



GENERAL CONDITIONS OF PURCHASE OF DROMONT GROUP

These general conditions of contract (hereinafter "**General Conditions**") govern any contract of sale, supply or subcontract (hereinafter "**Contract**" or "**Supply Contract**") entered into between **Dromont S.p.A.**, a company incorporated under Italian law and having its registered office at 12060 Grinzane Cavour, Via Borzone, 42, Italy, VAT no. 02023900042, certified email address (posta elettronica certificata) dromont@businesspec.it, and/or its subsidiary **Comec S.r.l.**, a company incorporated under Italian law and having its registered office at 12060 Grinzane Cavour, Via Borzone, 42, Italy, VAT number 03448250047, certified email address (posta elettronica certificata) comec_srl@legalmail.it, both acting as purchasing party (hereinafter "**Buyer**") of goods, furniture, components, systems or equipment (hereinafter individually "**Product**" or collectively "**Products**") manufactured, sold and/or supplied by a party acting as seller, supplier and/or subcontractor (hereinafter referred to as "**Supplier**") irrespectively of such Supplier having its registered office and operating in Italy or being a foreign entity. These General Conditions are automatically incorporated into the Contract following the transmission of a copy whereof to the Supplier - together with the Privacy Form and the company documentation in compliance with Privacy and Anti-Money Laundering legislation in force in Italy - and unless their exclusion is expressly stated in the Supply Contract. These General Conditions are also published on the websites www.dromont.com and www.comec.eu.com as of 10th February 2019 and therefore they are valid and effective pursuant to and for the purposes of Article 1341 paragraph 1 of the Italian Civil Code upon any Supplier with whom a Contract is stipulated. Any modification of these General Conditions is not binding on Dromont or Comec unless expressly accepted in writing by the Buyer acting by an authorized representative.

1. Definitions. In these General Conditions, in addition to the definitions indicated above, the following definitions have the corresponding meaning set out below: **Buyer:** Dromont S.p.A. o Comec S.r.l.. **Supplier:** the supplier of the Product/s. **Qualified Supplier:** any Supplier with whom the Buyer has had a supply relationship of Products lasting more than six months from the date of the first Order, and until the Supplier has lost such quality as a result of a periodic control of the Buyer and due to the occurrence of one of the conditions indicated in the last paragraph of Article 6 of these General Conditions. **Contract:** the contract of sale, supply or sub-supply of the Product/s entered into between the Supplier and the Buyer following the acceptance of the Order by the Buyer or the issuance of a Buyer's Order Confirmation. **Order:** the document sent by post, by fax, by certified email or by e-mail and drawn up on paper or electronic support, with which the Buyer declares to the Supplier that the Buyer wishes to purchase one or more Products. **Order Acceptance:** the communication sent by the Supplier to the Buyer with which the Order is accepted; in the absence of a formal document of Order acceptance, the Contract is considered concluded in the event of transmission by Buyer of an Order Confirmation incorporating the Supplier's commercial offer. **Final Customer:** the customer who purchases a machine or plant from the Buyer, which contains and incorporates one or more Products. **Order Confirmation:** the document transmitted electronically or handed over in person by Buyer to the Supplier, whereby a commercial offer from the Supplier is accepted by the Buyer. **Main Contract:** a sale or supply contract concluded between the Buyer and a Final Customer, by which the Buyer undertakes to sell/supply a machine or plant containing and incorporating a Product/s provided by the Supplier, and to which the Contract is linked. **Parties:** Buyer and Supplier jointly considered. **Product/s:** the plant, machine, machinery, mechanical component and/or a set of mechanical components with technical and operating autonomy, made by the Supplier and supplied to the Buyer in execution of the Contract. **Functional Testing:** a verification of the correct system functionality of the Product. **Performance Testing:** a verification of the functioning of the Product with respect to the performance conditions and specifications indicated in the Contract.

2. Scope of application and modifications. The General Conditions govern any contract of sale or supply entered into between Dromont or Comec, acting as Buyer, and a Supplier. Any modification to the General Conditions will be valid and effective between the Parties and incorporated in the Contract only if it is accepted in writing by the Buyer acting by an authorized representative.

3. Scope of Contract and autonomy of Supplier. The object of the Contract is the supply to the Buyer of one or more Products as described in the Order or in the Order Confirmation issued by the Buyer. Under no circumstances may the conclusion of the Contract give rise to a commitment by Buyer to purchase Products other than those indicated in the Contract, or imply the grant of any exclusivity rights to the Supplier. The Contract is based on fiduciary elements and on the assumption that Supplier is an independent party with autonomous organizational, financial, technical and entrepreneurial capacity, as well as the necessary means, skills and resources for a proper execution of the Contract in accordance with Buyer's requests and specifications.

4. Conclusion of the Agreement. The Contract between the Parties is concluded: a) when the Buyer receives the acceptance of its Order by the Supplier, or b) when the Supplier receives an Order Confirmation issued by the Buyer and signed by its authorized representative, accepting the commercial proposal sent by the Supplier; or c) when, at Buyer's written request, the Supplier confirms the Order or Order Confirmation. Any proposals, offers, confirmations that do not comply with the Order and/or the Order Confirmation and/or the procedures for concluding the Contract set out in these General Conditions, will not determine the conclusion of a binding contract with the Buyer.

5. Execution of Contract, application of penalties for delay. The Supplier shall perform the Contract in compliance with delivery terms and within dates agreed with the Buyer and indicated in the Order, in the Order Confirmation or in any other document incorporated in the Contract. The breach of delivery dates agreed in the Contract shall expose Supplier to liability for delay in accordance with the following clauses. The Supplier must deliver the Product in compliance with the technical requirements indicated in the Contract and perform both the Functional Testing at the Buyer's factory and the Performance Testing at the Final Customer's factory, within the dates indicated in the Contract. In case of delay of delivery of the Products to the Buyer, the following provisions will apply: (a) if the delay occurs in relation to intermediate stages of progress agreed



between the Parties, the Buyer may warn the Supplier to restore an adequate level of production to recover the delay, but the Buyer is not obliged to do so and even if the Buyer does so this will not prejudice the application of penalties for delay in relation to any accrued delay; (b) following Buyer's warning, if the Supplier does not recover the delay to any intermediate stage of progress within the deadline requested by the Buyer, and it is reasonably believed that the Supplier will incur in serious delay, or a delay that cannot be tolerated and/or that is such to expose the Buyer to the risk of disputes for non-fulfillment and/or obligations of compensation for damages towards the Final Customer, the Buyer reserves the right to terminate the Contract and/or to have all or part of the supply performed by another supplier, and charge the Supplier with any related and consequential costs, without prejudice to compensation for greater damages suffered; (c) in case of delay in the delivery of the Products and/or in the successful outcome of the Functional Testing and/or the Performance Testing, with respect to the dates indicated in the Contract, the Supplier will be liable to pay a penalty, for each week of delay, the sum of which being equal to 1% of the price of the Products delivered with delay, within a maximum of 15% of the price of the Products delivered; (d) the Contract may include penalties for delays of a higher amount or otherwise modulated over a weekly or monthly period; (e) all Buyer's compensation claims for any further and direct damages arising from the termination of the Main Contract that the Buyer may suffer as a result of the Supplier's delay remain unaffected; (f) in the event of a delay equal to portions of a week, the penalty will be calculated pro-rata; (g) if the Contract is connected to the Main Contract, in the sense that Products supplied by the Supplier are incorporated into the system supplied by the Buyer to the Final Customer, and if such Main Contract places obligations upon the Buyer and penalties for delay upon the Buyer, the Supplier shall be liable for any such penalties for delay that the Buyer is responsible, with the sole exception of delays due to force majeure or not attributable to the Supplier; (h) a cause of force majeure cannot in any case be invoked by the Supplier if it arises after the expiry of the delivery date of the Product originally stated in the Contract, and in no case will any delays of Supplier's subcontractors be considered as force majeure; (i) if a force majeure event causes a delay of more than 4 working weeks with respect to the agreed date for Functional Testing and/or Performance Testing, the Buyer reserves the right to terminate the Contract, in whole or in part, by serving a written notice to the Supplier; (l) in the event that there is a stoppage to the Buyer's production line due to a non-compliance with the supply schedule attributable to the Supplier, or if as a result of the Supplier's delay the Buyer suffers damage resulting from the delay in the fulfillment of the Main Contract, the Buyer will be entitled to charge the Supplier for such damages in full; (m) for the purposes of calculating each day of delay, all days of delay accumulated as a result of any Non-Conformity Report issued by the Buyer at the time of carrying out a quality control of the Products delivered, and by consequence returned to the Supplier for non-compliance, will be calculated as delay in accordance with the provisions of article 6 below.

6. Product quality and conformity control procedure, loss of status of Qualified Supplier. If the Contract provides for the delivery of Products and their control by the Buyer within assembly procedures or progress stages, and the approval of the Products by the Buyer is required before the Supplier being able to move to subsequent stages of progress, the following rules will apply: (a) the Buyer reserves the right to check the Products delivered within five (5) working days of delivery; (b) in the event of non-compliance of the Products with the technical specifications previously provided to the Supplier, either due to quantitative shortages or due to defects or lack of quality, the Buyer will issue a report of non-conformity ("**Non-Conformity Report**") indicating the reasons of non-compliance in the appropriate non-compliance description box and indicating the immediate action required to remedy the non-compliance, and will transmit it by e-mail to the Supplier within the day following the analysis; (c) the transmission of the Non-Conformity Report involves the opening of a so-called "case of non-compliance" and the charge of a flat-rate management fee of € 30,00 (thirty euros); (d) the Supplier shall complete and return the Non-Conformity Report within a maximum of three (3) days from receipt, and shall indicate the causes of the defect/s and the corrective measures that it intends to take to eliminate them; the Non-Conformity Report shall be signed by the Supplier's quality manager and sent to the Buyer by e-mail; (e) upon receipt of the Supplier's response, the Buyer reserves the discretionary right to request the Supplier to remedy the non-conformity indicated in the Non-Conformity Report, or remedy the defect/s by itself; (f) if the Supplier is requested to remedy the non-conformity by carrying out the corrective actions, the Supplier shall do so within 5 (five) working days and shall deliver the rectified Products to the Buyer, and all costs of collection, transport and re-delivery will be the sole responsibility of the Supplier; (g) if the Buyer intends to provide by its own to remedy the defects, the hours of labor employed for processing the Products will be charged to the Supplier; (h) the Supplier will not be released from the obligation to deliver Products that comply with the technical specifications provided by the Buyer, until the Buyer has sent a Product acceptance form bearing the same number as the previously issued Non-Conformity Report, and which will certify that the defect previously notified has been resolved; (i) in any case, all days occurred between the date of transmission of the Non-Conformity Report to the Supplier, and the subsequent rectification, resulting in the acceptance form, will be taken in consideration for the purpose of calculating the accrued delay under the Contract and the applying any penalties for delay. The Buyer will control the Qualified Supplier's performance every six months, and on the occasion of each control, the production data relating to the four (4) previous quarters will be taken into consideration, including the value of costs resulting from the delay and to be charged to the Supplier, the cost of production waste and its economic impact during the production process, and the number of Non-Conformity Reports issued by the Buyer and/or by the Final Customer, which are attributable to any non-compliant Product from the Supplier. If the economic impact of production waste exceeds 3% of the total value of the turnover relating to the supply of Products in the previous 4 quarters, the Buyer will have the right to terminate the Contract in accordance with Article 12.

7. Purchase price, right of compensation and right to suspend the payment. Prices indicated in the commercial offer of the Supplier, in the Order, in the Order Acceptance or in the Order Confirmation, are inclusive of any additional tax or expense, as well as any transport costs, unless the contrary is expressly stated in the Contract or later agreed by the Buyer in writing. Prices agreed between the Parties and included in the Contract are not subject to change for the entire period of execution of the Contract, without prejudice to the application of costs and expenses that may be necessary to remedy the non-conformity of the Products in accordance with the provisions of Article 6. The Buyer will pay the Supplier the price of the Products within a 120



days' period starting at the end of the month of the invoice date, unless otherwise specified in the Contract, by bank transfer to the account provided by the Supplier. In case of application of a penalty for delay, the Buyer will have the right to deduct the amount thereof from the balance of the price as compensation, and the right to withhold payment of the balance due until the delivery of the Products, even when payment is expected to be made before delivery.

8. Functional Testing and Performance Testing. The Buyer will test the Products and their suitability to be integrated into the machine, plant or system built by the Buyer, according to the terms and conditions indicated in the Contract, and following the procedure referred to in Article 6 above. Unless otherwise stated in the Contract, the Functional Testing will take place at the Buyer's plant within 30 days of delivery of all the Products indicated in the Order or in the Order Confirmation, after verifying the conformity of the Products in accordance with the provisions of Article 6. If the Functional Testing takes place at the Supplier's plant, the Supplier shall ensure that testing operations are carried out in compliance with safety conditions prescribed by the regulations in force at that time for any worker of the Supplier, the Buyer and any of their authorized subcontractors. If it is necessary to carry out complementary or preliminary activities to the Functional Testing at the Buyer's plant, the Supplier shall carry out any installation and assembly work in strict compliance with the Buyer's safety plans, in order to guarantee that testing activities are carried out under safe conditions for their workers and for the workers of any authorized subcontractor, making sure that they adopt all the safety requirements provided for by the regulations in force. In the event that the Functional Testing is successfully concluded, the Buyer will issue the relative test report to the Supplier, and the Performance Testing will be carried out at the headquarters of the Final Customer. In the event that the Functional Testing and/or the Performance Testing fail as a consequence of non-conformities or lack of quality of the Products that were not previously detectable, the Buyer will notify the Supplier in writing and the latter will be required to remedy the defects in accordance with the rules stated in Article 6; in such case, the Buyer will have the right to suspend any payment until the successful outcome of the Functional Testing or Performance Testing as the case may be. If for reasons not depending on the Buyer, the Buyer cannot carry out a Functional Testing or a Performance Testing in accordance with the terms stated in the Contract, such terms (and the corresponding obligations of the Buyer) will be extended by sixty (60) days with no consequences upon the Buyer.

9. Delivery, transfer of title to the Products, transfer of risk. Unless otherwise stated in the Contract: delivery of the Products is intended at Buyer's factory, and all transport costs are borne by the Supplier; title to the Products is transferred to the Buyer upon delivery, even in the absence of Functional Testing, without prejudice to the Supplier's obligation to remedy any non-conformity of the Products in accordance with the procedure provided for under Article 6. If due to circumstances outside the control of the Buyer, such as force majeure or unforeseeable events that impact upon the Buyer's production process, or if acceptance of delivery of the Products is impossible or seriously difficult, the Buyer will have the right to postpone delivery until such circumstances exist, without any increase in costs and expenses.

10. Origin of the Products. If the Products are ordered by the Buyer for export, the Supplier shall provide to the Buyer and upon Buyer's instructions a written declaration concerning the origin of the Products, their marking and certification, and any document that may be required for custom inspections relating to export, and the original of all documents shall be provided. The Supplier shall be responsible and will have to indemnify the Buyer for any damage, expense or prejudice that the Buyer may suffer due to false or delayed declarations. The Supplier shall promptly notify the Buyer of the existence of any discrepancies with respect to what was stated regarding the origin of the Products.

11. Invoices and Payments. All invoices issued by the Supplier shall comply with Italian laws in force at the time of issuance including rules on electronic invoicing and VAT, as well as with what is stated in the Order or Order Confirmation. Precise references to the Order and/or the Order Confirmation shall be contained in each invoice and in the transport documents, as appropriate. The Buyer will pay the invoices within 120 days of the end of the month of the date of invoice, or within the term provided for in the Order or Order Confirmation, if more favorable to the Supplier. Payment of any invoice does not imply acceptance of the Product or a waiver to the Product warranty by the Buyer, where the defect can still be reported in accordance with the Italian laws and in accordance with these General Conditions.

12. Express Termination Clause. The Buyer reserves the right, pursuant to Article 1456 of the Italian Civil Code, to terminate the Contract with immediate effect if serious breaches of the terms stated herein or serious facts or circumstances arise during performance of the Contract that irrevocably compromise the relationship of trust with the Supplier. In any case, the occurrence of a situation of serious financial difficulty, the start of an insolvency proceedings, and/or the modification of the corporate structure of control of the Supplier, all constitute a cause for automatic termination of the Contract by the Buyer. Likewise, pursuant to Art. 1456 of the Italian Civil Code, the Contract will be considered terminated by law, upon notice to that effect by the Buyer, if the Supplier does not respect a mandatory delivery term indicated in Article 5 (Execution of Contract, application of penalties for delay) or breaches one of the following Articles: 6 (Product quality and conformity control procedure, loss of status of Qualified Supplier) 10 (Origin of the Products) 13 (Warranty for defects and malfunctioning of the Products), 15 (Insurance), 16 (Subcontracting), 17 (Exclusivity) and 18 (Confidentiality obligations) of the General Conditions.

13. Warranty for defects and malfunctioning of the Products. Save for cases of extension or reduction of the warranty period agreed in writing by the Parties and indicated in the Order, in the Order Confirmation or in the Contract, the Supplier pursuant to Articles 1667 and 1668 of the Italian Civil Code is required to guarantee the Buyer for defects of the Products for a period of 24 (twenty-four) months starting from the date of Functional Testing of the Product and, in cases of incorporation of the Product into a machine, plant or system supplied to the Final Customer under the Main Contract, from the date of Performance Testing. The warranty also covers any malfunctioning or anomalies of the Product that are due to changes occurring after delivery of the



Product and that have not been authorized by the Buyer. The Buyer reserves the right to report the existence of defects or discrepancies of the Products within 30 days of their discovery, whether discovery occurred directly or indirectly through the Final Customer, in which case the above term runs from the notification of the defect that the Buyer has received from the Final Customer. Following the notification, the Supplier shall carry out a joint inspection of the Product together with the Buyer within 5 (five) days and shall remedy any apparent or hidden defect or unsuitability of the Product within 5 (five) days of the inspection. For the purposes of inspection and assistance, the Supplier acknowledges and takes into account the fact that defects in the Products may appear after the Products have been used, even as components or raw materials, in the construction of a machine or plant of the Buyer that is supplied to the Final Customer, therefore the Buyer may ask the Supplier to intervene at the place, in Italy or abroad, where the plant manufactured with the defective Products is located; in such circumstances the Supplier will have no claims to additional consideration or reimbursement of expenses against the Buyer. In the event that the defect of the Products and the needs of the Buyer allow the warranty to be performed by replacing the defective Products, the Buyer will ship the defective Products to the Supplier and the latter shall borne all costs, expenses and risks of repair.

14. Industrial and intellectual property. All information, technical standards, calculation files, drawings and specifications provided by the Buyer to the Supplier are the exclusive property of the Buyer, and no trademark or patent license is granted to the Supplier under the Contract. The Supplier is required to promptly return to the Buyer, upon termination of Parties' relationship or at the end of the execution of the Contract, as well as all information, documents and technical specifications received from the Buyer or which in any case came into its possession during the execution of the Contract. The Buyer is the sole and exclusive owner of the rights connected to the exploitation and use of the results (tangible and otherwise) of the inventions and innovations possibly deriving from or associated with the execution of the Contract, meaning that the agreed price and consideration under the Contract also includes the transfer of such rights. The Supplier warrants to the Buyer that the use, exploitation and resale of what the Supplier has acquired under the Contract does not violate any industrial and intellectual property rights of third parties; in the event of disputes, the Supplier shall indemnify and hold the Buyer harmless of any liability and costs arising from any third party claims, including legal fees. The Supplier shall also indemnify the Buyer for any damage or injury suffered by the latter for any violation of intellectual and industrial property rights committed by the Supplier in relation to the Products.

15. Insurance. The Supplier shall stipulate with insurance companies of primary national importance and keep in place and up to date a suitable insurance policy that covers all risks and potential damages that may be caused in relation to the production and supply of the Products, and in general with the execution of the Contract, for an amount not lower than the amount indicated by the Buyer in the Order or in the Order Confirmation. The Supplier's insurance coverage shall also include the protection of goods and materials owned by the Buyer, owned or held by the Supplier for the execution of the Contract, and any compensation for damages resulting from the supply of flawed or defective Products. At its discretion, the Buyer has the right at any time both before and after the conclusion of the Contract to request the Supplier to show the insurance policy and terminate the Contract if such policy has been stipulated for an amount lower than the one stipulated in the Order, the Order Confirmation or under conditions that do not comply with the provisions of this Article 15.

16. Assignment of Contract and subcontracting. The Supplier shall not assign the Contract without the express authorization of the Buyer in writing. The Supplier may subcontract all or part of the supply covered by the Contract, even without the express written authorization of the Buyer in writing, however in such case the Supplier shall be exclusively responsible for the correct performance of the Contract and will jointly be liable to the Buyer for the work of its sub-suppliers or subcontractors.

17. Exclusivity. The Supplier undertakes not to sell to third parties (whether or not such third parties are competitors of the Buyer) the Products (or parts of Products) made in accordance with drawings, technical specifications, drawings, samples or indications, or in general with the know-how provided by the Buyer or bearing the Buyer's trademarks or other distinctive signs. The Supplier also undertakes this commitment for its possible suppliers and sub-suppliers and shall be liable towards the Buyer in case of violation by such third parties. In case of Products not made in accordance with the drawings, technical specifications, samples or indications of the Buyer, the prohibition to sell the Products to third parties who are in close competition with the Buyer in the sector of production and trading of paints and powders shall remain in place. In case of violation of the exclusivity obligation provided for in this clause, without prejudice to the right of immediate termination of Contract pursuant to Article 11 of the General Conditions, the Supplier shall compensate the Buyer by payment of a sum equal to the sum he has received from the sale of Products (or parts thereof) to third parties, without prejudice to compensation for any further damages or prejudice suffered by the Buyer.

18. Duty of Confidentiality. The Supplier shall keep the utmost confidentiality regarding the information and data of the Buyer of which it becomes aware during the execution of the Contract, undertakes not to disclose it to third parties and to use them only for the correct execution of the Contract, and shall make sure that all its staff, including employees, collaborators, consultants, subsidiaries or associates, abide by the confidentiality duties stated in this clause. This obligation exists regardless of whether or not the Supplier has signed a specific confidentiality agreement in writing with the Buyer. The obligations referred to in the preceding paragraph will survive the termination of the Contract and will cease to be effective only if the information become of public domain due to facts not attributable to the Parties and to the persons employed by them in the execution of the Contract, or otherwise only after 7 (seven) years have elapsed from the termination of the Contract for any reason or cause.

19. Protection of Privacy. Pursuant to EC Regulation n. 679/2016 (GDPR) and the Italian enforcing legislation, the Buyer declares that the Supplier's data will be processed only for the purpose of executing the Contract and will communicated to third



parties always in compliance with the aforementioned legislation. The Buyer is the Data Controller of the Supplier's data and has appointed its own Data Processor in accordance with Privacy Legislation in force. The Supplier declares to have been informed by the Buyer pursuant to art. 13 GDPR of its rights under the aforementioned law.

20. Applicable Law and Jurisdiction. The Contract stipulated between Buyer and Supplier is governed by Italian law. Any disputes relating to the interpretation or execution of the Contract and in any way arising out of or directly or indirectly connected to the Contract shall be brought before the exclusive jurisdiction of the Court of Asti, Italy with the express exclusion of any other court or place or jurisdiction provided for by the Italian civil code of procedure.

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