batches will be checked by the Supplier and guaranteed to follow SIRELMA specifications. Any non-conformity detected by SIRELMA, in case no greater penalty is provided for, implies the return of the batch and the charge of the extra costs borne by SIRELMA. The Supplier will be immediately notified in case of detection of anomalies or non-conformities, either upon reception or during usage of the Material in the production process.

The Supplier will be responsible for replacing all or part of the non-conforming batch within the time schedule and with the procedures decided by SIRELMA. The Supplier shall inform SIRELMA Quality Dept. in details about:

- i. containment actions, within 48 hours from communication of the non-conformity,
- ii. root cause and corrective action to eliminate it, within 15 days.

X. SIRELMA Purchasing Dept. and the Supplier will agree on the costs related to the usage of the non-conform material and / or production stoppage.

XI. The Supplier shall notify in advance SIRELMA Quality Dept. of the temporary impossibility to supply products in conformance to what indicated in the specifications. The deviation request shall include:

- a. quantity of products involved or, alternatively, the time span,
- b. reason for which the deviation is requested.

The Supplier shall wait written authorization from SIRELMA Quality Dept.. before sending Materials.

XII. The Supplier shall inform SIRELMA GROUP with due advance, and in any case before introduction, of any change to the product or process characteristics that might be necessary. The request for change shall be duly documented. The Supplier shall wait for SIRELMA written approval before introducing the requested change.

XIII. Following serious anomalies detected by the Quality Dept., SIRELMA might decide urgent actions to restore an acceptable quality level of the Supplier. These actions will consist of technical verifications and audits at the Supplier's plant. During these meetings, SIRELMA and the Supplier will discuss the causes of the anomalies and evaluate the actions to solve them through specific improvement plans if needed.

It is understood that SIRELMA might, at any time, check production process and product conformity at the Supplier's plant.

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In this regard, to maintain and as well improve the supply relationship, the Supplier authorises SIRELMA and its Client to perform, after notification, planned evaluations (AUDIT) of the management System, process and Product. Therefore, the Supplier authorises SIRELMA and its Client to access the production areas and the Quality documents (always respecting necessary restrictions to protect intellectual property).

- XIV. The Supplier shall keep record of checks and tests performed on products, production and inspection tooling and equipment. Measuring instruments shall be calibrated/maintained directly by the Supplier, keeping appropriate records of calibration activities. These records shall be available for verification by SIRELMA Quality Dept., upon request.

- XV. Unless otherwise specified, records shall be kept for at least 10 years (15 years for any security Products).

- XVI. The Supplier shall supervise management of production process by controlling production process parameters and Product's specifics, according to a Control Plan containing at least the following elements:
 - a. control plan number,
 - b. date of issue and revision index,
 - c. Customer information,
 - d. name and plant,
 - e. part number,
 - f. name /description of the item,
 - g. part number revision level,
 - h. Production phase (prototype, pre-serial production, serial production),
 - i. reference persons,
 - j. Number of the step in the production process,
 - k. process name/operation's description,
 - l. Product special characteristics,
 - m. other characteristics to be controlled,
 - n. specifications/tolerances,
 - o. process parameters (tolerances included),
 - p. process special characteristics (if applicable),
 - q. machines, equipment, jigs and tools for production,
 - r. measurement evaluation technics,
 - s. mistake-proof method,
 - t. samples' dimension and frequency,
 - u. control methods,
 - v. reaction plan.

The Control Plan shall be made available to SIRELMA for verification at any time. SIRELMA might request changes if needed. The Supplier shall document, where applicable, the controls indicated in the Control Plan.

- XVII. Special process shall be periodically requalified, as provided for by SIRELMA.
The Supplier shall carry out process capability studies on safety-critical features for the customer.
The requirements for the process capability (Cpk) are given in the following table:

FEATURE'S DEFINITION	TARGET - Cpk
CRITICAL OR SAFETY ISSUE	≥ 1,67
IMPORTANT	≥ 1,33

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XVIII. SIRELMA requires technical and documental tests according to PPAP activity (or any other methodology request by the Customer), to verify that:

- the requirements (in terms of compliance with the technical documentation, specifications and drawing) have been properly understood and fulfilled by the Supplier,
- the Supplier's production process has the potential/capacity to produce a Product satisfying the requirements in terms of quality and quantity required during the actual series production phases.

The PPAP request, unless otherwise agreed, is compulsory in the cases required by the procedure foreseen by Client. The PPAP consists of a file/set of documents demonstrating that the Supplier's production process meets the Customer's requirements, including those relating to safety and current regulations, with reference to a given Product or Material code.

The required documentation shall refer to a production that is significant of the actual production process and carried out with series equipment.

The Supplier shall submit the above documents together with the representative sample of a "homogeneous batch", which, unless otherwise specified on the order, shall be of 5 numbered pieces. The sample batch shall be produced using the final production equipment in exactly the same way as series production will be carried out.

Surveys should include checks:

- visual,
- dimensional,
- performed with specific equipment,
- others (chemical, physical) when agreed with SIRELMA.

Samples sent by the Supplier shall be always reported to SIRELMA Quality Control in a package clearly marked "SAMPLING".

The documents shall be submitted to SIRELMA for approval at the time of the first supply dispatch (sampling). The Supplier shall deliver the samples in time for the checks prior to the start of series production.

XIX. After SIRELMA's inspections, the PPAP can take the following status:

- approved: the Product/item satisfies all the features requested by the Customer (non-conformity absence and completeness of the documentation provided),
- approved ad interim: it permits the shipment of a Product/item for a limited time period allowing appropriate corrective actions to be taken,
- rejected: what is presented does not satisfy what is requested from the Customer. In this case, it is necessary to correct anomalies and to take appropriate corrective actions in order to submit again a new PPAP.

Non-approval of the PPAP entails:

- discarding the delivered parts and resubmitting the PPAP, after detailed analysis of the root cause, elimination of the non-conformity and submission of corrective actions,
 - the obligation for the Supplier to send a derogation request for the delivery of items in the absence of the PPAP approval,
 - SIRELMA's right to charge for any additional controls resulting from the non-approval.
- The non-approval of the PPAP does not exempt the Supplier from its responsibility to comply with the timeframe defined in the order and any orders arising therefrom (extraordinary transport, line stoppages, etc.).

XX. SPECIFIC REQUIREMENTS FOR STEEL MILLS

For steel supplies, the Supplier shall comply with the requirements set out in the Packaging Sheet and in the specifications provided during the RFQ phase. In particular, it shall guarantee:

- a. material condition, annealed shearable for rounds smaller than 80 mm,
- b. anti-mixing check with portable spectrometer at 100% on the bars,
- c. the traceability of each bundle by identifying the Material with appropriate tags,
- d. the completeness of the information on the certificate, including compliance with mandatory requirements.

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XXI. SPECIFIC REQUIREMENTS FOR HEAT TREATMENT SUPPLIERS

For heat treatment supplies, the Supplier shall:

- a. verify heat treatment results on representative pieces of the treated casting. In some cases, the Supplier may carry out the verification on special reference samples if previous treatment records of the processed Material exist,
- b. ensure compliance with the cycles and parameters defined during the sampling phase (PPAP), indicated in the operating instructions, technical sheets and/or control plans,
- c. guarantee the traceability of the heat treatment batch by keeping the records and sending, or making available through a dedicated portal, the relevant certificate, showing the results obtained on the pieces or samples. Heat treatment certificates shall be available no later than the receipt of the goods,
- d. provide, upon request, the method of furnaces loading,
- e. submit, on an annual basis, a self-assessment of its process in accordance to the CQI-9 specification.

XXII. SPECIFIC REQUIREMENTS FOR MACHINING SUPPLIERS

For machining supplies, the Supplier shall ensure:

- a. the execution of the measurements carried out according to the control plan sent and approved by SIRELMA during the sampling phase. Upon request, the Supplier shall provide the records for which the registration is required by the control plan,
- b. identification and traceability of machined batches.

XXIII. Products shall be packed in containers of suitable dimensions to allow transport, handling, counting and storage without any risk of damaging. Packaging instructions will be agreed each time according to the purchased Product. If any variation to the agreed packaging may occur these shall be authorised by SIRELMA in written form.

The Supplier shall guarantee an appropriate Product storage in its warehouses in order to ensure goods preservation over time. In addition, Materials shall be stored in delimited areas, carefully identified and handled according to the F.I.F.O management (First In First Out).

7. CIVIL RESPONSIBILITY

If any accident causing harm to people or properties should occur using a products containing parts produced by SIRELMA with Material supplied by the Supplier and the accident is caused by the defective Material, it is intended that the Supplier will keep SIRELMA free and immune from any claim, as well as from any expense or charge that SIRELMA might bear in connection with or as a consequence of these claims.

8. FORCE MAJEURE

The Supplier will not be liable for delivery delay in case the delay is solely due to natural disasters, civil unrest, national strikes (if not known in advance or reasonably foreseeable), fires or any other unforeseeable event beyond the Supplier's reasonable control.

In these cases, the Supplier shall immediately notify SIRELMA of the measures put in place to resolve the situation.

Parties agree that subcontractors' non-fulfilment will not be considered force majeure, unless determined by the above-mentioned events.

9. COMPLIANCE

If the Product is subjected to Italian and/or foreign regulations (concerning safety, pollution etc.) the Supplier shall provide specific documentation on the inspection of concerned characteristics.

This documentation shall be kept by the Supplier and made available to SIRELMA upon request.

The Supplier shall impose similar obligations to its subcontractors.

10. TERMINATION

SIRELMA may terminate any business relationship regulated by the present GTC if the Products do not comply with the quality or technical requirements or if the Supplier should breach any of the provisions on "Modifications and Updates" (clause 4) "Quality" (clause 6.2), "Delivery terms and penalties" (clause 5).

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Should the Supplier be notified the breach of any term different from the ones mentioned at the previous point and fail to correct or remedy the breach within 60 days from notification, SIRELMA may terminate the contract by simply giving Supplier 30 days written notice.

SIRELMA may terminate all Contracts with the Supplier in case of any of the following events:

- a third Party should acquire majority stock or control of the Supplier, according to the meaning intended in the clause 2359 of Civil Code. It is intended that the Supplier shall notify SIRELMA within 60 days from the event,
- bankruptcy of the Supplier on any other sort of insolvency procedure.

In all cases, SIRELMA may terminate all Contracts by simply notifying the Supplier, without affecting SIRELMA' s right or remedy. Termination of the Contracts following one of the above events will involve no responsibility of SIRELMA vis-à-vis the Supplier.

11. DATA PROTECTION

SIRELMA and the Supplier agree, **in accordance with the clauses 13 and 14 of GDPR (UE Regulation 2016/679)**, that their personal data might be processed by the other Party, provided this is done within the terms of the present GTC and in compliance with the applicable laws on Personal Data Protection.

12. COMPLIANCE WITH THE CODE OF ETHICS

The Supplier acknowledges the content of SIRELMA Group Code of Ethics, available under <http://SIRELMAGroup.it/qualita?lang=en> and commits to behave in compliance to the provisions it contains.

13. VENUE

Any dispute arising from these GTC, included those related to its validity, execution, resolution and interpretation, shall be submitted to the exclusive jurisdiction of the Court of Turin.

14. GOVERNING LAW

These GTC will be governed and enforced in accordance with the laws of Italy.

In accordance with the clause 1341 of Civil Code, the Supplier specifically approves the following provisions:

- 2. Scope of Application,
- 5 Delivery terms and penalties,
- 6. Product warranties,
- 7. Civil Responsibility,
- 10. Termination,
- 11. Data Protection,
- 13. Venue,
- 14. Governing Law.

Place and date _____

SIRELMA Purchasing Dept.

SIRELMA Quality Dept.

Supplier
