



FRATELLI
PETTINAROLI s.p.a.
CLIMATE SYSTEMS TECHNOLOGY

GENERAL CONDITIONS OF PURCHASE

Rev 00 – 27/11/2020

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1) REFERENCES

Definitions

PETTINAROLI: this term refers to the Company FRATELLI PETTINAROLI SPA, having its registered office at 38, Via Pianelli, - 28017, San Maurizio d'Opaglio (NO) and VAT code no. 00237080031, as well as any other companies within the PETTINAROLI GROUP, whether having their business site in Italy or abroad.

PURCHASE ORDER or **ORDER:** a hard or soft copy of a record whereby PETTINAROLI officially requests to purchase GOODS from a SUPPLIER. ORDER means either closed (detailedly referring to one supply) or open orders (referring to a general scope of agreement with a SUPPLIER for the supply of GOODS without including any details as to quantity, and applicable to a short or long time span).

SUPPLY TERMS AND CONDITIONS: terms and conditions concerning price, quality, quantity, delivery time and the like, as stated in the ORDER form issued by PETTINAROLI, in the e-mail sending the ORDER from PETTINAROLI as well as this document.

GOODS: materials, machinery and goods of any kind and nature purchased by PETTINAROLI through a PURCHASE ORDER.

SUPPLIER: the legal or natural person required by PETTINAROLI to supply GOODS through a PURCHASE ORDER.

PARTIES: as the ORDER has full contractual validity, PARTIES jointly mean both entities making and entering into the said agreement, that is, PETTINAROLI and the SUPPLIER.

Acronyms

QMS, QMSM: Quality Management System, Quality Management System Manager.

DN: Delivery Note

2) SCOPE AND CONTENTS

- 1) The contents of this document constitute an essential and integral part of any PURCHASE ORDER that PETTINAROLI issues to any SUPPLIER, and have the same contractual validity as the ORDER, as provided for by Art. 1321 and subsequent and related Articles of the Italian Civil Code.
- 2) The contents of this document govern and provide details on the operational, business, financial and property relationships between PETTINAROLI and the SUPPLIER.
- 3) The contents of this document are accepted by the SUPPLIER as the sole source of provisions governing their relationships with PETTINAROLI, and expressly supersede any other policies adopted by the SUPPLIER, if any.
- 4) Any exceptions, amendments or additions to the contents of this document and their performance effects shall be agreed upon and officially accepted by both PARTIES and shall only be meant as temporary in any case, referring to their sole scope of application.
- 5) The provisions set forth in paragraph 4) above do not apply to the review of this document and its contents by PETTINAROLI. Should said review involve any amendments to the agreement with the SUPPLIER, said amendment shall only apply to any ORDERS (whether open or closed) issued after the document review date.
- 6) Neither Party may propose exceptions, amendments or additions to this document which may fully or partly be inconsistent with the legal and judiciary system of the Country governing the transaction finalized with the PURCHASE ORDER. Namely, if the Parties operate under different legal systems, the provisions of the legal system of the Country where PETTINAROLI operates shall prevail.

3) RESPONSIBILITIES

Procurement Manager

The PROCUREMENT MANAGER is tasked with managing the SUPPLIER's compliance with the provisions set forth herein (receipt, understanding, acknowledgement and adoption of the procedures stated herein, where applicable).

Quality Management System Manager

The QMS MANAGER is tasked with cooperating with the Procurement Manager to review this document and all the attachments thereof, which are also included in the Quality Management System – the form where contact person details are collected, supplier qualification questionnaires as well as any other records that PETTINAROLI intends to use in order to streamline internal process and procurement management.

4) SUPPLIER QUALIFICATION AND PERIODICAL ASSESSMENT

ISO Form

The SUPPLIER shall agree to comply with the procedures adopted by PETTINAROLI within the scope of ISO (9001, 14001, 50001) organizational model for supplier qualification. Namely,

- 1) The SUPPLIER shall be committed to filling out Form M168 - Supplier Data – and keeping it updated over time.
- 2) The SUPPLIER shall agree to fill out the questionnaire.
- 3) The SUPPLIER shall agree to have their business site be inspected (including any visits without any prior notice or agreement) by PETTINAROLI appointed personnel for the purpose of auditing their production processes and the SUPPLIER's general operating conditions, i.e., environmental sustainability and workplace conditions.

5) RECORDS

Document Flow

An ORDER shall be forwarded to the SUPPLIER by PETTINAROLI Procurement Dept. or any other duly authorized PETTINAROLI personnel, by means of the standard order form stating product code nos., quantities, prices, delivery date and terms of payment, which shall be sent by e-mail with read receipt.

Order Validity

Upon receipt of the e-mail and the attached ORDER, the SUPPLIER may:

- Report any inconsistencies, irregularities or disputes, or reject the ORDER within 2 working days from receiving the e-mail and the attached ORDER. In this case both PARTIES shall consider the ORDER as cancelled.
- Send PETTINAROLI an acknowledgement of order by e-mail. In this case both PARTIES shall consider the ORDER as accepted and valid as per the SUPPLY TERMS AND CONDITIONS.

Should the SUPPLIER fail to respond within 2 working days from PETTINAROLI's placing the ORDER both PARTIES shall tacitly consider the ORDER as accepted and valid as per the SUPPLY TERMS AND CONDITIONS stated by PETTINAROLI.

The aforesaid SUPPLY TERMS AND CONDITIONS shall be the only terms and conditions considered valid with a view to ORDER management.

Any unilateral amendments made by the SUPPLIER to the SUPPLY TERMS AND CONDITIONS stated by PETTINAROLI shall be considered as inadmissible and shall cause the said ORDER to be cancelled. PETTINAROLI shall reserve the right to subsequently accept the amendment requested by the SUPPLIER and issue a new ORDER or reject said amendment and consider the said ORDER as cancelled.

Order Cancellation

A valid and acknowledged ORDER may be cancelled by PETTINAROLI at any time. PETTINAROLI shall only be bound to indemnify the SUPPLIER if the GOODS have already been manufactured and are deemed to be exclusively used by PETTINAROLI (i.e., they cannot be placed back on the market and supplied to other customers), and no causes of force majeure apply.

Should PETTINAROLI be forced to cancel the ORDER due to causes of force majeure they shall not be bound to indemnify the SUPPLIER for the cancelled supply.

Should the said cancellation be due to reasons attributable to the SUPPLIER PETTINAROLI shall not be bound to indemnify the SUPPLIER and shall reserve the right to apply a penalty of 30% of the total ORDER value.

Reasons of ORDER cancellation attributable to the SUPPLIER shall include, but not be limited to, late delivery inconsistent with the date stated in the ORDER, or any company issues experienced by the SUPPLIER which may jeopardize the proper supply of GOODS as per the SUPPLY TERMS AND CONDITIONS, or even the potential hazard thereof, as assessed at PETTINAROLI's sole discretion.

6) PRICE AND TERMS OF PAYMENT

The price for the supply shall be as stated in the ORDER or arising from the calculations included therein. If OPEN ORDERS are being referred to when finalizing the ORDER PETTINAROLI and the SUPPLIER shall agree on whether price is fixed or established for each portion of the supply.

Unless otherwise established and officially agreed upon by the PARTIES or included in the SUPPLY TERMS AND CONDITIONS payment shall be made at 90 days end of month (or as otherwise agreed upon) starting on invoice issuing date or GOODS delivery date as per the ORDER, whichever is later.

Payment shall be made by Cash Order or Bank Transfer.

Payment shall be contingent on the invoice being verified by PETTINAROLI and the supplied GOODS being compliant as to quality and quantity.

7) GOODS MANAGEMENT

Transport and Delivery

GOODS transport shall be established and officially agreed upon by the PARTIES or included in the SUPPLY TERMS AND CONDITIONS. PETTINAROLI shall be entitled to select a specific carrier for GOODS transport, regardless of which PARTY is in charge of the delivery.

Inspection and Packaging

The GOODS receipt operator shall check wrapping and package integrity upon delivery. Should packaging and/or packages be found damaged or inconsistent with expectations PETTINAROLI shall be entitled to reject the consignment.

Remarks on Ownership of Moulding and Processing Systems

Should GOODS processing be performed by the SUPPLIER by means of proprietor systems (whether fully or partly owned by PETTINAROLI), unless otherwise established and officially agreed upon in the ORDER, the SUPPLIER shall maintain the full effective performance of said systems at their sole expense, and their proper operation shall be ensured for as long as PETTINAROLI requires the said effective performance or the system is in proper operating conditions, if the latter occurs at a later date.

8) NONCONFORMITY

GOODS Inspection

After accepting the consignment the received GOODS shall be checked as per the procedures provided for by PETTINAROLI Quality Management System. Goods acceptance shall be conditional on the compliance of the received GOODS with the specifications stated in the ORDER and the required quality level. Depending on the type of SUPPLIER and nature of GOODS inspections may be visual, dimensional, functional and involving a smaller or larger sample batch.

PETTINAROLI shall reserve the right to perform said inspections within 20 working days and dispute the GOODS, if so required. In the event of a dispute, the ORDER shall be considered as suspended and one of the following cases shall apply. After the said 20 days the supply shall be considered as tacitly accepted by PETTINAROLI.

Order Nonconformities

GOODS may be found non-compliant for one of the following reasons:

- GOODS do not match PETTINAROLI code nos.. In this case they shall immediately be returned to the SUPPLIER at the latter's expenses.
- GOODS do match PETTINAROLI code nos. but not the ones stated in the ORDER. In this case PETTINAROLI may choose to accept or fully or partly reject the GOODS at its own sole discretion and in its best interest. Should the GOODS be rejected return expenses shall be borne by the SUPPLIER.
- GOODS do match ORDER specifications but their quantities are wrong. In this case PETTINAROLI may choose to accept or reject the exceeding quantity at its own sole discretion and in its best interest. Should the GOODS be rejected return expenses shall be borne by the SUPPLIER. Should GOODS quantity be lower than specified PETTINAROLI may choose to accept or reject the quantity being supplied. Should the GOODS be rejected return expenses shall be borne by the SUPPLIER.

In any of the above cases the ORDER shall be considered as fully or partly unfulfilled within the expected delivery times. Thus, the cases of untimely delivery shall apply, as described below.

Defective Goods

Should the received GOODS be found unacceptable as they have not successfully passed one or more inspections upon receipt thereof they may be rejected or accepted at PETTINAROLI's sole discretion. Should the GOODS be rejected return expenses shall be borne by the SUPPLIER and the cases of untimely delivery shall apply.

Untimely Delivery

GOODS shall be delivered on or by the date stated in the ORDER form. In the event of early or late delivery PETTINAROLI shall reserve the right to accept or reject the consignment, schedule a new delivery or cancel the ORDER, as stated in the relevant paragraph hereof.

Should untimely delivery cause any damage to PETTINAROLI, including, but not limited to, inability to comply with delivery terms to a customer, PETTINAROLI shall reserve the right to have recourse against the SUPPLIER

to be compensated for damages and apply a penalty for the same amount as the penalty charged by PETTINAROLI's customer or the amount of the cancelled order, should the said customer cancel their order.

9) GUARANTEE

Product Warranties

The inspection made by PETTINAROLI on incoming GOODS cannot be fully comprehensive as they cannot factor in any possible faults arising when the GOODS are actually put to use. For this reason, even after the official ORDER acceptance and payment PETTINAROLI may request the SUPPLIER to replace any GOODS found to be defective due to any reasons attributable to the SUPPLIER.

Furthermore, PETTINAROLI provides all customers with a standard 24-month warranty on processes and installed components. In some cases this warranty may be extended to longer periods. PETTINAROLI requests the SUPPLIER to apply the same product warranty to the GOODS being supplied, as per priorly agreed upon terms.

Order Completion

The ORDER shall be considered as fulfilled and completed when the GOODS are stored in the warehouse after going through the preliminary and additional inspections, as per the procedures described above, and subsequently accepted, and SUPPLIER payment process is approved. The warranty period – applied as per the provisions stated in this Section – shall start on that date.

Repairs and Warranty on Repairs

Should any damage, occurring within the warranty period and due to any reasons attributable to the SUPPLIER, require any maintenance, repair, replacement or any other operations, whose costs are transferred to PETTINAROLI by the customer, PETTINAROLI shall reserve the right to have recourse against the SUPPLIER to cover the said costs.

Insurance

PETTINAROLI shall require the SUPPLIER to take on an insurance policy covering third-party damage, as a guarantee for appropriate compensation, should PETTINAROLI incur any direct damage or have to compensate a customer for damages arising from any reasons attributable to the SUPPLIER.

Intellectual Property

The SUPPLIER shall hereby ensure they are the sole proprietor of any intellectual property rights involved in the GOODS. Hence, the SUPPLIER shall be the sole responsible therefor and indemnify and hold PETTINAROLI harmless, as well as its customers, employees, sister companies and the relevant Directors, executives, office workers, agents and independent contractors, for and against any claims, legal actions, damages, loss, costs or expenses (collectively referred to as "the Compensation") which should arise from any legal actions, allegations or claims whereby the supplied GOODS represent an infringement or misappropriation of third-party patents,

brand names, copyrights, trademarks or trade secrets. All the goods supplied as per PETTINAROLI designs and specifications shall be excluded from Intellectual Property rights and obligations arising therefrom.

10) ENVIRONMENT & SAFETY, ETHICS, ORGANIZATIONAL POLICIES, SUSTAINABILITY

PETTINAROLI Policy Compliance

PETTINAROLI adopts a set of company policies on environmental protection and workplace safety, which the SUPPLIER shall also agree to abide by with a view to setting up an ethical supply chain.

The SUPPLIER shall moreover pledge to agree upon and adopt all the organizational, production and sustainability policies as well as any codes of conduct that PETTINAROLI has adopted and shall adopt over time, in order to improve its market standing and business ethics.

Customer Policy Compliance

Should PETTINAROLI further adopt additional measures besides its usual policies on environmental protection and workplace safety when entering into an agreement with a customer, the SUPPLIER might be requested to adopt the said additional measures in turn.

11) REGULATIONS

Industrial and Intellectual Property

PETTINAROLI is a patent holder and has developed its own industrial and intellectual know-how over time, which is protected by Italian, EC and international regulations. The SUPPLIER shall therefore be strictly forbidden to disclose, misappropriate or use such information for any other purposes than the proper performance of the tasks to be fulfilled on behalf of PETTINAROLI. The SUPPLIER shall moreover agree to maintain the full confidentiality on any information concerning PETTINAROLI which they might become aware of in any manner and at any time.

The SUPPLIER shall agree that any breach of this Clause represents a rightful cause for termination of any existing contractual relationships between the PARTIES, upon PETTINAROLI's unquestionable decision, and shall moreover agree to compensate PETTINAROLI for any damages arising from the said infringement, as evaluated by PETTINAROLI.

GDPR

As far as the processing of personal data is concerned, should the SUPPLIER be in a position to process any personal data referring to PETTINAROLI (with special reference to any third parties connected to PETTINAROLI in any capacity), said SUPPLIER shall agree to act as Data Controller and operate in full compliance with the instructions given by PETTINAROLI on personal data processing, including the adoption of all those security measures that PETTINAROLI deems appropriate with a view to the protection of said personal data.

Applicable Law and Competent Court

As for any other matters not provided for in this document, its subsequent additions and/or dedicated negotiations, the Italian law shall apply. Any disputes shall be settled by the Novara Law Court.

12) ACCEPTANCE

This document and subsequent reviews shall be forwarded to the SUPPLIER's e-mail address – as provided by the SUPPLIER for dealing with ORDERS – with the first ORDER or under separate cover. The person entrusted by the SUPPLIER with receiving the ORDER shall view this document and forward it to an executive entrusted by the SUPPLIER with binding authority for the SUPPLIER to abide by the Clauses hereof.

Should the SUPPLIER fail to acknowledge receipt and expressly accept the contents hereof within 5 working days these General Conditions of Purchase shall be considered as tacitly approved.

Namely, the SUPPLIER shall agree to abide by each Clause of this document, consisting of no. 12 sheets and no. 12 Clauses.

Should one or more clauses or any subsequent additions hereof and/or any different and temporary agreements between the PARTIES be challenged PETTINAROLI shall be entitled to terminate any ongoing business relationships at its sole discretion without anything whatsoever being due to the SUPPLIER. This case being, the latter shall be obliged to return any GOODS being processed and any proprietor systems (whether fully or partly owned) to PETTINAROLI.

FRATELLI PETTINAROLI SPA