

Terms and conditions of Purchase



1. SCOPE

These Terms and conditions of Purchase will govern all supply relationships between Mitsubishi Electric Company Klimat Transportation Systems S.p.A., hereinafter also referred to as the "Buyer", share capital € 3,500,000, VAT No. 11652040152, having registered office in Padova, Corso Stati Uniti 1/1 and the "Supplier", including those agreed by fax or email, by negotiation, or by confirmed Orders signed by Mitsubishi Electric Klimat Transportation Systems S.p.A. These Terms and conditions will be effective as of the date of signing, until the eventual stipulation of new and different conditions. These Terms and conditions of Purchase form an integral part of the Order and are explicitly and specifically referred to therein (although not included as attachment) and are valid, effective and operating unless otherwise agreed between the Buyer and Supplier. In the event of a conflict between the general and special provisions contained in the Order, the latter shall prevail. These Terms and conditions of Purchase explicitly exclude applicability of any Terms and conditions of the Supplier in relationships with Mitsubishi Electric Klimat Transportation Systems S.p.A.

Acceptance of the Purchase Order entails, in addition to the acceptance of the special conditions of the Order, also acceptance of these Terms and conditions of Purchase, referred to explicitly and specifically in the Purchase Order. Therefore, any clause that contradicts, waives or adds to the special conditions in the Order, included by the Supplier in its invoices and correspondence, is understood as not confirmed in writing and void.

2. STIPULATION OF PURCHASE AGREEMENT

The agreement is understood as validly stipulated upon receipt by the Buyer of the Order confirmation signed for acceptance by the Supplier without amendments or reservations within 7 (seven) days from the date of issuance of the Order. However, if the Supplier does not submit formal acceptance of the Order to the Buyer within 20 (twenty) days the Buyer will be entitled to consider the agreement as not validly stipulated. Any differences or changes in the Order confirmation with respect to the information contained in the Order will not be considered valid unless explicitly approved in writing by the Buyer. The Buyer reserves the right to modify the Order prior to execution of the supply or to revoke the Order prior to the receipt of the Order confirmation sent by the Supplier. Any additional costs arising for the Supplier as a result of these variations will be refunded only if documented and explicitly approved by the Buyer.

3. NON-TRANSFERABILITY OF THE AGREEMENT AND CREDIT

The Supplier cannot subcontract the supply covered by the Order, not even partially, and likewise cannot transfer, including partially, the agreement to third Suppliers. The Supplier's credits arising from processed Orders cannot be transferred to third parties, even in the form of tenure to cash or other form of delegation, except without express authorisation of the Buyer.

4. ORDER PROCESSING AND DELIVERY TERMS

The supply, including inter alia the packaging, labelling, identification, shipment, transport and delivery, must be executed to the state-of-the-art, in diligent compliance with the technical specifications and conditions agreed in the Order and the applicable standards, regulations and laws on transport. The delivery terms specified in the Order are binding for the Supplier in the interest of the Buyer, and are as essential terms pursuant to and by effect of art. 1457 of the Italian Civil code. Failure to comply with these terms, without prejudice to cases of force majeure, and the application of the penalties referred to in art. 28, entitles the Buyer to cancel the agreement, in light of the fact that late delivery is useless or detrimental to its interests. When a fixed date is specified in the Order, delivery cannot be made before that date, unless the early delivery is explicitly authorised by the Buyer. If the Order does not set a fixed date, the Buyer shall be entitled to demand immediate delivery. In case of early delivery, the Buyer shall be entitled either to return to the Supplier, at the expense and risk of the latter, the goods received before the agreed date of delivery, or to detain them, with the right to charge the Supplier the cost of warehousing and storage. In any case, the payment terms will start only from the agreed date of delivery. If the Supplier is unable to deliver the Products on the agreed delivery date, it shall immediately inform the buyer, communicating the next earliest possible date of delivery, complying therefore with the instructions that the Buyer will provide as pertains to the rescheduled date of delivery.

5. SUPPLIER'S LIABILITY

The Supplier accepts full and complete responsibility for any manufacturing flaws, as well as for any damages incurred by the buyer or third parties as a result or because of such flaws, agreeing to indemnify the Buyer from any legal action or claims and, if necessary, providing legal assistance in any suits filed against the Buyer. The Supplier agrees to sign an appropriate insurance policy to cover the civil liability risk that may arise from partial and/or total non-fulfilment of obligations in supplying the goods, including the risk tied to flawed merchandise. The insurance policy will have a limit of liability not less than EUR 5,000,000.00.

6. CURRENCY AND TAX-RELATED CHARGES

Any illicit practices by the Supplier in breach of fiscal and currency laws involving direct application (binding both for the buyer and Supplier) of fines, penalties, or sanctions of any kind shall be charged exclusively to the latter, with the Buyer's right to immediately pursue legal action.

7. SUPPLIER'S OBLIGATION TO SUPPLY SPARE PARTS AND PRODUCTS AS PER ORDER

The Supplier is required to supply the Products specified in the Order, as well as spare parts and components of these Products, for a period of seven (7) years from the date of signing of the agreement.

8. OBSOLESCENCE

If, during processing of the Order stipulated between the Buyer and Supplier, materials or products are found to be outdated, the Supplier shall inform the Buyer immediately, suggesting solutions to ensure availability of the materials/Products for the remainder of the supply. Furthermore, the Supplier shall ensure the availability of components for the entire service life of the material / Product purchased.

9. SUSPENSION OF MANUFACTURE & MODIFICATION

The Supplier shall not be permitted to suspend production unless otherwise Supplier gives a written notice at least one (1) year in advance and obtains an approval in writing from Buyer. Furthermore, in that case, Supplier shall make a proposal for a substitute to Buyer and provide free of charge the samples necessary for Buyer to evaluate. Seller shall not be permitted to give any kind of modification to Products

otherwise Supplier gives a written notice to Buyer at least one (1) year in advance and obtains an approval in writing from Buyer. However, such an approval shall not release the Supplier from its own responsibility and obligation under this Agreement, purchase order, specification and other items of the contract.

10. QUALITY CONTROL AND WARRANTY

Both Parties are entitled conventionally to stipulate Warranty and Quality Assurance agreements. The Supplier agrees to supply the Products in accordance with the instructions/procedures contained in the Warranty and QA agreement (if one has been stipulated), which is therefore, by all means, an integral part of this document.

11. INSPECTIONS AND AUDITS AT THE SUPPLIER'S PREMISES

The buyer shall be entitled to conduct inspections and audits at the Supplier's premises, in Order to verify application of the Warranty and QA agreement and to monitor the manufacturing processes, as well as the conformity of the Products, and to this end, make use of the testing equipment and run the tests normally carried out by the Supplier. The Supplier must allow the Buyer's staff to access its premises in Order to conduct the aforementioned inspections and audits, of which the Buyer shall notify the Supplier in advance in writing.

12. SHIPMENT AND DELIVERY

Unless otherwise stated in the Order, the Supplier shall deliver the materials/Products at the Buyer's registered office or another place specified by the Buyer in the Order. The Supplier shall deliver the goods as specified in the Order and so as to avoid their damaging. Each shipment must be accompanied by a transport docket and the certificates and/or documents required in the Order, in compliance with current legislation. The shipment must include the Order number, batch number and type of goods shipped, and include the Order code if applicable (printed on the packages) and the recipient. The Buyer is entitled to reject the material/Products supplied at the Supplier's expense, and according to the terms referred to in the following art. 18, returning the packages received with missing, wrong, or incomplete identification, or that are clearly damaged, to the carrier.

The Supplier shall hold the Buyer harmless from and against all damages, losses, claims and expenses of any kind or nature arising from the non-delivery of the Products at the date established for each Purchase Order.

13. PRODUCT RETURN REFERENCE

The Supplier, along with the Order confirmation, must notify the Buyer (by fax to +39 049.870.48.56 or by e-mail to the Buyer's logistics office: reception@mekt.mee.com) of all product return references, in Order to carry out their repair or provide Warranty cover, including the information required for the Supplier to cover the cost of shipping for returned products.

14. AUTHORISATION TO RETURN PRODUCTS

The Supplier, by and no later than 24 hours from the receipt of a Return Authorisation Request sent by the Buyer, agrees to notify its reply, either granting authorisation to return the products or duly motivating the reasons for its denial. In case of failure or incomplete reply within the above-mentioned term, the Buyer shall deem to be validly authorised to return the products and proceed with shipment, at the full expense of the Supplier.

15. LICENSES

The Supplier shall, at its own risk and expense, obtain the required licenses for export (re-export) of products based on Italian and European legislation or other necessary documents, and deliver them to the Buyer.

16. ACCEPTANCE OF DELIVERY

Acceptance of the delivery is conditioned to positive outcome of the quality control of the goods and verified correspondence of their quantity with the Order, performed by the Buyer within 15 (fifteen) days from receipt of the goods. Acceptance of the delivery is refused ex officio by the Buyer, unless otherwise agreed, when the goods or materials are delivered unpacked, or with packaging not fit to protect their content. Deliveries rejected for the above reasons entail the automatic filing of an NC (Non-Conformity) and the immediate charge to the Supplier for the cost of opening and processing the NC, quantified in EUR 150.00 (one hundred fifty euros and zero cents). Delivery or payment of the goods alone cannot be considered as their implicit acceptance. The goods or Products supplied must include the technical documentation and certification required by the industrial standards, if not specified in the Order. The negative outcome of the quality control of the goods and/or quantity/document cross-check entails the automatic filing (at the Buyer's discretion) of an NC (Non-Conformity) and the immediate charge (unless otherwise agreed) of the cost of opening and processing the NC, quantified in EUR 150.00 (one hundred fifty euros and zero cents) for each defect, flaw or discrepancy of the Products.

The Buyer is entitled to reject a partial delivery, even if the supply can be divided into separate shipments. The refusal, albeit partial, of a supply by the Buyer entitles it to charge any costs for the rejected supply (whether because unsuitable or not compliant with the Order specifications), except if the Parties agree otherwise.

17. ACCEPTANCE AS IS

If the Supplier finds a non-conformity in its manufacturing process or the product, it can request formally that the Buyer accept their supply as is, communicating the code, quantity, batch number and description of the non-conformity, as well as the technical solutions it has applied to solve the non-conformity.

Only the buyer can decide to accept non-conforming Products as is, determining whether they are nonetheless usable. The buyer in this case can accept the materials referred to in the preceding paragraph with a special acceptance "as is", and choose whether to demand a discount on the price of the supply, agreed with the Supplier.

18. CLAIMS

Notwithstanding the different term established by art. 1495 of the Italian Civil code and all other applicable laws, the Buyer may submit claims for flaws, faults and non-conformities within 120 (one hundred and twenty) days, respectively, from receipt of the goods if flagrant, and from their discovery if hidden. The claim shall count as formal rejection of the delivery and therefore the entire supply.

The Supplier will be responsible for hidden product flaws uncovered at any time after their delivery to the Buyer or any subsequent Buyer, in spite of the inspection and acceptance of the Products by the Buyer or the subsequent Buyer.

19. EPIDEMIC FAILURE

Notwithstanding the warranty period set forth in Article 10(Quality Control and Quality Assurance), if Buyer should regard Products as potentially defective due to same root cause, which may cause any serious failure in Products, (such potential defectiveness of Products is called as "epidemic failure"), Seller shall immediately take over such defective Products and cause substitute to be delivered or repair such Products at the place designated by Buyer, upon Buyer's direction and at Seller's burden and expense.

Additionally, any damages incurred by Buyer because of such epidemic failure shall be borne by Seller. Buyer shall make efforts to take measures at the recovery and/or prevention of epidemic failure in such manner as to keep such damages to a minimum.

20. RETURN OF GOODS

The Supplier is required to recall non-conforming Products delivered to the Buyer, bearing all responsibility and costs thereof, except as provided by art. 17 (Acceptance as is) and arranging for their collection. After 10 days from the date of receipt of the Buyer's notice of refusal (which can be sent by e-mail or fax or by sending a Non-Conformity Report "NCR"), the latter has the right to reject the goods by courier at the expense of the Supplier, unless otherwise agreed. Moreover, past this 10-day term, the Buyer shall in no way be liable for any risks, damage, breakage, malfunctions, fire, deficiencies or incomplete product supplies.

21. DOCUMENTATION/MANUFACTURING MATERIAL

Projects, drawings, models, moulds, equipment or anything else delivered by the buyer to the Supplier shall remain the Buyer's property. The Supplier is therefore obliged to use them exclusively to process supply of the Products referred to in the Order and agrees to make use of them in accordance with the rules referred to in art. 1768 of the Italian Civil code, and to return them to the Buyer once it has processed the Order, unless the Parties agree otherwise in writing. The Supplier shall give written notice to the buyer within five (5) days of discovery of the loss of materials, tools, moulds, etc. supplied by the buyer. It shall be required to do the same also when and if materials supplied were stolen, damaged or have become unusable. The Supplier agrees to restore the conditions immediately prior to the loss or to replace the lost materials at its expense, or to compensate the Buyer of the damage suffered.

In the event of termination of this agreement or of the Purchase Order, the Supplier shall immediately return the materials and other items supplied to it by the Buyer. If, for any reason, one of them cannot be returned in the same condition it was in when supplied, the Supplier is obliged to pay the buyer a price agreed between the parties.

22. PROTECTION OF MATERIAL AND INTELLECTUAL PROPERTY RIGHTS

All symbols, titles, trademarks, drawings, calibres, moulds, models, processes, instructions and specifications made by the Buyer or third parties, piece-samples, prototypes and any software delivered to the Supplier to process the Order remains the property of the buyer and shall be returned upon delivery, in good condition. They can be used solely for the manufacturing process for which they are intended and only for Orders confirmed by the Buyer, and cannot, furthermore, be disclosed or reproduced. The buyer will charge the Supplier for the cost of replacements and repairs, as well as any compensation for damage. The Supplier guarantees that the goods manufactured do not breach patents, licenses or industrial property rights, as well as the freedom to legally use and trade them in Italy and abroad. Hence, the Supplier accepts all responsibility and burden for claims with regards to the above-listed obligations, including the provision of legal assistance, covering the cost thereof, to the Buyer, should third parties file claims against it, in and out of Court, and holding the Buyer harmless of any cost and liability. The Buyer reserves the right to take all action, including legal, to defend its interests in such event.

23. ADVERTISING

It is forbidden to the Supplier to advertise its relations with the Buyer without the Buyer's explicit authorisation; in case of approval, the Supplier agrees to comply with the specific conditions established by the Buyer.

24. CONFIDENTIALITY AND PRIVACY

In Order to fulfil its obligations in processing confirmed Orders, the Supplier may receive confidential information from the Buyer, which may take the form of projects, technical,

commercial and financial information, as well as the documentation and manufacturing materials referred to in art. 21, and any other material or data relating to the technical and commercial aspects of the Products and services and, in general, the Buyer's corporate policy and business. The Supplier agrees to consider this information, both written and verbal, as strictly confidential, and shall be required to use it only for the time involved in processing Orders and to fulfil its obligations under the same. It is forbidden to the Supplier to reproduce or make such information known to third parties, if this is not strictly necessary for the fulfilment of its obligations. The Supplier agrees to immediately return such information in whatever form available to it, both in writing and in other tangible form, including any copies thereof, to the Buyer once it has processed all open Orders. The Supplier agrees to comply with all the requirements of Leg. Decree no. 196/2003 (Privacy Law), as amended. Without prejudice to the above, the Supplier shall have no confidentiality obligation for information that is known to the public or to companies and staff in the Buyer's same line of business that has not been directly disclosed to them by the Supplier. This also applies for information known to the Supplier that is not confidential prior to its disclosure by the Buyer, and for confidential information obtained from sources that are entitled to their disclosure.

25. PRICES

Unless otherwise specified, the prices indicated in the Order are fixed and invariable in their listed currency. They will not be subject to any changes whatsoever, as any increase of the prices must be requested as part of a specific amendment to the Order for them to be valid and binding for the Buyer. Any type of surcharge, even if only applicable to the packaging, transport costs and documentation is forbidden, unless agreed beforehand with the Buyer.

26. INVOICES

Every invoice must include the details of the transport dockets, the Purchase Order and the bank account to which the Buyer will process payment. They must also comply with the tax laws and regulations and must be submitted according to the terms specified in the Order by e-mail: amministrazione@pec.mekts.com.

27. PAYMENTS

Payments are conditioned to receipt of the transport docket and invoice, as well as acceptance of delivery without reservations by the Buyer for the purposes of the previous art. 16. The Buyer shall process payment as specified in the Order (method and due-date). The Supplier will issue receipts for all payments received, bearing the cost for their issuance.

28. PENALTIES

In the event of delayed deliveries, the buyer reserves the right to apply to the Supplier, and without prejudice to any right of termination under the previous art. 4 "Order processing and delivery terms" and of compensation for any damage suffered therefrom, a penalty of 0.5% (zero point five percent) of the total amount of the goods not delivered by the contractually agreed term, for each business day of delay. The total amount of the penalty shall not exceed 10% (ten per cent) of the Purchase Order afferent to the delayed delivery. After this maximum delay, the buyer shall be entitled to terminate the contract, pursuant to art. 4 and, without prejudice to the right to receive compensation for the greater damage, to purchase the goods not delivered by the agreed term (in part or in whole) from third Suppliers of its choice, the Supplier bearing all costs and risks thereof. The Supplier shall be liable to pay the penalty also if it does not deliver the technical documentation and certificates (if applicable) confirming that the Products and services supplied are fit for their intended use. The amount of the penalty applied in this case will be equal to 1% (one per cent) of the total value of the overdue

material for each business day of delay, up to a maximum of 20% (twenty percent). The penalty is fair and not reducible pursuant to art. 1384 of the Italian Civil code, in light of the Buyer's vested interest in timely delivery of the Products.

The Buyer may deduct, without excluding any further and different method of recovery, the amount of the damages liquidated and ascertained, and the amount of the penalties mentioned above, from any claim due to the Supplier. The Supplier shall also indemnify the Buyer, without limitation and up to a maximum of fifty percent (50%) of the value of the goods, from and against all penalties charged to the latter by the End Customer. This applies also to additional and unexpected manufacturing costs, as well as to transportation costs not foreseen in origin and caused by the Supplier's delay in supplying the products by the date of delivery and in accordance with the conditions specified in the Purchase Order.

29. RETENTION OF TITLE / TRANSFER OF RISK

Unless otherwise agreed in writing by the Parties, ownership will be transferred to the Buyer upon acceptance of the goods at the Buyer's premises or other destination agreed. Any retention of title clause included by the Supplier will be considered void. The transfer of risk shall take place in accordance with the INCOTERMS 2010 rules applicable to the supply. If no INCOTERMS 2010 rule is applicable, or if none is specified, transfer of the risk will follow the transfer of ownership.

30. WARRANTY

The Supplier explicitly guarantees that the products supplied have no flaws and defects, as well as their proper operation and immediate usability (including of any services rendered). Consequently, it is compulsory for the Supplier, from the date in which the Buyer formally accepts the delivery and for a period of 24 months, unless otherwise specified in the Order, to cover the cost of replacing defective and flawed goods with fully functional ones, as specified in the Order. The Warranty cover will become effective within 10 (ten) days from the date in which the Buyer reports the non-conformity. The Warranty cover will resume for all parts replaced. In any case, payment of the price (including the payment term) shall be suspended until the Supplier has not promptly replaced the defective goods.

31. FORCE MAJEURE

Neither party will be liable for delays or breaches resulting from an event or circumstance which is beyond its reasonable control, including but not limited to accidents, random occurrences, acts against the State, earthquakes, fires, floods, labour disputes, riots, civil disorders, war (declared or undeclared) or acts by the government or government authorities. The party affected by such events shall send to the other party written notice of the delay and the reason justifying the delay as soon as possible, after the party became aware of the cause of the delay in question.

32. EXPRESS TERMINATION

The buyer shall be entitled by law to terminate the contractual relationship arising from the Order, at any time, by notifying the Supplier in writing, manifesting its desire to avail itself of the express termination clause in the event of non-fulfilment of one or more of the obligations referred to in the following articles:

- Article 3, Non-transferability of the agreement and credit;
- Article 4, Order processing and delivery terms;
- Article 5, Supplier's liability;
- Article 6, Currency and tax-related charges;
- Article 7, Supplier's obligation to supply spare parts and products as per Order;
- Article 18, Claims;
- Article 20, Return of goods

- Article 22, Protection of material and intellectual property rights;

- Article 28, Penalties;

- Article 30, Warranty.

If the contractual relationship is terminated for reasons not attributable to the Supplier, the Buyer's liability will be limited in any case to pay the price of the goods and services received. For those, instead, still not rendered on that date, the buyer will pay a fee, which, though not under the form of compensation, takes into account the Supplier's actual and documented activity. If on the other hand, the relationship is terminated because of serious default of the Supplier, the buyer will not be liable to make any payment, and will rather be entitled to return the goods delivered, receiving a refund of the price paid.

33. VALIDITY OF THE AGREEMENT UPON EXPIRY

The termination/expiry of this agreement for any reason does not affect the obligations arising before the date of termination or expiry, and those that the Parties believe should continue to apply after termination or expiry. Termination of the agreement by either party shall have no bearing on any previous Purchase Order accepted by the Supplier.

34. BARRING AND FORFEITURE OF RIGHTS

No omission or delay in exercising a power, right, privilege or process within the scope of this agreement may preclude the exercise of these or other powers, rights, privileges or processes, nor should be construed as a waiver of the same.

35. SEVERABILITY

If individual clauses of the agreement with the customer, including these Terms and conditions, should be or become wholly or partly void, illicit, or ineffective, the validity of the other clauses will not be affected.

36. DISPUTES – SETTLEMENT - JURISDICTION AND APPLICABLE LAW

If disputes arise between the Buyer and the Supplier in relation to these Terms and conditions of Purchase and/or the Purchase Orders, the Parties shall first attempt to settle the dispute amicably by negotiation with the assistance of their lawyers, including by resorting to online platforms or through arbitration boards, in compliance with European legislation.

These Terms and conditions of Purchase, as well as the special conditions of the Order, are governed by Italian law, with the exclusion of any additional source not explicitly recalled therein. For all disputes concerning the interpretation and/or the execution of these Terms and conditions of Purchase and the individual Orders, including those relating to their validity, the existence and the amount of credits claimed by the Buyer, the Court of Padova shall have exclusive jurisdiction.