

## SELCOM GROUP GENERAL TERMS AND CONDITIONS OF PURCHASE

### 1. THE PARTIES

The following General Conditions apply to the purchase orders between Suppliers and all the companies controlled by or connected to SELCOM GROUP S.p.A., hereinafter referred as "SELCOM GROUP".

### 2. VALIDITY

The present General Conditions are valid between SELCOM GROUP and the Supplier only if expressly mentioned in the purchase order, in this case they are an integral part of the same.

### 3. PRICE AND ORDERS

Prices stated in the purchase order are intended to be fixed and unchangeable, except for written agreements between the parties.

Orders shall be sent in written or in electronic form in accordance with clause n° 27.

### 4. ORDER CONFIRMATION

The Supplier shall send an order confirmation for each purchase order, within 5 working days from the receipt.

In the absence of order confirmation, all the essential terms of the purchase order shall be intended to have been fully accepted by the Supplier, the delivery terms of the goods included.

### 5. DELIVERY TERMS AND TERMINATION

The delivery date conforms to the time of the transfer of risk in accordance with the Incoterms® rule written in the purchase order.

In case of breach of the delivery date, SELCOM GROUP shall, at its own choice, exercises the right to :

- a) terminate the contract sending a notice to the Supplier by a registered letter with return receipt within a reasonable time from the due date and shall be entitled to damages;
- b) buy the products from other suppliers at the market price charging Supplier the difference from the price fixed in the purchase order and the market

price. SELCOM GROUP shall send back undamaged to the Supplier the delayed goods received and shall be entitled to damages.

The deliveries in advance shall be agreed with the office issuing the purchase order.

## **6.DESIGNS, CALIBERS, MODELS, MOULDS, SAMPLES**

Designs, calibers, models, moulds and samples delivered by SELCOM GROUP to the Supplier for the execution of the order, and the relevant Industrial and Intellectual Property Rights patentable and not patentable, shall remain SELCOM GROUP's exclusive property and the Supplier shall preserve them with ordinary diligence, in accordance with the confidentiality clause and shall return them in good state after the supply has been performed. In absence of the above-mentioned conditions, SELCOM GROUP will charge Supplier the relevant costs of replacement and repair and is entitled to claim damages. It is expressly forbidden to the Supplier to assign or to sub-license to third parties the rights aforesaid.

## **7.CARRIAGE AND DELIVERY OF GOODS**

The Supplier shall send a written notice of the performed delivery to the office issuing the order.

A packing note shall be enclosed in each package of goods. In case of delivery by carrier or by train the packing note shall be enclosed in the packaging.

The package including the packing note shall be marked "PACKING NOTE IS ENCLOSED".

Each packing note shall include the following data:

- Number of purchase order
- Date of purchase order
- Number of order line
- Part number following the schedule of the company issuing the order

SELCOM GROUP shall refuse the defective products and/or different in quality and/or quantity from the specifications stated in the order and shall keep them for the Supplier who shall quickly withdraw them bearing the relevant costs.

SELCOM GROUP shall promptly inform Supplier about the aforesaid situation in accordance with article 27.

If it has occurred a reasonable time from the date of the aforesaid notice, SELCOM GROUP shall give back the defective products at Supplier's expense in accordance with the EXW Incoterms® 2010 rule, and shall be entitled for extra costs without being liable for the conservation of the goods.

## **8.PAYMENT TERMS**

Terms of payment are those indicated in each purchase order and agreed upon the parties.

Goods delivered in advance from the date required, shall be paid starting from the delivery date stated in the contract.

## **9.ACCEPTANCE OF GOODS**

At the arrival of the goods by the warehouse of the Final Destination, SELCOM GROUP shall implement the following actions:

9.1) To take over the goods from the carrier:

in this stage the SELCOM GROUP's warehouse shall make a brief control of package quantity and of the aspect of the external packaging. If non conformities are discovered the SELCOM GROUP's warehouse shall choose for (i) writing in the packing note "goods taken over with reservations", describing the reason or (ii) refusing the taking over of the goods.

In any case the taking over of the goods shall take place as "subject to control".

9.2) Unpacking of the goods:

after the unpacking, SELCOM GROUP shall notify the carrier and the Supplier of the obvious defects and damages and/or the lacking quantities within 8 working days from the arrival of the goods by the warehouse.

9.3) SELCOM GROUP is not obliged to pay the price before having examined the goods. The goods are not intended to be delivered and accepted by SELCOM GROUP before the receipt and check described in the article 9.2, with no defects to notify.

## **10.COMPENSATIONS**

In case of penalties or damage compensations that the Supplier must pay to SELCOM GROUP and after reaching an agreement between the parties, SELCOM GROUP shall be able to compensate residual debts with payable credits.

## **11.INSURANCE**

The Supplier shall stipulate a product liability insurance policy with a leading company, covering damages caused to third parties (SELCOM GROUP included) by the products delivered. The policy shall also cover the following warranties: damages for interruption of activities, damages caused to SELCOM GROUP's products of which the supplier's component has become physically indivisible or is incorporated in the finished products manufactured, recall campaigns and withdrawal from field of products of third parties in general. The stipulation of this policy by the Supplier cannot diminish the Supplier's liability for defective products. No insurance costs will be paid to the Supplier. The insurance for transport risk shall be stipulated by SELCOM GROUP or the Supplier in accordance with the Incoterms® rule stated in the purchase order.

## **12.INDEMNITIES**

The Supplier shall indemnify SELCOM GROUP from any liability toward third parties and from any claim by third parties in relation to Industrial and Intellectual Property Rights, patentable and not patentable, and in relation to the rules of unfair competition, existing on products acquired by SELCOM GROUP.

## **13.WARRANTIES**

In addition to the expressed and implied warranties, the Supplier guarantees that the products are new and not used, free from defects, in conformity with the obligations stated in the "General Quality Agreement for Purchased Parts" and fit for the use required by SELCOM GROUP for products and services in relation to the ISO 9001 Certifications obtained by the companies of SELCOM GROUP.

All the documents aforesaid are available in the following URL address : [www.selcomgroup.com/SuppliersTermsAndConditions/](http://www.selcomgroup.com/SuppliersTermsAndConditions/)

The components acquired for Automotive applications are highlighted in the purchase order with a proper definition.

The Supplier warrants that the goods delivered have been produced and acquired by/from a "supply chain" authorized and recognized by the OEM companies, unless written agreements between the parties.

The warranty period is 24 months starting from the date of arrival in the place of final destination stated in the order, unless written agreement between the parties.

When a defect or a non-conformity in quality and in quantity in relation to the products occurs, SELCOM GROUP shall give notice to the Supplier within a reasonable time after he has discovered it or ought to have discovered it and shall place them at Supplier's disposal for the withdrawal, SELCOM GROUP shall not be liable in relation to the custody obligation.

In case of Supplier's proven liability the same at its own risk shall repair or return the defective Products in the shorter and technically necessary period of time, bearing all the relevant costs including the transport of the defective Products from SELCOM GROUP to the Supplier. SELCOM GROUP shall have the rights to make a claim for damages in accordance with the applicable law. The defects covered by warranty includes all the defects arisen before and after the passage of risk in accordance with the Incoterms® rule stated in the purchase order and due to the Supplier's willful misconduct or gross negligence.

#### **14.PASSAGE OF RISK**

Risk of transport passes to SELCOM GROUP in accordance with the Incoterms® rule stated in the order.

#### **15.ASSIGNMENT OF THE CONTRACT**

In no way the Supplier shall assign to third parties, in full or in part, orders and contracts issued by the companies of SELCOM GROUP. Credits shall not be assigned to third parties without a SELCOM GROUP's previous written authorization.

#### **16.OTHER CONTRACTS**

The following documents are an integral part of the present Purchase General Conditions :

- "General Quality Requirements for Purchased Parts"
- "Code of Conduct for Suppliers of the SELCOM GROUP"
- "Quality Management System Certifications"

And are available at the following URL address in the website

[www.selcomgroup.com](http://www.selcomgroup.com):

[www.selcomgroup.com/SuppliersTermsAndConditions/](http://www.selcomgroup.com/SuppliersTermsAndConditions/).

## **17.CONFIDENTIALITY**

The Supplier undertakes to keep strictly confidential and not to disclose to third parties, all commercial and technical documents, know-how, results and researches patentable and not patentable, and all the information received in relation to the execution of the present General Conditions. The Supplier undertakes to use the Confidential Information aforesaid only for the purpose of this contract and of performing any additional work agreed with SELCOM GROUP and shall impose the same obligation of confidentiality to its dependent and independent employees, agents and advisers involved in the contract.

If third parties ought to be informed, the information disclosed to them shall be limited to essential information. These third parties shall be bound with a confidentiality agreement. This clause shall be applied during the validity of the contract and for three years after the date of termination.

## **18.SUPPLIER'S RESPONSIBILITY**

The Supplier shall be liable for damages in accordance with the applicable law. A limitation of liability clause agreed between the parties shall be valid if agreed in written form.

## **19.APPLICABLE LAW**

For the contracts in force with suppliers having the main office in Italy the formation, validity, interpretation, execution, amendment and termination of this contract shall be governed by Italian Law.

The contracts in force with Suppliers having the main office in a foreign country, shall be regulated by the "United Nations Convention on contracts for the International sale of goods", stipulated in Vienna on 11 April 1980 (hereinafter referred as "CISG"); the Italian law shall be applied for matters not regulated by the CISG.

## **20.MEDIATION AND ARBITRATION**

If a dispute arises out of or in connection with this contract, including any question as to its existence, validity or termination, the parties agree to first seek a settlement by mediation under the Rules of Bologna - Italy Chamber of Commerce, before bringing any action to court.

In the event of the dispute not being settled within four months, or such further period as the parties shall agree in writing, after the appointment of the mediator, the dispute shall be referred to and finally resolved by arbitration under the Rules of administered arbitration of the Bologna Chamber of Commerce which Rules are deemed to be incorporated by reference into this clause.

The language to be used in the mediation and arbitral proceedings will be Italian. The number of arbitrators shall be 1. The place of mediation and arbitration will be Bologna. The arbitrators will resolve the dispute according to the law.

## **21.PLACE OF COURT**

For any dispute or actions that, in accordance with the applicable law, cannot be performed by arbitration and mediation the place of court is Bologna, Italy.

## **22.FORCE MAJEURE**

A party to this contract is not liable for failure to perform any of its obligations insofar as it can prove that the failure was due to an impediment outside its control, and that it could not reasonably be expected to have taken the impediment and its effects upon its ability to perform, into account at the time of the signing of this contract, and that it could not reasonably have avoided or overcome it or at least its effects.

For the purposes of this clause a “force majeure impediment“ will include, but will be not limited to, fires, floods, war, riots and legal prohibitions.

## **23.ENTIRE AGREEMENT**

In absence of a “Master Supply Agreement of SELCOM GROUP” or a written Agreement of the same importance, the General Condition of Purchase, that are an integral part of each order and stated on it, shall constitute a separate and independent purchasing contract.

If a clause or a part of the present General Conditions are in conflict with other written “Master Supply Agreement of SELCOM GROUP ” or with a written agreement of the same importance, the “Master Supply Agreement of SELCOM GROUP” or the other Agreement aforesaid shall be applied, but the other part of the General Conditions not involved in the conflict remains in force.

The parties shall not consider valid and effective any addition or modification of the clauses contained in the present General Conditions, if not issued and agreed in a written deed.



In case of no opposition of the Supplier, the clauses of the present General Conditions are deemed entirely accepted.

In derogation of the articles n. 9.1 and 9.2 of the CISG, any usage and any practice established between the parties or which the parties knew or ought to have known and which in international trade are widely known, and regularly observed by the parties to contracts of the type involved in the particular trade concerned and any other previous or actual written or verbal agreement in force between the parties, are considered void if they are in conflict with the present General Conditions, with the exception of the Master Supply Agreement or a written agreement of the same importance.

## **24.SEVERABILITY**

If a court of competent jurisdiction determines that any provision of this contract is invalid or unenforceable, the Parties will in good faith try to negotiate an alternative provision which best attempts to reflect the original agreement and intent of the Parties and which will be valid and enforceable; however failing that, the determination shall not affect the enforceability of the other provisions of this contract, which shall remain in full force and effect if it can be assumed that the contract would also have been concluded without the invalid or unenforceable provision.

## **25.LANGUAGE OF THE CONTRACT**

The parties agree that the language as a basis for the interpretation and acceptance of the present contract shall be English. Between SELCOM GROUP and Suppliers with the main office in Italy, the language aforesaid is Italian.

## **26.GOOD FAITH**

SELCOM GROUP and Supplier shall respect the rules and the principle of good faith and fair trading during the formation and the execution of the present contract.

The parties undertake to exchange all the information necessary for an exact formation and execution of the present contract.



## 27. COMMUNICATIONS

If the parties agree to exchange documents by electronic mail, they shall implement the following procedures:

27.1 Access to the electronic mail client through a personal and secret password and exclusively known by the authorized persons.

27.2 Sending the e-mail message and relative enclosures to an address consisting of the customary USERNAME and DOMAIN which identify the sender in a recognizable and unequivocal way; if the Supplier uses pseudonym/nickname or changes the customary DOMAIN without any quick notice, SELCOM GROUP is authorized at its own choice to consider the electronic message void.

The documents sent by fax are evidentiary documents and shall not be denied by the parties if they are sent by the competent departments.

Castel Maggiore-Italy, August 1, 2017