

GENERAL CONDITIONS OF PURCHASE
in force as of January, 1st 2015

1. GENERALITIES

Acciai Speciali Terni S.p.A. (hereinafter referred to as "AST") agrees to purchase and the supplier (hereinafter "Supplier") agrees to sell the goods specified in details in the respective purchasing contract (hereinafter the "Contract") according to the terms and conditions of these General Conditions of Purchase.

In the event of inconsistencies between these General Conditions of Purchase and any agreement contained in the Contracts between AST and Supplier (hereinafter also referred to collectively as the "Parties"), the terms of Contracts will prevail.

By signing these General Conditions of Purchase, Supplier declares to fully accept its prescriptions and waive the application of its own terms and conditions of sale to AST, wherever they are contained (including but not limited to invoices, notes, offers, order confirmations, surface and electronic mails or any document of whatever nature by Supplier).

2. START OF CONTRACT

Contract between the Parties will start with the issue by AST and acceptance by Supplier of a Purchase Order, or with their joint signature of a specific Contract.

Contract execution will involve the full and unconditional acceptance of these General Conditions of Purchase.

3. PACKAGING AND SHIPPING

Supplier shall ship goods using a suitable type of packaging ensuring the integrity of shipped goods.

If AST receives goods at its factory in a damaged packaging, AST shall reserve the right to reject them and return them to Supplier, charging it with all related shipping costs.

Unless otherwise agreed by the Parties, Supplier shall select the most suitable and cheapest shipping means and the most favorable shipping rates and mark each package with full details of Purchase Order or Contract.

Unless otherwise agreed, the weight of shipped goods shall be verified and reported by carrier upon delivery at Supplier's care, otherwise the weight measured by AST on its balances on goods receiving shall be taken as valid, including when delivery terms in Contract and/or Purchase Order are ex-works.

4. DELIVERY TERMS AND PENALTIES

4.1. Delivery Terms

The delivery terms stipulated in individual Contracts and/or Purchase Orders will be considered as essential requirements pursuant to art. 1457 of the Italian civil code. Supplier hereby represents and acknowledges that delivery terms have been established based on – and to allow for the observance of – company organization and production chain requirements of AST.

4.2 Early Delivery

In the event of Early Delivery (meaning the delivery of goods in advance with respect to each delivery term), AST shall have the right to reject them up to the agreed delivery date, it being understood that any charge and/or expense due to Early Delivery will be borne exclusively by Supplier.

4.3 Late Delivery and Penalties

In the event of Late Delivery (meaning any failed and/or partial and/or late delivery of goods with reference to each delivery term), AST shall have the right at its sole and undisputable discretion to:

- (i) request the whole or partial delivery of the goods being the object of Late Delivery, subject to that set out in *sub-articles* (iii) and (iv); and/or
- (ii) procure replacement goods with respect to the goods late in delivery wholly or partially from third parties at Supplier's costs and risks, to the extent covering any positive difference between the purchasing price of replacement goods and the price agreed with Supplier for the same goods, with the only obligation to notify Supplier, subject to that set out in *sub-articles* (iii) and (iv); and/or
- (iii) charge Supplier with penalties for Late Delivery, including by deducing them from the price owed, based on the following percentages with respect to total order price (VAT excluded):

A. Percentage of late delivered goods with respect to the whole order	B. Penalty for each day of delay in delivery
0.1% to 5.9%	0.5%
6% to 9.9%	1.0%
10% to 14.9%	1.5%
15% to 20%	2.5%
beyond 20%	3.0%

The rates in column "B" shall apply up to the day when the percentage of late-delivered goods in column "A" has been zeroed by effect of that set out in *sub-articles* "i" and/or "ii" above.

Penalty for Late Delivery cannot exceed 25% of total order price (VAT excluded), subject however to AST right to claim further damages as a consequence of Late Delivery and subject to *sub-article* (iv);

- (iv) if the effects of Late Delivery have obligated AST to postpone and/or stop production (or have caused other problems including, but not limited to, order cancellations by AST customers, obligation for AST to pay penalties to customers, etc.), AST shall have the right to debit Supplier with all charges, costs, damages, penalties and losses suffered as a consequence of such Late Delivery.

Supplier declares to have read and understood the 18 articles composing these General Conditions of Purchase of AST, in force as of January 1st 2015, and to accept them in full.

It is agreed that any goods delivered on time by Supplier, which AST ascertains to be non-conforming according to art. 9.1 herein, will be regarded as a Late Delivery until such time when AST receives conforming goods to order prescriptions, and items (iii) and (iv) of this art. 4.3 will apply in addition to any specific remedies for nonconforming products as set out in art. 9.2 below.

4.4 Tolerance

Any acceptance by AST of Early and/or Late Deliveries is not and cannot be regarded as a waiver of its rights under Contract or as a variation of the delivery terms set out in the individual Purchase Contracts and/or orders.

5. PAYMENTS

Supplier's invoice shall be prepared in compliance with law and sent uniquely to the following e-mail address: tkast.invoices@acciaiterni.it.

Having received duly completed invoices, AST will pay the amounts due according to the terms and conditions laid down in the related Purchase Order or Contract.

AST will recognize delay interests, if any, at three-month Euribor interest rate, being it understood that their application will not be automatic, but will follow a formal notice by Supplier by registered mail with acknowledgment of receipt.

6. FINANCIAL GUARANTEES

Supplier hereby acknowledges that AST may ask Supplier for adequate third-party guarantees from leading banks securing any advanced payment granted or the quality and efficiency of the goods purchased.

7. NON-TRANSFERABILITY OF CREDIT

Supplier cannot in any circumstance transfer its credit with AST, either arising or to arise from the execution of Contract and/or Purchase Order.

Any exception to this clause shall be agreed from time to time and approved by AST in writing.

8. NON-ASSIGNMENT OF CONTRACT

Supplier cannot assign the Contract and/or Purchase Order with AST wholly or partially to third parties unless explicitly approved by AST in writing. If this is approved by AST, Supplier shall be liable jointly and severally towards AST for all the actions taken by the assignee as a consequence of Contract assignment.

9. WARRANTIES, NONCONFORMITIES AND REMEDIES

9.1 Warranty

In addition to the legal guarantees, Supplier shall warrant that the goods supplied:

- (i) are conforming to Contract in quantity, quality, requisites, delivery time and place, materials and working process and are suitable for the purposes and uses for which they were ordered and/or expected to be used by AST;

- (ii) are conforming to all laws and regulations, including those of a supranational nature, as well as to practices, procedures and standards generally accepted in the respective sector; in particular, pursuant to the Decree of the Ministry of Health of 4 April 1997 and its subsequent modifications and additions (re. directives 91/155/EEC, 93/112/EEC and 88/379/EEC) and art. 9 of Leg. Decree 285 of 16 July 1998 and its subsequent modifications and additions, goods delivery must be preceded or however accompanied by a safety datasheet in Italian language in conformity with the provisions of the above regulations. In the event of non-dangerous products, Supplier shall however produce a statement of their non-harmfulness;
- (iii) are fit for the intended purpose, whether explicitly or implicitly notified to Supplier in Purchase Order and/or Contract documents;
- (iv) are free from defects and/or faults and/or quality deficiencies and are not encumbered with third-party rights.

Goods shall be warranted for twenty-four (24) months from delivery.

Any incompliance with items (i) to (iv) of this art. 9.1 ("Nonconformities") shall be subject to AST right for remedies according to art. 9.2 below.

9.2 Remedies

AST will notify Supplier in writing of any Nonconformity and/or infringement of warranty terms according to *sub-article* 9.1, in 30 days of the fault and/or defect becoming known. This term is an exception to art. 1495 and 1497 of the Italian civil code. AST shall have the right to exercise any of the following remedies at its sole and undisputable discretion:

- (i) request the forthwith replacement of defective or faulty goods with goods which are conforming to Contract and free from defects; or
- (ii) obtain a reduction in the contractual price; or
- (iii) purchase the whole or a part of defective goods from third parties at Supplier's costs and risks to the extent covering any positive difference between the purchasing price of replacement goods and the price agreed with Supplier for the same goods, with the only obligation to notify Supplier; or
- (iv) refuse to accept any further dispatch from Supplier; or
- (v) claim damages and/or loss of earnings as a possible consequence of a Nonconformity and/or infringement of warranty under *sub-article* 9.1; or
- (vi) terminate Contract and/or Purchase Order and claim liquidated damages.

AST rights and remedies under this article are cumulative and are not exclusive of the rights and remedies provided by law.

9.3 Liabilities towards authorities and/or third parties

If at any time (whether before or after the expiration of the warranty), any final users, third-parties or Italian, foreign or international authorities allege that AST has not complied with safety, health and environment protection laws or

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regulations and/or construction and/or homologation rules etc. as a consequence of any Nonconformity of the goods delivered by Supplier and/or any infringement of the warranty under *sub-article* 9.1, Supplier shall, in addition to any liability towards the damaged party and the authorities as applicable, be responsible for protecting and holding harmless AST vis-à-vis any authority and/or damaged party for all costs and/or charges and/or expenses and/or damages which AST may support or has supported in connection therewith.

10. PASSING OF PROPERTY AND RISK

Unless otherwise agreed by the Parties in writing, property in goods shall pass to AST upon the arrival of goods at AST factory or any different location as laid down in Contract or Purchase Order.

If delivery is on a consignment basis, passage of property shall take place when goods are withdrawn from warehouse. Any title retention clause added by Supplier in any document shall be null and void.

11. DURATION AND TERMINATION

11.1 Duration

Contract will terminate on the agreed expiry date without a formal termination notice.

11.2 Termination

AST shall have the right to terminate Contract at any time and for any reason whatsoever, including before the agreed expiry date, subject to 30 (thirty)-day written notice to Supplier.

Contract termination shall mean for AST the right to wholly or partly cancel any outstanding order to Supplier and Supplier shall, within 30 (thirty) days of reception of the termination notice, stop Contract execution with no right of indemnification. In particular, Supplier acknowledges to have taken this termination clause in due consideration when negotiating the economic conditions of Contract with AST and also recognizes that the aforementioned 30 (thirty)-day termination notice is appropriate and hereby waives any and all claims for indemnification or other reason being the consequence of Contract termination.

Any payment effected by AST for undelivered goods or goods which will not be delivered as a result of Contract termination shall be repaid to AST within 30 (thirty) days of reception of the termination notice.

12. FORCE MAJEURE

Force Majeure includes, but is not limited to: wars; civil disorders; fire; flooding; explosions; severe plant damage caused by the above disasters or third-party actions; strikes and trade-union actions at national level, or strikes and trade-union actions disputes by labor employed by the affected Party, or public authority measures.

The Party pleading Force Majeure shall promptly notify the other Party of the Force Majeure and apply all possible measures to minimize its effects. Delivery terms shall be extended accordingly, by common agreement of the Parties.

If the extent of Force Majeure is such that delivery is delayed incompatibly with AST production requirements, AST shall have the right to terminate Contract of Purchase Order wholly or partially without compensation. In this case, apply the provision of the *sub-article* 11.2.

AST liability is excluded if, for any circumstance beyond its control, AST is prevented from receiving goods or its requirements for the ordered goods have decreased.

13. EXPORT CONTROL AND CUSTOMS

Supplier agrees to observe all current customs and import/export regulations.

Supplier shall inform AST of any import/export license required for the ordered goods, as well as of the customs and export control regulations which are applicable in Italy and/or abroad.

Unless otherwise agreed by the Parties, AST is responsible for the payment of customs duties, taxes and dues which are levied on incoming goods.

14. COMPETITIVENESS

Supplier guarantees the competitiveness of ordered goods throughout the duration of Contract, in terms of technologic level, price, quality, reliability and service standard with respect to similar competitive products in the market, meeting AST requirements.

15. CONFIDENTIALITY

Supplier agrees to maintain and have its agents, employees and consultants maintain strict confidentiality on all the agreements and covenants contained in Contract, as well of any information and documentation about AST, which Supplier (including its agents, employees or consultants) may have received during negotiation or execution of Contract and/or Purchase Order, unless their mandatory communication has been requested by Public Authorities according to law.

16. APPLICABLE LAW AND JURISDICTION

These General Conditions of Purchase are regulated exclusively by the Italian laws.

The application of the "UN Convention on Contracts for the International Sale of Goods" (or Vienna Convention) or of other treaties or international private-law prescriptions which are applicable to the sale of goods is excluded.

Any dispute arising from or in connection with these General Conditions of Purchase shall be remitted to the exclusive jurisdiction of the appropriate court in Terni, Italy.

17. ADMINISTRATIVE LIABILITY OF CORPORATIONS (law 231/2001) AND CODE OF ETHICS

17.1 Supplier residing in Italy

With reference to legislative decree 231 dated 8 June 2001 on "*Regulation on the administrative liability of legal entities, companies and associations with or without legal personality, pursuant to art. 11 of law 300 of 29 September 2000*" as amended and supplemented (hereinafter

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the “Decree”), Supplier shall: (i) observe all the provisions set out in the Decree; (ii) declare not to have committed any of the crimes laid down in the Decree; and (iii) agree to always behave in compliance with transparency, correctness and loyalty principles when executing these General Conditions of Purchase and each and every Contract with AST.

Supplier also shall declare to have taken note of AST Code of Ethics, which contains all ethical principles applied by AST and to have fully read and understood this document from AST website (www.acciaitermi.it) and commit to its observance.

Any violation by Supplier of the prescriptions contained in the Decree and in the Code of Ethics shall be considered as a severe infringement of these General Conditions of Purchase and of each Contract with AST, which will entitle AST to terminate each Contract immediately by written notice to Supplier, subject to AST right for liquidated damages.

The list of crimes covered by the Decree is mandatory, however it may be increased in the future, in which case this clause shall be regarded automatically as extended to all crimes laid out in the Decree, including those added after the start date of Contract.

17.2 Supplier residing abroad

Supplier shall declare to have fully read and understood the provisions contained in the Code of Ethics of AST from AST website (www.acciaitermi.it).

As a result, Supplier shall commit to always conduct its business in conformity with similar rules and principles to those set out in the laws of the State (or States) where it has business, with special reference to crimes against the Public Administration, corporate offenses, market abuse, environmental and transnational crimes, as well to the principles of the Code of Ethics.

Any violation by Supplier of the above clauses will be considered as an infringement of these General Conditions of Purchase and entitle AST to terminate each Contract immediately by written notice to Supplier, subject to AST right for liquidated damages.

18. MISCELLANEA

If any of the clauses included herein should become invalid or inapplicable for any reason whatsoever, all the other clauses will remain in full force and effect. The Parties shall agree on another clause replacing the invalid or inapplicable clause.

Pursuant to par. 2 of art. 1341 of the Italian civil code, Supplier hereby explicitly and specifically approves the following articles in these General Conditions of Purchase:

1. Generalities
4. Delivery terms and penalties
6. Financial guarantees
7. Non-transferability of credit
8. Non-assignment of Contract

9. Warranties, nonconformities and remedies

11. Duration and termination

12. Force Majeure

16. Applicable laws and jurisdiction

17. Administrative Liability of Corporations (law 231/2001) and Code of Ethics

Supplier's signature

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