

## GENERAL PURCHASE CONDITIONS SYSTEM LOGISTICS S.P.A.

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**System Logistics S.p.A.**

(Company managed and coordinated, pursuant to article 2497 et seq. of the Italian Civil Code, by Krones AG, tax identification number 00112119995).

Via Ghiarola Vecchia, 50 - 41042 Fiorano Modenese (MO) – Italy. Tel. +39 0536 916111

Share capital: €10,000,000, fully paid up, tax identification number and VAT number: IT03665250365 - Business register number: MO 03665250 365 - Economic and Administrative.

Register number: MO 407313

## Art. 1 GENERAL DETAILS

- 1.1** These General Purchase Conditions ("**General Conditions**") apply to all purchase agreements entered into by System Logistics S.p.A. ("**System Logistics**") with a supplier thereof ("**Supplier**") for the manufacture and/or supply of products ("**Products**") or services ("**Services**"). These General Conditions are part and parcel of the official order placed by System Logistics to which they are annexed or in which they are referenced, together with the documents referred to in the Order, with which the Supplier declares it is familiar.
- 1.2** The rules and provisions set out in these General Conditions may only be amended provisions and clauses provided in writing.
- 1.3** The agreement between System Logistics and the Supplier is deemed entered into and the order, therefore, is no longer revocable by System Logistics:
- i) when the latter receives the acceptance of the order, without any changes or supplements, duly signed in acceptance by the Supplier, or
  - ii) when no acceptance is received by System Logistics from the Supplier after 5 (five) days of the purchase order being sent, or
  - iii) when the Supplier has clearly begun the activities for System Logistics described in the purchase order.
- ("Order" or "Agreement").

It is understood that any amendment or supplement specified by the Supplier with respect to the purchase order must be deemed a counterproposal, and therefore subject to acceptance by System Logistics in order to become binding and subsequently an Order.

- 1.4** Any sale or supply to System Logistics must originate expressly from an Order. The Supplier must refrain from making sales or supplies or carrying out any activities in general, not specified in the Order or in subsequent variants thereof, it being expressly understood that any sales or supplies made, or activities carried out by the Supplier but not specified in the Order or in subsequent variants thereof will not give rise to entitlement to remuneration to the Supplier. System Logistics reserves the right, among other things and at the sole discretion thereof, to request the collection or removal of such supplies at the Supplier's expense.
- 1.5** The Order may also be sent electronically.
- 1.6** Any requests for supplies or for quotes or estimates, whether made in writing or orally, only become binding upon System Logistics when the Order is executed.
- 1.7** The Supplier expressly acknowledges that System Logistics is entitled to make changes to the Order at any time, advising the Supplier thereof in writing. If the changes instructed do not involve changes in the price and/or delivery times of the Products or completion of the Services, the Supplier will apply the aforesaid changes without delay; should, however, the changes instructed lead to changes in the price and/or delivery times of the Products or completion of the Services, the Supplier will prepare, without delay, a technical and economic offer, including also a timeframe regarding the aforesaid changes, and will submit the aforesaid offer to System Logistics for prior authorisation; it is understood that the Supplier will only apply those changes which are expressly authorised upon acceptance by System Logistics.

- 1.8 Any condition added or amendment made by the Supplier after the execution of the Order or in any other document which has not been expressly agreed and accepted in writing by System Logistics will be deemed not written and without effect.
- 1.9 The dates and time limits specified in the Order are always deemed essential aspects.
- 1.10 The Agreement and any additional addenda to the Order constitute the complete understanding between System Logistics and the Supplier in relation to the Products or Services. Consequently, they cancel and supersede any prior written or oral agreement between System Logistics and the Supplier in relation to the Products or Services.
- 1.11 Upon acceptance of the Order, the Supplier hereby declares and guarantees that:
- a) it undertakes full and complete technical and administrative responsibility and liability for the performance of the Order in relation to both System Logistics and third parties;
  - b) it has the financial and organisational means necessary to perform the Agreement and undertakes full responsibility and liability for the work of its employees, including therein as regards damage caused to System Logistics and/or the employees thereof and/or those of third parties;
  - c) it will coordinate, where necessary, its activities with those carried out by System Logistics, or by third parties designated by System Logistics, asking questions and requesting information deemed useful in order to carry out its activities;
  - d) without prejudice to its responsibility to perform the Orders fully and in a timely manner, it will inform System Logistics, promptly and in writing, in the event that any events or circumstances occur that prevent the activities on which the Orders are based being carried out according to the procedures and times established in the Orders.

## Art. 2 CONFIDENTIALITY, INFORMATION AND INDUSTRIAL PROPERTY

- 2.1 Any information of a commercial or technical nature (such as, merely by way of example, costs, drafts, and/or design drawings, plans, technical specifications, calculations, documents in general and other information) disclosed in any way and by any means by System Logistics to the Supplier ("**Confidential Information**") must be deemed and must remain confidential and classified in accordance with the provisions of this article. The Supplier hereby undertakes to protect all the Confidential Information received and to handle it with the utmost discretion, undertaking not to disclose any details to third parties, with the exception of employees and consultants thereof involved in the activities agreed in the Order provided that (i) the Supplier has signed a confidentiality agreement with similar provisions to those set out in this article, or (ii) the Supplier has been specifically authorised in writing by System Logistics. In any case, the Supplier remains liable for any undue disclosure of the Confidential Information caused by the employees and consultants thereof.
- 2.2 To this end, the Supplier hereby undertakes to promptly notify System Logistics, in writing, should any event occur which gives rise to the disclosure of Confidential Information. It is nevertheless understood that, in the event of disclosure, the Supplier will take all precautions to minimise the detrimental effects arising from such disclosure. Following termination of the Order, compliance with the requirements referred to in section 2.1 hereinabove is also required until the aforesaid Confidential Information becomes public knowledge for reasons not relating to the Supplier's conduct and, in any case, for a maximum of 10 (ten) years (as of termination of the Order).

- 2.3** The Confidential Information received will remain the exclusive property of System Logistics and may be used by the Supplier solely for the performance of the Order and related activities. The Supplier undertakes, merely upon request by System Logistics, to immediately return any Confidential Information received in writing to System Logistics whenever instructed to do so and by any means.
- 2.4** In relation to this information and including therein after termination of the Order, the Supplier is bound:
- a) to store it with the utmost care and confidentiality and, if requested, return it to System Logistics;
  - b) to label it as property of System Logistics in the event that the latter has not done so;
  - c) not to reproduce or copy it, except within any limits expressly authorised by System Logistics and not to send it or reveal the contents thereof to third parties until it becomes common knowledge for reasons not attributable thereto;
  - d) not to file patent applications or applications for any other kind of industrial property rights;
  - e) not to produce or have produced and/or supply to third parties, for any reason whatsoever, either directly or indirectly, products which have been designed or produced using the aforesaid Confidential Information of a technical nature;
  - f) require and guarantee compliance with the obligations arising from this article by the employees thereof, suppliers, or third parties cooperating therewith to which the Supplier has been authorised by System Logistics to send the Confidential Information stated above, when performing the Order.
- 2.5** When supplying, or when proposing or accepting to develop a Product or Service for System Logistics, the Supplier is bound to inform System Logistics in advance and in writing of any - and in the event which - industrial property rights (relating to or applicable to the Products or Services in question or a part incorporated therein) it holds or is using under licence from third parties. Failure, by the Supplier, to provide this information in advance will be deemed a waiver of the right to exercise the said industrial property rights held thereby in relation to System Logistics and likewise in relation to any suppliers to which System Logistics may have assigned the manufacture of the Products or provision of the Services on behalf thereof, including therein following performance of the Order. Failure to provide the said information in advance will likewise be deemed a commitment to procure, for System Logistics and the said other suppliers, permission to use the industrial property rights used by the Supplier under licence from third parties.
- 2.6** The Supplier undertakes not to use the Confidential Information and the industrial property rights of System Logistics (unless specifically authorised to do so in advance and in writing by System Logistics) for the manufacture of other products or services which are similar to those envisaged in the Order.
- 2.7** In the event that, activities concerning research, design, trials, or developments made during the performance of the Order, leads to an invention by the Supplier – whether patentable or not, or to the creation of intellectual property, the latter is bound to inform System Logistics and provide all the information and documents deemed useful or necessary for the embodiment thereof, at the same time granting System Logistics free and non-exclusive licence for the production or reproduction thereof (either directly or through third parties) and for the sale and use thereof in Italy and abroad. If the invention or the intellectual property (whether covered by industrial property rights or copyright) applicable to the Products or

Services have been obtained by the Supplier entirely independently and not in connection with research, design, trials, or developments by the Supplier during performance of the Order or obtained without using Confidential Information, System Logistics will pay a fair remuneration as consideration for the licence therefor. The Supplier undertakes, where requested by System Logistics, to apply for the appropriate industrial property rights for the invention in Italy and in the other main countries or to allow System Logistics to do so in the name and on behalf of the Supplier.

- 2.8** In the event that the aforesaid activities have been carried out by the Supplier when performing a specific assignment assigned by System Logistics, the invention and the related industrial property rights, the drawings, and in general the technical results obtained, as well as the industrial property rights will be exclusive property of System Logistics, provided that the task was assigned by System Logistics for consideration.
- 2.9** The Supplier hereby guarantees that the production, use, and marketing of the Products and Services and of the parts used in the manufacture of the Products does not constitute infringement of third-party industrial property rights, either in Italy or abroad, and undertakes to promptly resolve any claims laid by third parties and, in any case, to hold System Logistics harmless against such claims and protected in the event of action aimed at prohibiting the free production and sale thereof. In any case, the Supplier will hold System Logistics harmless from any liability and from any charge or claim which may arise therefrom in relation to the use of patents, licences, designs, models, trademarks, and other industrial property rights, concerning the supplies, materials, systems, procedures, and means used to produce the Products or Services. In the event of disputes relating to these industrial property rights, the Supplier undertakes to act in lieu of System Logistics if the latter is summoned, ensuring the defence thereof and reimbursing the latter for all expenses and charges incurred thereby.
- 2.10** If System Logistics is required to stop using the Products or Services as a result of the aforesaid claims, the Supplier is required to immediately guarantee System Logistics, at its own expense, one of the following options:
- a) replacement or modification of the Products or Services so as to prevent further disputes concerning right of use, it being understood that these must, in any case, guarantee the same performance as those of the original Products or Services;
  - b) take back delivery of the Products returned by System Logistics or discontinue provision of the Services, returning the consideration paid for the Products which were returned or Services which were not performed.

However, it is understood that, in any case, the Supplier will be required to pay compensation for any damage which may be suffered by System Logistics.

- 2.11** The Supplier undertakes, where required by System Logistics, to feature the System Logistics trademark (or other trademarks or distinctive signs belonging to System Logistics) on the Products and on any spare parts, in the manner and according to the instructions issued by System Logistics. In no event will such use of the trademark be construed as licence to use the System Logistics trademark in general. The Products bearing the trademark as stated above may be supplied exclusively to System Logistics. The use of System Logistics trademarks must cease at any time upon request by System Logistics and in any case, upon the last supply between the parties.

### Art. 3 SPECIFIC EQUIPMENT AND MATERIALS

- 3.1** Unless agreed otherwise between the parties, the Supplier is required to provide the supplies using its own machinery and equipment.
- 3.2** Any equipment (gauges, dies, draw plates, specific equipment, testing equipment, etc) which System Logistics may, in exceptional cases, provide to the Supplier for performance of the Order will remain exclusive property of System Logistics. Use of such equipment is granted to the Supplier by System Logistics on free loan. The equipment must be returned merely upon request by System Logistics, at any time and without the need for explanations. The Supplier will be held liable for the loss or destruction thereof or any damage thereto.
- 3.3** With regards to the equipment stated in section 3.2 hereinabove, the Supplier is bound:
- a) to register the equipment as property of System Logistics;
  - b) to provide, where required by System Logistics, sufficient insurance coverage therefor against fire, theft, vandalism, natural disasters, tampering, and other insurable loss or damage risks;
  - c) to store and use the equipment with the utmost care and provide, at the expense thereof, routine maintenance, without tampering with or modifying the said equipment, except to carry out works relating to the improvement of the Product or Service, which may only be carried out after specific written permission has been obtained from System Logistics;
  - d) to notify System Logistics, with the utmost urgency, of any special repairs, replacements, or modifications needed, in which case System Logistics will decide if and how to act on a case by case basis. System Logistics will bear the expenses relating to this work provided that it is not due to negligence or other causes attributable to the Supplier; in this case, all expenses will be borne by the latter. The Supplier will be held solely liable for any flaws or defects in the Products or misperformance of the Services attributable to defects in the equipment or materials supplied by System Logistics which are not promptly reported by the Supplier;
  - e) not to move the equipment off-site except within any limits authorised in advance by System Logistics;
  - f) to allow System Logistics' representatives to inspect, during normal working hours, the ways in which the equipment is stored and used, as well as the degree of wear thereof;
  - g) not to assign the equipment to third parties for any reason and not to use it as collateral;
  - h) not to use the equipment or allow it to be used except to perform the Order, including therein after termination of the relative supply and, in any case, not to produce and/or transfer products designed or manufactured using the said equipment to third parties, for any reason, either directly or indirectly, for use in production or as spare parts;
  - i) to comply with the instructions issued by System Logistics regarding the storage, return, or scrapping thereof.
- 3.4** In the event of undue use by the Supplier, System Logistics reserves the right to charge the latter for all relating damage ensuing therefrom.
- 3.5** The provisions referred to in sections 3.2, 3.3, and 3.4 hereinabove are understood as also applicable, whenever compatible, to the semi-finished and other materials owned by System Logistics provided to the Supplier for or in connection with performance of the Order.

- 3.6** Any equipment developed and manufactured specifically or used for the manufacture of the Products or for performance of the Services by the Supplier must be used by the latter exclusively for the manufacture of the Products or for performance of the Services. In the event that the equipment manufactured or used by the Supplier for the manufacture of the Products or for performance of the Services is the exclusive property thereof, the Supplier hereby grants System Logistics the option to purchase such equipment for a price amounting to the depreciated value of the said equipment. The option must be taken up by System Logistics by means of a written request notified to the Supplier within 90 (ninety) days of the date of termination of the supply relationship, for whatsoever reason this may have occurred.
- 3.7** It is understood that, in any event of termination (including therein early termination) of the supply relationship, the Supplier undertakes to return the equipment provided by System Logistics, at the Supplier's arrangement and expense or - in the event that System Logistics takes up the option right stated in section 3.6 hereinabove - to deliver the equipment to the System Logistics site carriage paid.

#### **Art. 4 SUBCONTRACTS**

- 4.1** The Supplier is prohibited from entrusting the provision, in whole or in part, of the Products or Services to third parties without prior written authorisation from System Logistics. In the event of breach of the aforesaid obligation, System Logistics will be entitled to terminate the relationship established for the provision of the Products or Services, with immediate effect, simply by advising the Supplier thereof in writing, and may seek compensation for damage from the Supplier in accordance with the law. In the case of subcontracts, the Supplier will be directly liable for the activity of the subcontractor, as if the said activities had been performed by the Supplier. This does not affect System Logistics' right to carry out checks at any time to verify the Supplier's compliance with all applicable legislation relating to its employees and assignees, and to the employees and assignees of any authorised sub-suppliers.

#### **Art. 5 RELIABILITY, QUALITY, TESTS AND INSURANCE**

- 5.1** Even if the Product is made or the Service is provided by the Supplier based on the technical and technological documents provided by System Logistics, the Supplier is required to perform and/or arrange for all the tests and/or inspections needed to check the reliability and suitability of the Products or Services, as well as compliance thereof with the provisions established by Italian and EU regulations, as well as those specified by System Logistics and is likewise required to file the relative documentation. The results of the aforesaid checks and tests will in no way prevent System Logistics from carrying out its own checks in order to establish compliance or conformity of the Products or Services.
- 5.2** The Supplier may start producing any series only once System Logistics has approved the first samples in writing; it is, in any case, understood that any type approval by System Logistics technicians and/or receipt of the supply approval from System Logistics do/does not exonerate the Supplier or diminish the responsibilities, liability, and guarantees thereof.
- 5.3** The Supplier is required to put in place and to maintain suitable production and test equipment and processes to ensure that, at all times, the Products or Services are reliable, offer an appropriate level of quality, and comply with the technical instructions issued by System Logistics (drawings, standards, specifications, type-approved and/or filed sample

charts, etc.). The Supplier is also required to notify System Logistics of the technical innovations that are likely to improve the quality level and/or characteristics of the Products or Services, as well as the technological innovations which may affect the quality thereof.

- 5.4** Without prejudice to the responsibilities and obligations arising from sections 5.1, 5.2, and 5.3 hereinabove, the Supplier undertakes to allow access to the staff delegated by System Logistics and/or - at the request of System Logistics - to the staff delegated by System Logistics' customers, in order for the said staff to carry out inspections, checks, and audits concerning the processing methods, the production processes, and/or the testing carried out. If requested, the Supplier hereby undertakes to issue a quality certificate stating that the Products supplied or the Services provided to System Logistics have been appropriately tested and found to be suitable. In this case, the Products supplied or Services provided to System Logistics must be accompanied by the relative quality certificate, without which System Logistics will be entitled to reject the Products or Services.
- 5.5** No modification may be introduced by the Supplier during manufacture of the Products or provision of the Services unless written authorisation is given therefor by System Logistics, with the price modified accordingly if necessary.
- 5.6** In the event that the Products ordered or Services commissioned are subject to regulations (whether Italian and/or foreign) concerning safety, pollution abatement, etc., the Supplier is required to prepare specific documents on the type approval and production processes which specify - among other things - how the characteristics concerned were tested, by whom, and with what results. These documents must be retained by the Supplier for at least 10 (ten) years and must be provided to System Logistics at the request thereof. Furthermore, since System Logistics is bound to allow its customers to carry out checks and inspections on the production and testing methods and on testing records, the Supplier hereby declares that it is willing to allow similar checks and inspections to be carried out at its own company. The Supplier is required to set similar requirements for its suppliers.
- 5.7** In addition to all the compulsory insurance policies required by law, the Supplier must take out policies with leading insurance companies as follows:
- (i) a suitable third-party liability policy to cover whatever the Supplier is required to pay to make good damage caused as a result of any event that may occur while carrying out its business and all related and ancillary activities such as, for example but not only, damage to property owned by System Logistics during delivery or safekeeping thereof, or during loading/unloading and handling operations in general;
  - (ii) product liability coverage for all potential damage to property or persons, caused to System Logistics or to third parties, as a result of defects in the Product.
- 5.8** In good time, before the beginning of the supply, the Supplier will send appropriate documents to System Logistics stating as follows:
- (i) the chosen insurance company,
  - (ii) the coverage start and end dates,
  - (iii) the content of existing coverage, including all the coverage stated hereinabove in section 5.7, with evidence of the relative sub-limits, deductibles, and excesses. The Supplier also undertakes to deliver, simply upon request by System Logistics, a copy of all the insurance policies and related payment receipts, it being understood that the

existence of such policies may in no way be interpreted as limiting the Supplier's liability as envisaged either by law or in relation to the performance of the Agreement.

It is understood that the Supplier remains solely liable for the deductibles, the excesses, as well as any other damage not covered by the aforesaid policies, just as the Supplier will be liable for the amount of any damage exceeding the upper limits or the sub-limits of the insured amounts stated in the policy.

- 5.9** The aforesaid policies must be kept in force for the entire duration of the Supplier's requirements pursuant to the Agreement.
- 5.10** The Supplier must keep System Logistics informed of any reduction, suspension, or termination of the aforesaid insurance policies, as well as of any event which may jeopardise the validity or scope of the coverage of the said policies.

## **Art. 6 TRANSFER OF OWNERSHIP AND RISKS, DELIVERY, STOCKS AND PENALTIES**

- 6.1** The transfer of risks relating to the Products will take place according to the delivery term specified in the Order. At the same time, ownership of the Products will also be considered transferred from the Supplier to System Logistics. If no specific condition is agreed in the Order, the risks are transferred to System Logistics as envisaged for DDP deliveries.
- 6.2** Activities for the marking, packaging, labelling, identification, shipping, and transport of the Products must be carried out in accordance with the instructions issued by System Logistics and applicable legislation. The Supplier will be bound to make good any damage resulting from any delay, loss, or physical damage caused due to shortcomings in the marking, packaging, labelling, identification, or shipping, attributable to failure to comply with the aforesaid instructions or legislation. More specifically, for transport, unless further specific provisions are included in the Order or agreed with System Logistics, the Supplier hereby undertakes to insure the load against all possible accidents or damage that may occur during transport (merely by way of example: theft, fire, damage, loss, etc.) with a suitable policy taken out with a leading insurance company approved by System Logistics. The Supplier hereby undertakes, amongst other things, to use strictly carriers which offer services that meet the highest international standards in force in the industry (more specifically, an appropriate vehicle for the load transported, equipped with a suitable anti-theft system), subject to prior express approval by System Logistics. The Supplier will provide System Logistics (with due notice), with the details of the insurance coverage and of the carrier appointed for the purposes of approval thereof.
- 6.3** The delivery terms are considered met if the Products are actually delivered within the time limits agreed, to the place of delivery specified by System Logistics, without any flaws or defects and manufactured in a workmanlike manner. The time (days) taken to redress flaws or defects in the Products and to replace the faulty or defective Products will be counted as a delay. With reference to the Services, the delivery terms are considered fulfilled if the Services are provided to professional standards, without any flaws or defects, and within the agreed terms. Also in this case, the time (days) taken to redress any flaws or defects during performance will be counted as a delay.
- 6.4** The delivery terms and schedules stated in the Order are binding and essential and therefore neither delays nor early deliveries are allowed. System Logistics, therefore, is authorised to return supplies received before the agreed term, at the expense and risk of the Supplier, or to charge the latter for storage.

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### **System Logistics S.p.A.**

(Company managed and coordinated, pursuant to article 2497 et seq. of the Italian Civil Code, by Kronos AG, tax identification number 00112119995).

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Share capital: €10,000,000, fully paid up, tax identification number and VAT number: IT03665250365 - Business register number: MO 03665250 365 - Economic and Administrative.

Register number: MO 407313

In the event of delivery delays not due to force majeure circumstances, System Logistics may choose, at its discretion, one or more of the options set out hereinafter:

- a) to demand performance of the Order, either in full or in part;
- b) to arrange procurement of the Products or performance of the Services from other Suppliers (or, in any case, as System Logistics deems it most appropriate), doing so at any time, in whole or in part, at the expense and risk of the Supplier, solely with the obligation to advise the Supplier thereof;
- c) to terminate the Agreement, as of right and with immediate effect, pursuant to and in accordance with Article 1456 of the Italian Civil Code, simply giving the Supplier written notice thereof.

**6.5** System Logistics nevertheless remains entitled to charge the Supplier a penalty amounting to 0.5% of the total value of the Products or Services not delivered for each calendar day of delay with respect to the delivery terms established in the Order, up to a maximum total, for all the days of delay, of 10% of the Order amount; in any case, System Logistics' right to seek compensation for any further damage suffered will remain unaffected.

**6.6** Where expressly agreed in the Order, the Supplier is required to maintain, at its own expense and for the entire duration of the supply arrangement, sufficient stocks of Products at its warehouses to ensure supply continuity according to schedules. The stocks of tested material, must be properly rotated and arranged in such a way as to facilitate identification and quantity checks by System Logistics' representatives. In the case of use by the Supplier of the reserve stocks for unplanned System Logistics Orders, the Supplier undertakes to replenish the said stocks within and no later than 4 (four) weeks of System Logistics placing such Orders. If compulsory reserve stocks are specified in the Order, the Supplier undertakes to maintain the levels thereof.

**6.7** In the event of non-compliance with the requirements set out in section 6.6 hereinabove, a penalty amounting to 20% of the value of the missing stocks may be applied to the Supplier, without prejudice, in any case, to System Logistics' right to terminate the supply Agreement with immediate effect as provided for hereinafter in article 12.

## **Art. 7 FORCE MAJEURE**

**7.1** In the event that performance of the Agreement is prevented by the occurrence of proven circumstances of force majeure, i.e. events beyond the Supplier's control (such as, for example: natural disasters, riots, nationwide strikes, etc.) the Supplier must immediately notify System Logistics of the said circumstance by email - with subsequent confirmation sent with a recorded delivery letter with advice of receipt, or by certified email - and must take all possible measures to limit the effects thereof. In such cases, the delivery terms are deemed extended and a new time limit must be established between the parties by mutual agreement. Force majeure cannot be claimed if the circumstance arises after the expiry of the agreed delivery term. In no event will delays by subcontractors, for whatsoever reason, be deemed force majeure circumstances.

**7.2** If the force majeure circumstance causes a delay in delivery of over 25 (twenty-five) days or a shorter delay but one that is nevertheless incompatible with the commitments undertaken by System Logistics in relation to the customers thereof or with System Logistics' production requirements, the latter will be entitled to terminate the contractual relationship, in full or in part, at any time, by simply giving the Supplier written notice thereof. In this event, the parties shall negotiate, on a case by case basis, the quota of the consideration due to the Supplier for the contractual obligations performed until the occurrence of the force majeure event.

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Share capital: €10,000,000, fully paid up, tax identification number and VAT number: IT03665250365 - Business register number: MO 03665250 365 - Economic and Administrative.

Register number: MO 407313

**7.3** System Logistics cannot be held liable in the event of natural disasters, strikes, fires, picketing, or other circumstances beyond System Logistics' control which prevent receipt of the Products or performance of the Services.

## **Art. 8 ACCEPTANCE, WARRANTIES FOR DEFECTS AND NON-CONFORMITIES**

**8.1** The physical acceptance of and/or payment for the Products or Services cannot, in any case, be deemed acceptance thereof, which must be given by the relative System Logistics departments. After agreement with System Logistics, the Supplier may send its own staff to the System Logistics sites to view the equipment and procedures employed in the inspection and testing of the Products or Services. Acceptance will be deemed given tacitly by System Logistics if no objections are raised within 30 (thirty) days following delivery. The guarantee against hidden defects and operation failure remains in force even in the event that System Logistics accepts the Products or Services.

**8.2** The Supplier guarantees conformity in terms of the Products quantities set out in the Order. In the event of non-conformity between the order quantities and the amounts of the Products delivered, System Logistics will have one or more of the following options available thereto, which may be exercised within no more than 30 (thirty) days of delivery of the Products, namely:

- a) to accept the non-conforming quantities found, with the concomitant power to increase or decrease any subsequent supplies of the Products or provision of the Services accordingly;
- b) to reject any surplus Products, with the right, if the Supplier does not immediately collect them, to return the surplus at the expense and risk of the Supplier or to charge the latter for the storage and warehousing;
- c) to instruct the Supplier to immediately send the missing part of the supply, it being understood that any further cost or expense for the immediate provision of the missing items will be borne by the Supplier.

In the event that such quantitative differences, whether consisting of shortages or surpluses, are repeated, System Logistics may charge the Supplier for the costs and expenses incurred to implement additional controls within its goods acceptance process.

**8.3** The Supplier guarantees for a period of 24 (twenty-four) months from delivery of the Products or the completion of the Services, that the Products or Services supplied are i) free from defects and flaws; ii) are compliant with the provisions of the Order and with the legal and regulatory requirements applicable to the Products or Services; iii) are fit to be used for the agreed purpose.

**8.4** In the event that System Logistics finds any defects, non-conformities, non-compliances, or operation failures in one or more Products or Services, System Logistics - after reporting the issue to the Supplier - will be entitled as follows:

- a) to the prompt replacement of the Products or correct performance of the Services found to be faulty, at the Supplier's expense (including travel expenses);
- b) if the Supplier does not take prompt action to remedy the non-conformity of the Products or the misperformance of the Services, as found: to arrange, directly or through appointed third parties, for the repair of the faulty Products or for the correct performance of the Services, charging the Supplier for all expenses;

- c) to reject the faulty Products or Services, at the Supplier's expense and risk, without requesting the replacement thereof if, entirely at System Logistics' discretion, the replacement is of no use to the latter;
- d) to charge the Supplier the lump sum of € 100,00 as a contribution to the internal cost of managing the non-conformity/non-compliance of the Product or Service;
- e) charge the Supplier the costs incurred by System Logistics for performance of internal diagnostics, analyses, and testing, upon presentation of appropriate supporting documentation.

**8.5** In each of the cases referred to in the sections a), b), and c) above, the Supplier will be charged for the cost of corrective action concerning the Products or Services, calculated on the basis of the System Logistics price list (provided to the Supplier in advance).

**8.6** In order to exercise the aforesaid powers, System Logistics must notify the Supplier thereof within 180 (one hundred and eighty) days of the date on which the fault is found; the Supplier undertakes to carry out the work required, based on the aforesaid notifications, promptly and within the terms specified by System Logistics on each occasion.

**8.7** The Supplier undertakes not to place the returned faulty or non-conforming Products on the market the said Products, in which case System Logistics is within its rights to carry out inspections and checks to ensure such undertaking has been fulfilled. If the Supplier fails to promptly collect the faulty Products, System Logistics may proceed directly by scrapping them on the Supplier's behalf and at the expense thereof.

**8.8** In the event that claims are lodged against System Logistics, either in or out of court, for third-party liability (including liability for faulty products) or that System Logistics is accused of breaching legal requirements (safety, pollution regulations, etc.) or contractual requirements as a result of the faulty nature, non-conformity, or unreliability of the Products supplied or Services provided, the Supplier will be required to hold System Logistics harmless and to make good any damages suffered thereby. System Logistics must inform the Supplier promptly upon discovering the breach or the claimed liability thereof is based on the faulty nature or non-compliance of the Products or Services.

**8.9** In the event that System Logistics carries out a drive to recondition its plants and systems in order to replace or repair Products that have proved to be faulty or take corrective action concerning Services which do not comply with legal provisions or the requirements specified by Systems Logistics, and even if the fault, or operation failure, or non-compliance is found after expiry of the guarantee, the Supplier will be required to provide System Logistics (free of charge) with the Products or Services needed to carry out this reconditioning drive and will reimburse System Logistics for the cost of the disassembly, assembly, transport, disposal and reconditioning activities, provided that the Supplier's liability is ascertained.

## **Art. 9 SPARE PARTS**

**9.1** The Supplier hereby undertakes to supply System Logistics with spare parts for the Products for a period of 10 (ten) years as of delivery thereof, the said spare parts being manufactured using the same or equivalent materials and technologies as those used in the manufacture of the Products.

## **Art. 10 CONSIDERATION FOR THE SUPPLY**

**10.1** The consideration for the supply stated in the Order is before tax; this consideration is the all-inclusive, set, and final amount and includes all costs, charges and ancillary expenses, such

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Share capital: €10,000,000, fully paid up, tax identification number and VAT number: IT03665250365 - Business register number: MO 03665250 365 - Economic and Administrative.

Register number: MO 407313

as but not limited to costs for insurance, transport (regardless of the customs clearance method), storage, packing, unloading, and maintenance until the time of delivery.

- 10.2** The contractual consideration is understood as including all the Products and Services, as well as the charges and obligations (including those not expressly listed or mentioned) placed on the Supplier, for whatsoever reason, and necessary in order to perform the Order to professional standards, in accordance with the agreed provisions, methods and timing.
- 10.3** Increases in the consideration specified in the Order are envisaged solely in the event of amendments for which System Logistics has given prior written permission. Any proposed changes in the price will be deemed validly accepted only if System Logistics sends written confirmation to the Supplier within no more than 20 (twenty) days of receipt of the relative proposal. Failing this, the Supplier will not be able to proceed with the change.

## **Art. 11 INVOICES, TRANSPORT DOCUMENTS AND PAYMENTS**

- 11.1** Invoices must be issued for all Products or Services contained within a single Order and subject to the same rate of VAT. They must specify:
- a) the number and date (where applicable) of the Order, the Order position, the internal purchase request stated in the Order, the delivery request, the Supplier's registration code and tax ID number, transport document, and the drawing;
  - b) the list of Products in the order specified in the transport documents;
  - c) the unit of measurement; the unit which must be used on both the invoice and the transport document is the unit stated on the Order and, in any case, in special cases where it is not possible to use the same unit, the quantity must be specified using both units of measurement and specifying the conversion factor.
- 11.2** The Products shipped must be accompanied by the transport document with the number of copies requested by System Logistics. The transport document must contain the information set out hereinunder: Supplier's name, serial/drawing number, Supplier's registration number, Product name, shipment date, Order number and date and internal purchase request number and date, number of the destination warehouse, quantity of the batch shipped, number of packages, and any other specification required in the Order. The transport document identifier must be numerical only, with no slashes, and must contain no more than 7 (seven) digits. Each transport document must refer solely to Products from the same Order or delivery schedule.
- 11.3** The Supplier is bound to prepare the documents necessary for customs purposes and to provide the information required to determine the originating status of the goods pursuant to provisions relating to preferential trade between the European Union and certain countries or territories by submitting the declaration of origin (both preferential and non-preferential) by the delivery date, sending the said form to the following address: [origins.it@systemlogistics.com](mailto:origins.it@systemlogistics.com). In the event that the Supplier fails to send or is late sending the aforesaid documents, System Logistics may suspend payment of the consideration for the supply concerned until such documentation is duly delivered by the Supplier.
- 11.4** Payments will be made upon submission of invoices issued in the manner specified in the Order and upon provision of the documents stated in sections 11.1 and 11.2 hereinabove, or any others specified in the Order, on condition that such payments are effectively due on the date the related invoices are issued. If this is not the case, the payment terms will begin at the end of the month during which the payments fall due.

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- 11.5** The payment terms will be agreed between the parties on each occasion and stated in the Order. Unless otherwise stated, these terms will begin on the date of acceptance of the Products or Services by System Logistics.
- 11.6** In any case, failure by System Logistics to dispute an invoice cannot be deemed acceptance thereof.
- 11.7** If envisaged in the Order, a withholding may be applied to the amount stated on the invoice (at the rate envisaged in the said Order) to guarantee the Supplier's proper performance of all the contractual obligations. This withholding will remain bound within the terms agreed in the Order. As an alternative to the withholding, the Supplier may provide System Logistics with a first-demand bank and/or insurance guarantee for the same amount, issued by a leading bank or insurance company approved by System Logistics, whose wording must also be approved in advance by System Logistics. The advance payment interest must be previously agreed with System Logistics and discounted from the price of the Products or Services.
- 11.8** Any payments due by the Supplier to System Logistics for penalties or any other reason will also be deducted from each payment.
- 11.9** System Logistics will have the right to withhold payments due to the Supplier that had accrued for prior services or, in any case, not relating to the Order, in order to guarantee the Supplier's fulfilment of the obligations arising from the Order, and may likewise offset such claims.
- 11.10** System Logistics will also be entitled to withhold payments that have accrued for supplies relating to the Order in order to guarantee the Supplier's fulfilment of prior obligations or, in any case, obligations not relating to the Order.
- 11.11** In the event that, in one or more batches of the Products supplied or units of the Services provided, the faulty or non-conforming Products/Services found constitute a significantly higher percentage than the agreed tolerance limit, System Logistics will be entitled to suspend payment of the price of the batch or unit concerned from the total payments due to the Supplier until the Supplier delivers the replacement Products or Services.
- 11.12** Without prejudice to the provisions set out hereinabove in the sections of this article, any unexplained delays in payments by System Logistics must be understood as subject to interest at no more than the statutory rate in force in the period of delay, calculated pursuant to Article 1284 of the Italian Civil Code. The Supplier will not be entitled to any compensation for costs incurred for the recovery of unpaid sums unless the latter has issued System Logistics with formal notification of arrears by means of a recorded delivery letter with advice of receipt or by certified email.

## **Art. 12 TERMINATION OF THE AGREEMENT**

- 12.1** If the Supplier does not fulfil its contractual obligations in compliance with the provisions set out in these General Conditions or in the Order, System Logistics may invite the Supplier to perform, by written invitation sent by recorded delivery letter with advice of receipt or certified email, providing for a term of no less than 5 (five) days within which to remedy the breach. Should the Supplier fail to remedy the breach within this term, the Agreement will be terminated automatically.
- 12.2** In addition to the provisions established by law or agreed elsewhere between the parties, the Agreement will be deemed terminated automatically, pursuant to Article 1456 of the Italian

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Civil Code, simply upon written notification thereof by System Logistics in the event that the Supplier fails to comply with the representations and warranties made pursuant to section 1.11 hereinabove, as well as the obligations of these General Conditions set out in article 2 and sections 3.3, 3.4, and 6.7 hereinabove and in section 20.2 hereinunder.

- 12.3** The Agreement will also be terminated automatically, pursuant to Article 1453 of the Italian Civil Code and in this case with no notice required, in the event that insolvency action has been filed against the Supplier or in the event that of out-of-court debt restructuring proceedings with creditors, action for seizures, attachments, or civil or criminal law convictions against the Supplier's legal representatives have been initiated which could jeopardise the Supplier's good name or hinder its activity, as well as in the event that the Supplier undergoes a merger, liquidation, or sale of a company or change in the corporate structure either of the Supplier or of its ultimate parent company, unless, in the latter cases, System Logistics, having been duly informed prior thereto, has provided written consent to continue the Agreement. If any of the aforesaid events should occur, the Supplier hereby undertakes to inform System Logistics thereof promptly. Early termination of the supply relationships as a result of any of the circumstances described in this section will not render System Logistics in any way liable to the Supplier, except for the payment of the supplies already received, as per the procedures set out in article 11 hereinabove.
- 12.4** System Logistics will also be entitled to terminate the Agreement, giving prior written notice, if any situations, events, or actions occur which indicate that the Supplier is either unable or likely to be unable to ensure normal performance of its obligations (such as, merely by way of example), missed or delayed payments to employees, social security institutions, tax authorities, suppliers or banks, protested bills of exchange, seizure of financial assets and/or real property, revocation of licences or permits, preparatory and/or initial stages of voluntary receivership, etc.). In this case, the Agreement will be terminated if the situation referred to in this section does not cease within 10 (ten) days of System Logistics sending the written notice to the Supplier.
- 12.5** In the aforesaid cases of termination of the Agreement, System Logistics will, in any case, be entitled to accept the Products or Services which have already been delivered, paying the relevant fee minus - in the event that the termination is attributable to breach by the Supplier - 10% of the contractual price agreed for the entire supply, payable as a penalty, and without prejudice, in any case, to compensation for any further damage.
- 12.6** In the event of failure by the Supplier to comply with the health and safety provisions set out in Italian Legislative Decree n. 81/2008, System Logistics may, at its sole discretion, upon written challenge and with immediate effect:
- i. suspend the Supplier's activities, arranging for the appropriate action which must be taken within an appropriate pre-established term. In the event of suspension, the Supplier will not be entitled to any reimbursement of the costs incurred following the suspension, nor to an extension of the agreed term;
  - ii. in the event of serious or repeated breach by the Supplier of the provisions set out above, System Logistics may terminate the Agreement pursuant to Article 1456 of the Italian Civil Code.

### **Art. 13 ASSIGNMENT OF THE AGREEMENT AND RECEIVABLES**

- 13.1** Unless agreed otherwise with System Logistics in advance and in writing, the Orders, the performance of the contractual services, and/or the receivables arising from the Orders may not be assigned by the Supplier, not even partially.
- 13.2** The Supplier hereby expressly agrees that, pursuant to Article 1406 of the Italian Civil Code, System Logistics may assign the Agreement with the Supplier to companies in the Krones group. The term 'companies in the Krones Group' means companies which are controlled, either directly or indirectly, by the company Krones AG, with registered premises in Germany, and the concept of 'control' being as established in Article 2359 of the Italian Civil Code.

### **Art. 14 ADVERTISING**

- 14.1** Any disclosure or publication referring to supplies made by the Supplier to System Logistics, is subject to prior written permission from the latter. In such cases, the Supplier hereby undertakes to comply with the conditions and procedures established on each occasion.

### **Art. 15 FORBEARANCE**

- 15.1** During performance of the Agreement, forbearance by either of the parties of conduct by the other constituting breach of one or more of the provisions contained in these General Conditions or in the Agreement does not result in the waiver of the first party's right to exercise the rights thereof at any time.

### **Art. 16 INVALIDITY**

- 16.1** The clauses of these General Conditions are interrelated and inseparable.
- 16.2** Any nullity or invalidity of the individual clauses of these General Conditions or of an Order will not result in the nullity or invalidity of the others conditions or the Order. The parties undertake to negotiate, in good faith, a replacement provision which will maintain the contractual balance.

### **Art. 17 NOTIFICATIONS**

- 17.1** Any correspondence between the parties must be sent, in Italian or in English, to the respective registered premises, at the address specified for this purpose, or to the respective email addresses; failing that, the correspondence will be considered ineffective. Any change in contact address must be notified promptly.

### **Art. 18 PERSONAL DATA PROTECTION INFORMATION**

- 18.1** In compliance with Italian Legislative Decree n. 196/2006, European Regulation n. 679/2016 and subsequent amendments and supplements thereto, and of subsequent provisions issued by the Italian data protection authority ("**Applicable Legislation**"), the data obtained from or provided by System Logistics will be used by the Supplier solely to perform the Order. This data will be kept in compliance with the measures specified in current legislation and will not be disclosed externally except to persons, institutions, or bodies that perform supervisory duties; the Supplier guarantees that the personal data protection measures required by Applicable Legislation will be taken.

**18.2** The personal data collected by System Logistics, or subsequently disclosed thereto by the Supplier, as necessary for the performance of the Agreement, will be processed solely for the pre-contractual and contractual purposes stated in the Agreement. Failure to provide the data required will make it impossible to perform the Agreement. For more information about the type of data collected, the processing methods and purposes, the storage times, and the parties with whom the Supplier's data may be shared, the Supplier is advised to view the extended information notice published on the company's website ([www.systemlogistics.com](http://www.systemlogistics.com);) in the "Suppliers' data protection" section.

#### **Art. 19 APPLICABLE LAW AND COMPETENT AUTHORITY**

**19.1** These General Conditions, the Order and the Agreement are governed by Italian law.

**19.2** For any dispute which may arise between System Logistics and the Supplier as a result of the interpretation and performance of these General Conditions, the Order, or the Agreement, the Court of Modena will have sole jurisdiction, with any concurrent authority hereby excluded.

#### **Art. 20 ORGANISATION, MANAGEMENT AND CONTROL MODEL**

**20.1** The Supplier hereby acknowledges that System Logistics has adopted a company organisation, management, and control model pursuant to Italian Legislative Decree n. 231/2001 and subsequent amendments and supplements thereto (the "**Model**") and declares that it has read the code of conduct ("**Code of Conduct**") which is part and parcel of the Model, in addition to the Krones Group supplier code of conduct ("**Supplier Code**"), both of which are available on the company's website ([www.systemlogistics.com](http://www.systemlogistics.com)). The Supplier accepts the content of the Code of Conduct and the Supplier Code applicable thereto and undertakes to act in accordance with the law and the principles and rules set out in the aforesaid Code of Conduct and Supplier Code. In the event that the Supplier becomes aware of conduct by an employee and/or a System Logistics representative which could constitute breach of the Code of Conduct, the Supplier undertakes to immediately inform the relevant bodies, sending a report (anonymously if desired) through the portal within the System Logistics website ([www.systemlogistics.com/ita/krones-integrity-segnalazioni-system-logistics](http://www.systemlogistics.com/ita/krones-integrity-segnalazioni-system-logistics)).

**20.2** It should be noted that failure to fulfil the obligations and commitments set out above constitutes gross breach of agreement and will result in System Logistics being entitled to terminate the Agreement with immediate effect, pursuant to Article 1456 of the Italian Civil Code, without prejudice to compensation for damage.