



PURCHASE CONDITIONS

1. General Principles

The following General Conditions are the only conditions that govern the orders issued or the contracts for the purchase of goods/services stipulated by companies within the DRASS GROUP (from now on referred to as the CLIENT). Any update and/or addition, or any condition of sale imposed by the Supplier that differs wholly or partially from these General Conditions, shall be valid only if express written authorisation is granted by the CLIENT.

In all other instances, the agreement between the parties shall be governed by these General Conditions for the Purchase of Goods and Services.

2. Orders and order updates

- 2.1 Orders, contracts, conventions and purchase agreements, and updates or additions to them, must be made in writing.
- 2.2 The validity of any verbal agreements, including updates or additions to these General Conditions, must always be confirmed in writing by the CLIENT.
- 2.3 Written confirmations sent by fax or e-mail shall also be considered valid.
- 2.4 Estimates shall be binding for the Supplier and shall not give rise to compensation of any kind from the CLIENT, unless other terms are expressly agreed between the parties.
- 2.5 If the Supplier does not accept, or does not confirm, the order in writing within 3 calendar days of receiving it, the CLIENT will consider accepted all conditions included in our order also the CLIENT shall be entitled to cancel and revoke said order, without prejudice to the CLIENT's right to obtain full compensation for all contractual and extra-contractual damages that have been incurred or that may be incurred as a result of the failure on the part of the Supplier to accept the order within the requisite timescale.
- 2.6 The CLIENT may revoke and/or cancel an order at any time if, at its sole discretion, it maintains that the guarantees offered by, or the suitability of, the Supplier have been compromised, thereby casting doubt over the Supplier's ability to carry out the provision successfully, or when, again at its sole discretion, the CLIENT maintains that the Supplier is in a state of insolvency or financial difficulty, thereby casting doubt over the Supplier's ability to carry out the provision or to offer the relevant guarantees, regardless of the content of Point 2.5 (above), or when any enforcement procedures have been initiated against the Supplier, with no exclusions, or when the Supplier has entered into bankruptcy proceedings.

3. Delivery of goods / Supply of services

- 3.1 Deliveries or supplies that do not comply with the specifications set out in the CLIENT's contracts and orders may be rejected by the CLIENT or may require, in order to be accepted, the prior agreement and written consent of the CLIENT.
- 3.2 The delivery dates, locations and terms contained in the order or contract are binding for the Supplier. To this end, the stated date for the delivery of the goods and/or the supply of the services in the location agreed in the contract/order shall apply. In those cases envisaged by INCOTERMS 2010, the Supplier must make the goods available promptly, taking due account of the loading and transit times agreed with the courier.
- 3.3 The parties agree from the outset that the conditions on returns as set out in the contract/order shall be applicable, in compliance with INCOTERMS 2010. In those cases envisaged by INCOTERMS 2010, the Supplier shall answer directly to the CLIENT in relation to all of the acts, facts and behaviour of the chosen courier and its auxiliaries, and the Supplier shall be the only party liable for payment of the courier, which shall not be permitted to make any claim against the CLIENT.
- 3.4 If the order or contract envisages installation or commissioning by the Supplier, the Supplier shall also be liable, unless otherwise agreed, for all the relevant indirect costs, such as those for shipping, transport and transfer.
- 3.5 If the Supplier carries out the delivery later than the date agreed in the terms or if it delivers the goods to locations other than those indicated by the CLIENT, the CLIENT may refuse to accept the delivery and may make a claim for full compensation. Notwithstanding the content of the second paragraph of Article 1510 of the Italian Civil Code, the Supplier is not released from its responsibilities in relation to the delivery when it entrusts the goods to the courier. The Supplier shall inform the CLIENT's purchasing office immediately whenever it foresees difficulties that could obstruct its ability to deliver or supply the goods and/or services promptly and to the required standard. In any case, the Supplier shall not be exonerated from its responsibilities resulting from the delayed delivery of the goods/supply of the services. The CLIENT reserves the right to apply penalties according to the following criteria: Liquidated damages 2% per week or part of a week, not exceeding 10% of total order amount. This rate will be reduced from the value of the goods sent post the due date. The supplier is requested to confirm the lead time as indicated in the order, once 80% of the total delivery time is reached or in case of delay, advice the possible new delivery date.
- 3.6 The unconditional acceptance of a late delivery of goods or supply of services shall not result in, nor may it be deemed to be or to equate to, a renunciation on the part of the CLIENT of its right to claim damages, and this shall remain the case until said damages have been paid to the CLIENT in full and within the terms requested by the CLIENT.
- 3.7 Partial deliveries and provisions are, as a rule, not acceptable, unless the parties have explicitly agreed upon other arrangements.
- 3.8 In the absence of evidence to the contrary, the quantities, weights and dimensions recorded by the CLIENT when accepting the goods shall apply.
- 3.9 In any case, the Supplier, when the delivery is made, must also deliver to the CLIENT all of the documentation required for the utilisation of that which is being supplied (for example, the instruction and operation manuals, the installation, assembly and maintenance manuals, and the warranty certificates).
- 3.10 The CLIENT reserves the right to refuse the goods in case the P.O. number will not appear on any of the relating documents, and the goods is not accompanied by the requested documents filled in and signed accordingly, together with the eventual requested certification as mentioned in P.O.

4. Services

- 4.1 The Supplier must supply the services through its business. It may outsource the supply of services to third parties only if it has received the prior written consent of the CLIENT to do so and, in this regard, the Supplier shall be answerable to the CLIENT for all of the

activities of the sub-contractor as if it had carried them out itself directly. In cases where services are outsourced to third parties, the Supplier must incorporate the terms and conditions set out in this document in the relevant outsourcing contracts.

4.2 The standards required by the CLIENT, and the configurations and purposes that it specifies, shall not exempt the Supplier from its obligation to supply value-for-money solutions that are free from defects. The Supplier must promptly inform the CLIENT if the standards, configurations or purposes referred to above fail to comply with the solution, or if modifications or enhancements to the subject or purpose of the service are necessary or appropriate for other reasons. Additional services or modifications carried out without the prior written authorisation of the CLIENT may not be adopted as the basis for any claims made by the Supplier.

4.3 The CLIENT must be informed immediately if the exclusive or intellectual property rights of third parties are required for the execution of the order, even if there is only the risk that such rights may be required.

4.4 The services must be carried out in compliance with the subject of the contract and the purpose of the service. The services must also comply with the documentation setting out the specifications. The Supplier must comply with the general state of the art, the applicable legislation and the directives issued by consumers' associations, and must also implement the relevant safety measures, in compliance with the CLIENT's safety guidelines. In executing orders for engineering solutions, the service must be geared towards allowing maintenance and/or inspection works to be conducted easily.

4.5 Unless otherwise set out in the contract, ownership of the drawings, descriptions, calculations and everything else prepared by the Supplier or by third parties to which said services have been outsourced shall be transferred to the CLIENT at the time of their execution, without any obligation on the CLIENT to provide remuneration for said services. The Supplier and the relevant third parties acknowledge from the outset not only that they shall have no right to said works, over which the CLIENT shall assume full ownership, but also that the CLIENT shall not be charged any sum for said works by the Supplier, given that the remuneration for their creation has already been included in the costs agreed with the Supplier and the relevant third parties for the execution of the works. The original copies of all of the aforementioned documents must be delivered to the CLIENT as soon as they have been completed. Any documents made available by the CLIENT must be stored carefully and in a secure location. Said documents and other documents such as models, drawings, sketches, etc. that have been created or procured in order to execute the order shall remain the property of the CLIENT, to which they must be returned no later than on completion of the order. The CLIENT reserves all rights in relation to the documents made available, even in cases where a patent is granted for an invention or a utility model is registered. The Supplier shall have no right of retention.

4.6 In cases in which the Supplier has been informed as to the purpose of the services, it shall guarantee the compliance of said services to the stated purpose. Any inspections or approvals of parts of the service shall not influence the Supplier's obligation to carry out the services and to provide guarantees on them. Acceptance shall be subsequent to the approval of the completed services, not to any eventual use or payment of said services.

4.7 At its discretion, the CLIENT may use or exploit, free from any rights or claims of third parties, all of the results generated in the execution of the services, including inventions or usage or exploitation rights in accordance with copyright legislation, from the moment of their conception or execution, without any remuneration being due to the Supplier, as set out in detail at Point 4.6 (above).

4.8 Any inventions that the Supplier may come up with during the course of the assignment, whether patentable or not, shall be the exclusive property of the CLIENT, with no remuneration being due to the Supplier. The Supplier shall take appropriate measures to ensure the immediate transfer to the CLIENT of all inventions, unless otherwise agreed in the contract.

5. Force majeure

5.1 In instances of force majeure, trade union disputes, interruptions to the activities that are beyond the control of the CLIENT, uprisings, governmental measures and other unavoidable events, the CLIENT is released from the obligation to accept the goods and/or services, in accordance with the pre-set timescales, for the entire duration of said events. During such events, and for the subsequent 2 weeks, the CLIENT shall have the option - without prejudice to any of its other rights - to withdraw wholly or partially from the contract, should such events last for a prolonged length of time and the requirements of the CLIENT were to be substantially reduced, since - as a result of said events - it becomes necessary to have the goods produced elsewhere.

6. Notice of shipment and invoicing

6.1 The details contained in the CLIENT's order, contract, request for delivery and/or supply shall apply. Soft copy of the invoice inclusive of P.O. number must be sent by mail to billing@drass.it, hard copy (original), which cannot be sent together with the goods, must be sent to the headquarter's address.

7. Price and transfer of risk

7.1 The amount charged for the goods and/or services that form the subject of the provision shall be agreed separately for each contract or order. The prices agreed may not be modified, unless other arrangements are made in writing, on a case-by-base basis. Where, in a given contract, the amount is not based on a set price but is based on justifiably incurred expenses, the Supplier guarantees that its demands shall remain in line with the offer or with the approved estimate total. Additional costs shall be accepted by the CLIENT only if approved in advance and substantiated in writing.

7.2 The amount agreed with the Supplier is all-inclusive. The balance shall become due on acceptance of the goods and/or services, and shall be settled in accordance with the agreed payment terms.

7.3 Unless agreed otherwise, the prices are intended "Ex-Works" (EXW - INCOTERMS 2010) and include the packaging necessary to guarantee the integrity of the product. Value Added Tax (VAT) is excluded, unless specified otherwise. The Supplier is liable for all risk of loss or damage relating to the goods until they are received by the CLIENT, or by the CLIENT's representative, at the agreed delivery location.



8. Payment terms

8.1 The payment terms stated on the purchase order/contract shall apply. Payment is subject to checks on the invoice and on the goods and/or services supplied.

9. Supplier's warranty and claims

9.1 Acceptance of the goods and/or services is subject to inspections and/or checks by the CLIENT to verify the absence of flaws or defects, and to ensure the completeness and regularity of the provision.

9.2 The goods and services provided by the Supplier and/or by third parties are guaranteed to be free from flaws and functional defects and are, therefore, covered by the warranty against flaws set out in Article 1490 of the Italian Civil Code and by all the warranties envisaged by Italian law (with no exclusions) in relation to the specific features of the provision, contract or service. In this regard, the parties acknowledge that, in accordance with the content of the first paragraph of Article 1495 of the Italian Civil Code, the term during which the

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CLIENT may inform the seller about flaws is forty-five working days from their discovery, unless a longer period is envisaged by Italian law. In any case, the Supplier irrevocably surrenders from the outset its right to object to any delay on the part of the CLIENT in informing it of the flaws.

9.3 If the Supplier fails to act immediately to correct the defects following a request from the CLIENT to do so, in urgent cases and, in particular, to avoid imminent risks or to prevent greater damage, the CLIENT is authorised to carry out any appropriate corrective action directly, or to commission third parties to do so on its behalf. The Supplier shall be liable for the cost of any such corrective action.

9.4 If the Supplier supplies goods or services over which it does not have full ownership, it shall release the CLIENT entirely from any claims made by third parties and shall provide full guarantees against third party rights or assertions.

9.5 The Supplier commits irrevocably to releasing the CLIENT and indemnifying it against any demand or claim made by third parties in relation to the provision.

9.6 The parties agree that, notwithstanding the content of the third paragraph of Article 1495 of the Italian Civil Code, the expiry for claims for compensation in relation to defects is 3 years, excepting cases of erroneous declarations due to wilful misconduct. The expiry period begins from the delivery date of the product. The parties accept that the content of Article 1497 of the Italian Civil Code applies to these General Conditions.

9.7 The Supplier shall be liable for the costs relating to the supply of defective goods or services, with particular regard to the costs of transport, processing, manpower and materials, or the costs of inspections or checks.

9.8 The parties agree that if the CLIENT disputes the provision for any reason, it may suspend the relative payment until the validity of the complaint has been decided upon by a court of law. In such cases, the Supplier may not make claims to recover the credit, and no interest of any sort (including the legal interest and that envisaged by Italian Legislative Decree No. 231/2002) shall be charged on the sums that have not been paid by the CLIENT.

9.9 The CLIENT may pay the sums demanded by the Supplier as compensation for damages along with those due to it for the provision. This shall apply even if the credit of the CLIENT is not certain, of a fixed amount and due.

9.10 Payment of the provision shall not prejudice in any way the right of the CLIENT to dispute it and to obtain a reimbursement of the payment or to make claims against the Supplier for compensation for all damages incurred, with no exclusions.

10. Liability

10.1 Should the CLIENT receive claims for compensation in relation to the goods delivered or services provided by the Supplier, the Supplier shall release the CLIENT from said claims if, and to the extent which, the damage is due to a defect in the product supplied by the Supplier. In relation to liability deriving from non-fulfilment, said liability shall in any case apply only if the Supplier is at fault. In cases where the cause of the damage falls within the Supplier's sphere of responsibility, the burden of proof shall be on the Supplier.

10.2 In cases such as those described in Paragraph 10.1 (above), the Supplier shall be liable for all the costs and expenses, including the costs of any legal action.

10.3 In all other cases, the statutory provisions shall apply.

10.4 Before the issuing of a product recall, due wholly or partially to a defect in the product supplied by the Supplier, the CLIENT shall inform the Supplier, offering it the possibility to collaborate, and shall discuss with the Supplier the most efficient method of uplifting the product, unless there is a particular urgency that does not allow the CLIENT to do so. The Supplier shall be liable for the recall costs if the recall has been necessitated by a defect in the product supplied by the Supplier.

11. Management of the works

11.1 Those persons who, when executing an order or a contract, carry out works in a facility/yard/site owned or run by the CLIENT must comply with the relevant working guidelines. The CLIENT is released from all liability in relation to incidents that occur in its facilities/yards/sites and that cause damage to said persons.

12. Supply of materials

12.1 The CLIENT shall retain ownership of any materials, components, containers and special packaging that it supplies. They may be used only for their intended use. The parties acknowledge that, based on the ratio of the value of the CLIENT's components to the value of the product as a whole, the CLIENT shall be the co-owner of the goods manufactured with its materials and components; the Supplier commits to safeguarding those products in the CLIENT's interests. If the material was delivered for the manufacturing purposes, it is considered compliant unless otherwise notified within 5 days from the receipt.

The material sent by the CLIENT to the Supplier is governed by Law 192/98 "Subcontracting Disciplines in Production Activities".



13. Confidentiality and privacy

13.1 The Supplier shall ensure the confidentiality, with respect to third parties, of all commercial and technical information made available by the CLIENT (including any data that can be gleaned from items, documents or software, and any other information or experience), and of the results of the works done on the basis of the contract, except for anything already in the public domain. The information shall be made available only at the Supplier's site and only to those persons who require access to it for the purposes of the provision that is to be made to the CLIENT. These persons must commit to keeping said information confidential. The information is the exclusive property of the CLIENT and cannot be duplicated or commercially utilised - unless as part of works intended for the CLIENT - without the CLIENT's written authorisation. At the CLIENT's request, all of the information communicated by the CLIENT (including copies or recordings, if made), as well as the goods and instruments loaned for use by the CLIENT to the Supplier, must be immediately returned or destroyed (and proof of destruction provided). All of the rights to said information are reserved by the CLIENT (including exclusive and intellectual property rights). This also applies to any information provided by third parties.

13.2 The goods produced on the basis of documentation such as drawings, models, etc., prepared by the CLIENT or based on the CLIENT's confidential information, as well as goods produced with the CLIENT's tools or with tools modelled on the CLIENT's tools, may not ever be used by the Supplier outside the contract with the CLIENT, and must never be offered or sold to third parties. This also applies to the CLIENT's orders.

13.3 Unless there are different agreements undersigned between the CLIENT and the Supplier, the services provided to the CLIENT by the Supplier, or parts or elements of those services, may not be provided to third parties in the same way for two years, starting from their execution, unless the technology on which they are based becomes part of the general state of the art and, therefore, generally known.

13.4 In relation to technical and commercial information received from the CLIENT for the execution of the service, the confidentiality commitment shall remain in place even after the execution and conclusion of the contract until, and in the extent to which, said information

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enters the public domain for reasons beyond the Supplier's control, or in cases where the CLIENT renounces the confidentiality commitment in writing.

14. Control of exports and Customs

14.1 The Supplier is expected to inform the CLIENT about any requirements for export licences (re-exportation) for the products, as per Italian, European or US Customs regulations and legislation on exports checks, and is also required to inform the CLIENT about the Customs regulations and legislation on export checks that are in force in the country of origin of the products. As such, at least in the offers, in the order confirmations and in the invoices, the Supplier must communicate the following information concerning the products:

- export list number relating to any export list that can be traced back to applicable lists

- ECCN (Export Control Classification Number) for US goods (including technology and software) in accordance with the US Export Administration Regulations (EAR)

- country of origin of the products and of the relevant components, including technology and software

- any transport of the products within the US, any manufacture or storage of the products in the US and any manufacture of the products using US technology

- Customs charges on the products

- contact person within the company, who is available, on request, to provide further information.

On request, the Supplier shall provide further information in writing on foreign trade with reference to the products and the component in the products, and shall promptly inform the CLIENT of any changes to said data, and shall do so in any case before supplying the products to the CLIENT.

15. Corporate social responsibility and environmental protection

15.1 The Supplier must respect the applicable legislation on the treatment of employees, environmental protection and health and safety in the workplace, and must commit to eliminating or at least minimising the negative effects of its operations on individuals and on the environment. To this end, the Supplier shall establish and continuously develop a quality system based on the ISO 14001 standard, proportionate to its own dimensions. In addition, the Supplier shall respect the principles of the UN guidelines on the protection of international human rights, the right to collective bargaining, the abolition of forced labour and child labour, the elimination of discrimination in recruitment, environmental responsibility and the prevention of corruption.

16. Location of the service provision

16.1 The location of the service provision is the place to which the goods must be delivered or in which they must be installed as per the contract, or in which the service must be provided, as stated in the order/contract.

17. Miscellaneous


17.1 The ineffectiveness of a clause in these conditions or in subsequent supplementary agreements shall not compromise the validity of the other conditions. The parties shall agree on a substitute clause that reflects as far as possible the original economic intention.

18. Court of jurisdiction

18.1 For all disputes arising from these conditions or connected with them, the exclusive court of adjudication shall be the Court of Livorno. Judgements passed by any alternative court shall be invalid.

19. Formation of consent

19.1 The parties acknowledge that they have discussed and specifically approved every single point and article of all of the sections of this contract

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