

OPERATIVE PROCEDURE NO. 0.01/13
GENERAL TERMS & CONDITIONS OF PURCHASE

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04	28.05.95	-
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06	30.05.97	Rev. Table page 1
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08	20.12.99	Mod. Page 8 Section 5.6
09	04.09.00	Mod. Section 1.7
10	22.02.02	Rev. Table page 1 and changes Page 8 Section 5.6
11	06.09.04	Revision of table page 1 and changes to sections 1.3 – 1.5 – 1.7 – 4.4 – 5.7 – 5.8 – 5.9 and 6.4
12	27.10.10	General revision
13	15.05.2016	Change of company name
		Verified/Approved
Drafted/Issued	Quality Systems	Purchasing Division
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The purpose of this procedure is to clearly define the Terms and Conditions, including the terms of payment and links to General Accounting.

The following terms and conditions apply to all orders placed by DTR VMS S.r.l. (DTR) with the Supplier.

1) GENERAL INFORMATION

- 1.1 The contractual relationship resulting from completion of the order is governed by these general terms and conditions and any other conditions of the general and special specifications relating to the order, of which the Supplier has been informed. Variations and other conditions will only be valid if agreed in writing.
- 1.2- The order and/or its performance are not transferable by the Supplier, not even partially.
- 1.3 - The Court of Brescia shall have jurisdiction over any disputes and the laws of Italy shall apply. DTR may file legal proceedings against the Supplier in the courts of the place where the companies of the DTR Group that placed the order are based.
- 1.4- The Supplier agrees not to publicise its relations with DTR and to treat as confidential all the technical, commercial and other information, which it may receive in connection with the order.
- 1.5- DTR may terminate the contract by giving written notice, if circumstances arise that prevent the Supplier from fulfilling its contractual obligations correctly or in the event of bankruptcy or other insolvency proceedings against the Supplier's company, or if the Supplier's company is sold or placed into liquidation.
- 1.6- Any action or repeated action by either Party, which does not correspond to one or more conditions of these Terms and Conditions, shall not prejudice the right of the other Party to demand fulfilment of such conditions at any time.
- 1.7- The term "item" refers to the materials, raw materials, components and systems used in manufacturing the products belonging to any Plant or Product Line of the DTR Group, including plant, machinery and systems.

2) TECHNICAL INFORMATION AND INDUSTRIAL PROPERTY

2.1 - Any technical information (including any technical or technological information or documents, as well as models or samples) provided to the Supplier or made available by DTR for the design, testing, development or production of an "item", or of prototypes or tools, is the exclusive property of DTR and may only be used to fulfil DTR orders. The Supplier must, even after termination of the supply contract:

- a) Keep such information with the utmost care and confidentiality and return it to DTR upon request.
- b) Mark the information as property of DTR, refrain from copying it or revealing its contents to a third party; not file for patents or other industrial property rights.
- c) Not produce or have produced and/or supply to a third party, for any reason, directly or indirectly, for use in production or as parts, items that were designed and produced with the above mentioned technical information.

3) SPECIFIC EQUIPMENT AND MATERIALS

3.1 - The equipment (gauges, moulds, tools and test equipment) provided by DTR for the fulfilment of the orders remains the exclusive property of DTR.

The Supplier shall be liable if the above equipment is lost, destroyed or damaged.

The Supplier must:

- a) Register the equipment and mark it as DTR's property
- b) Keep and use the equipment with the utmost care and arrange for ordinary maintenance at its own expense.
- c) Not transfer the equipment outside of its factory unless previously authorised by DTR, unless it is to be sent for repair at a specialised workshop.
- d) Allow DTR's representatives to check the mode of conservation, use and state of repair of the equipment, during normal hours of work.
- e) Not transfer the equipment to a third party for any reason and not constitute warranties on it.
- f) Unless previously authorised by DTR, not to use the equipment or allow it to be used, except to fulfil DTR orders even after termination of the supplies to DTR, and not to produce or sell to a third party for any reason, directly or indirectly, any item designed or produced with the tools, for use in production or as parts.
- g) Follow the instructions given by DTR with regard to the return, disposal or conservation of the equipment when the contractual supplies for which the equipment was used, are terminated.

4) CONTAINERS AND PACKAGING

- 4.1- In order to prevent damage, the Supplier shall deliver the items in suitable packaging, previously agreed with DTR.
- 4.2- If the items are to be delivered in containers owned by DTR, the Supplier will follow the procedure outlined below.
- 4.3- The containers delivered to the User are and shall remain the property of DTR and must be kept by the User with the utmost care, on the production premises of the company or, with the prior written agreement of DTR, in another area.
- 4.4 - The items are stored at the risk and peril of the User and therefore the User will be liable for any loss or damage to the devices, even if caused by fortuitous events or any other event beyond its control.
- 4.5- In the event of loss, damage or theft of the containers the User will be charged for the cost of repairing or replacing any damaged or missing items.
- 4.6- The containers may only be used to transport the items relating to DTR's orders, to and from DTR's sites, and to keep the items agreed with DTR on the User's premises.
- 4.7- The control of movements to and from DTR's sites to the User is based on the printout "Containers Status", which will be sent to the User each quarter. The User hereby accepts that the results of the status report are true and correspond to the real situation, unless a written complaint is sent to DTR within 20 days.
- 4.8 - DTR's representatives may carry out unannounced visits to the User's sites during normal working hours, in order to verify any irregular usage or storage of its items.
- 4.9 - DTR may also ask the User to provide a physical inventory of the loaned containers, at any time, and the User hereby agrees to do so.
- 4.10 - If the checks referred to in paragraph 4.8, or the inventory, reveal any irregular usage or surplus stocks of containers, DTR may recover them at the expense of the User.
- 4.11- If the checks referred to in paragraph 4.8 or the inventory reveal any shortages of containers, DTR may charge the User for the cost of replacing them.
- 4.12- The checks on the condition of the containers will be carried out when they are returned to DTR's warehouse. Any irregularities will be noted and verified by the driver.

5) DEFECTS AND WARRANTIES

5.1- The Supplier guarantees the quality of the goods, the absence of defects and that the item will correspond to the specific requirements; the Supplier also warrants that the item will be reliable and fit for the intended purpose, and will conform to the requirements of Italian and foreign law as and foreign requirements, as reported by DTR.

Flaws, defects or non-conformities may be verified at any time, before or after the item is used in production, and after the product is marketed by DTR.

5.2- Components with measurable characteristics that exceed the prescribed limits will not be permitted in any batch of items supplied to DTR, unless indicated otherwise in writing.

Therefore, if one or more components does not fall within the limits, the batch of items in question will be considered "Non Conforming" or "Rejected".

5.3- If the flaw, defect or non-conformity recorded during the period between delivery of the item and its use in production, DTR may, after sending a Non Conformity Report:

- a) Reject the entire batch at the expense and risk of the Supplier, without requesting replacement if it is of no use to DTR.
- b) Dispose of the defective items at its own premises, if they are considered to be unrecoverable and/or make them recognisable before they are rejected.
- c) In urgent cases, ask the Supplier to sort the defective items at its own expense, or sort the items itself at the expense and risk of the Supplier, if the Supplier has failed to do so within the required deadline, as agreed with DTR.
- d) In urgent cases, and at the risk and expense of the Supplier, recover the items by carrying out additional work and/or making changes to the internal production cycle.
- e) Charge the Supplier with the cost of the checking, storing and processing required in order to diagnose the defect.

5.4- With regard to any defects, flaws or non conformities in the items which are detected by DTR's customer prior to, during or after use by the customer, DTR may claim an indemnity for the loss suffered as its own expense (cost of production) and to reimburse the customer. DTR must inform the Supplier of any defects and allow the Supplier to verify them at its own expense, at an appropriate location, and if necessary will allow the Supplier to participate in the negotiations with DTR's customer.

5.5- The Supplier shall maintain appropriate equipment, production processes and control processes to ensure that the items are reliable, of adequate quality and conform to the agreed technical specifications.

- 5.6- If the Supplier is interested in items used directly in DTR's production process, it agrees to view and accept the conditions of Procedure N.1.17 (Supplies Quality) and in Procedure N.1.15 (Supplies Quality for the Business Unit Rubber Compound).
- 5.7- If the ordered item is subject to Italian or foreign laws on safety, hygiene, the environment etc., upon DTR's instructions the Supplier must prepare specific documents about the approval and testing of the product characteristics.
- 5.8- If DTR is summonsed in legal proceedings for civil or contractual liability, or is charged with violations of legal obligations (HSE etc.) as a result of the defects, non conformities or unreliability of the item, the Supplier shall indemnify DTR and pay any losses it may suffer.
- 5.9- DTR must inform the Supplier as soon as it becomes aware that the violation of laws or the invoking of the Supplier's liability is based on defects, non conformities or the unreliability of the item supplied by the Supplier.

6) DELIVERY

- 6.1- The items must always be shipped with a Transport Note (DDT). The "invalid" additional copy of the transport note must also be attached if required. The DDT must contain the following details:
- Recipient and destination
 - Supplier's company name
 - DTR item code
 - Description of item
 - DTR order number
 - Quantity delivered
 - Number of parcels (Type of packaging, container code)
 - Any other information required in the order
- 6.2- Each DDT must include items for a single order or delivery plan.
- 6.3- The marking, packaging, labelling, identification, shipping and transport of the ordered items must take place in accordance with DTR's instructions.
- 6.4- The agreed deadlines or delivery plans are binding and essential. No delays or early deliveries will be accepted.
The delivered quantities must not be higher or lower than the quantities ordered.
- 6.5- If the order cannot be fulfilled due to proven reasons of force majeure, the delivery deadlines will be extended and a new deadline will be agreed by the Parties, based on the impediment, on condition that the Supplier has promptly informed DTR of the force majeure event and has taken full measures to mitigate its effects.

7) PRICES

- 7.1- The prices stated in the order are fixed and therefore any changes based on subsequent price increases are excluded, unless agreed otherwise in writing.
- 7.2- Any price increases due to technical modifications must be notified by the Supplier in advance and in any case will only be binding on DTR if previously accepted in writing, by DTR.

8) INVOICING AND PAYMENTS

- 8.1- Invoices may include items from multiple orders, unless indicated otherwise by DTR. The invoices must state:
- the DTR order number
 - DDT number
 - DTR item code
 - Quantity delivered
 - Price stated on the order
 - Total
 - VAT
- 8.2- The terms of payment are those defined in the order.
- 8.3- DTR will make the payment in the agreed ways and on the agreed deadlines, subject to receipt of the duly completed invoices as mentioned above.
- 8.4 - The Supplier is expressly prohibited from issuing bills or collection orders for the settlement of invoices. If bills or collection orders are issued, they will not be collected and the Supplier will be held liable for any resulting loss.
- 8.5- The Supplier shall not issue invoices for equipment placed on loan with the Supplier, before having obtained full approval for the samples, and written authorisation to submit the invoice. If the invoice is issued prior to such authorisation, DTR will make the payments from the date of authorisation agreed in writing.
- 8.6- If defective or non conforming items or batches are supplied, DTR will issue a debit note to the supplier, to the value of the non conforming items. The debit note may be increased by the costs incurred by DTR in delivering defective items or batches.
- 8.7- The debit notes may also be deducted from any payments due.
- 8.8 - Any variations to the above points must be authorised by DTR in writing.

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