

GENERAL CONDITIONS OF PURCHASE BREVINI POWER TRANSMISSION SPA

1. GENERAL PROVISIONS

1.1 The terms and conditions indicated below (the "General Conditions of Purchase") shall govern the relationship between Brevini Power Transmission S.p.A. (hereinafter referred to as, the "Purchaser") and the supplier (hereinafter referred to as, the "Supplier"), also when such General Conditions of Purchase are not undersigned provided that the Supplier is familiar with them or has come to know them through the Purchaser's website (www.brevini.com). For the purposes of the supply of the products which will be the object of the purchase orders (hereinafter also, the "Products"), the above mentioned subjects shall hereinafter also collectively be referred to as, the "Parties".

1.2 The General Conditions of Purchase shall apply to all of the transactions closed between the Purchaser and the Supplier also when a specific reference to them is lacking or not agreed at the closing of each single transaction.

2. PURCHASE ORDERS

2.1 Unless otherwise agreed between the Parties, any purchase order (hereinafter also, the "Order") shall be deemed to be final and binding at the time of its receipt by the Supplier and shall remain valid and effective for 10 (ten) days following such date. For the rolling orders , (when the delivery terms are shorter than 10 days) what has been agreed between the Purchaser and the Supplier ,on the contract regarding the rolling orders, will be applied .

2.2 The Supplier, within the above term, shall confirm in writing, via e-mail or by facsimile, its acceptance of the Order. Failure to do so by the Supplier within the above term shall entitle the Purchaser to cancel the Order. Unless otherwise agreed in writing, any provision included in the Order confirmation aimed at modifying, opposing or contradicting these terms and conditions shall be deemed invalid and therefore not applicable.

2.3 Any Order including the indication "price to be specified", or "price 0", shall be deemed to be valid only upon acceptance, in writing, by the Purchaser of the price indicated by the Supplier.

2.4 The Purchaser shall be entitled to modify the Order also after the Supplier's acceptance up to 15 days from such an acceptance and, in any case, within 15 days from the expected delivery. On the contrary for the rolling orders ,(when the delivery terms are shorter than 15 days) what has been agreed between the Purchaser and the Supplier ,on the contract regarding the rollings orders, will be applied .

The Supplier shall promptly notify the Purchaser of any change to the price or to the time of delivery resulting from the changes requested by the Purchaser and, if necessary, shall issue a new Order which will simultaneously have the effect of cancelling the modified Order, nothing being due at any title whatsoever to the Supplier in relation to such a cancellation.

2.5 Unless otherwise expressly authorized in writing by the Purchaser, all of the drawings and technical specifications attached to the Order shall be the exclusive ownership of the Purchaser and may not, not even partially, be utilised nor disclosed to any third party nor, in any case, reproduced at any title for purposes other than those of the supply of the relevant Order.

2.6 All of the drawings and technical specifications attached to the Order shall be promptly returned to the Purchased if so requested by the latter.

3. EXECUTION OF AN ORDER

3.1 Any Product supplied shall be in compliance with the provisions of the relevant Order and the attached drawings and technical specifications.

3.2 Any change to the Products indicated in the relevant Order and the attached drawings and technical specifications, unless expressly requested by the Purchaser pursuant to article 2.4 above, shall be accepted by the Purchaser only if agreed in writing and in advance by the latter.

4. DELIVERY OF GOODS

4.1 Unless otherwise requested or authorized in writing by the Purchaser, the Supplier shall deliver the Products being the object of one single Order in a single lot.

4.2 The delivery terms indicated in the Order are deemed to be essential and may be modified only in writing by the Parties. Unless otherwise agreed in writing by the Parties, the Products shall be delivered at the Purchaser's factory or at other destination if so indicated in the Order. The risk of loss or damage of the Products shall be borne by the Supplier until they are delivered.

4.3 At the exception of special packaging which the Purchaser may request in writing, the Supplier shall provide the Products in appropriate packaging aimed at protecting the Products from damping, corrosive elements, accidents due to load-shifting, incorrect transport or storage conditions, vibrations.

4.4 The Supplier shall provide the Products together with all the manuals, the guarantees and any documentation relating to them.

4.5 The Supplier shall be the exclusive responsible for any damage caused to the Products or for any additional expenses incurred as a result of their incorrect or inappropriate packaging, numbering or labelling.

4.6 Any special packaging shall be in compliance with all the instructions specifically given by the Purchaser.

4.7 The Supplier shall indicate on all of the packages and containers used for transportation any instructions and precautionary measures to be followed during transportation and shall clearly identify and mark any object in relation to which special precautions or conditions of storage or transportation are required.

4.8 The Supplier shall also indicate on any transportation document the manufacturing processes undergone by the Products, their identifying codes and the reference number of the relevant Order.

4.9 Packages and containers must be suitable for storage and must bear the Product's identifying code number as well as the reference number of the relevant Order.

4.10 Unless otherwise authorised in advance by the Purchaser, deliveries may not be made earlier than 5 (five) days from the expected date of delivery of the Order.

4.11 In the event of early deliveries made at the request of the Supplier and accepted by the Purchaser, the payment terms shall start from the original delivery date as provided for in the agreement.

4.12 The Supplier shall promptly notify in writing the Purchaser of any event which may delay the execution of an Order, and shall take all reasonable steps aimed at reducing the delay of the relevant delivery and its consequences. The Purchaser shall be entitled to cancel the Order and the Supplier shall have no right to any fee or indemnity whatsoever in relation thereto and, except for Force Majeure events, to any claim for compensation of damage, loss or harm resulting from such a delay if the expected delay is excessive with respect to the Purchaser's needs and to the additional extension, if any, granted by the Purchaser in relation to the delivery.

5. PRICE, TERMS OF PAYMENT AND INVOICING

5.1 The price applicable to the supply shall be the price indicated in the Order. This will be a fixed price not affected by any change of the exchange rates. The prices shall not include VAT and shall be paid in accordance with the provisions set for the in the relevant invoice.

5.2 Unless otherwise agreed in writing in the Order, the price shall be deemed to be inclusive of standard packaging costs.

5.3 Any costs additional to the ones provided for in the Order shall be valid only if agreed in writing and in advance with the Purchaser.

5.4 The Purchaser shall verify the compliance of the Products with their relevant Order in the shortest time possible under the circumstances. The Supplier shall issue the relevant invoice, if so required by the Purchaser, upon receipt of the Purchaser's notice confirming the positive outcome of the check carried out on the Products. The invoice shall include the Order's number or reference number, the Products' quantity and description, the reference to the transportation documents and the price in detail. Unless otherwise indicated in the Order, the Supplier shall be entitled to issue an invoice for each single Order.

5.5 The Purchaser shall pay the price as per agreed from the end of the month of the relevant invoice, unless otherwise agreed in writing between the Parties.

5.6 As for Orders relating to complex Products, the compliance verification shall be carried out in relation to the complex Product rather than to each single component.

5.7 Should the Purchaser request partial deliveries, the verification, the invoicing and the payment of the relevant Products shall be made on each single delivery.

6. PRODUCT QUALITY CERTIFICATION

6.1 The Supplier is responsible for the quality of the supply and for carrying out quality control programmes.

For quality control purposes of the process and supply, the Purchaser is entitled to ask the Supplier for documents of certification (quality control procedure, conditions used for accepting raw materials, FMEA, diagrams for flow procedures, control programmes, capacity studies or likewise) and/or to carry out on the spot auditing. If there is non conformity with the requests made, the Purchaser will thereby communicate measures for improvement required and the deadlines set by registered letter, telefax or e-mail. The Supplier shall inform the Purchaser on a weekly basis about the progress made. All the goods received during this period shall be considered by the Purchaser as "non-conforming" and will continue to do so until the Supplier adopts measures for improvement considered satisfactory. Noteworthy delays or disagreement over the action needed for improvement shall entitle the Purchaser to cancel the order without having to pay any indemnity or fee to the Supplier.

6.2 The Supplier shall deliver the goods accompanied by all certification and technical specifications of the Purchaser (for example: certification of the material composition, certification for heat treatment, certification of final quality control check). The aforementioned documentation must be sent exactly when the goods are shipped, preferably by e-mail in a legible format and correctly identifiable by the product code of the Purchaser, the purchase order reference and when delivered.

Failure to receive such certification within the times requested shall entitle the Purchaser to refuse the material received.

6.3 All goods received by the Purchaser will be rightly subjected to a quality control check for specifications (for example, but not only: purchase order, drawings, standards applied, Purchaser technical specifications, packaging and delivery instructions). The aforementioned quality check may be carried out directly by inspecting the goods (such as, but not only: size measurements, working tests and performance, material analysis, fatigue tests or likewise) in order to check whether the material received conforms to the specifications mentioned above. Such checks may be carried out by taking samples and the result of the check on the sample may be used to determine whether a whole batch respects conformity.

6.4 The Supplier must preserve the documentation certifying the checks carried out during the process (for example: control papers, reports about the quality, test results, certification) for a period of 10 (ten) years starting from the date of delivery of the Purchaser's material. The Purchaser reserves the right to ask the Supplier this documentation by post, e-mail or fax indicating the product serial number and the delivery date. This documentation must be presented by the Supplier by post, e-mail or fax within 10 (ten) working days upon receiving the request.

6.5 The Purchaser shall inform the Supplier by registered letter, fax or e-mail, about the non-conformity of the goods once they have been checked. The Purchaser shall owe the Supplier nothing in relation to these goods. (7.2)

6.6 The Purchaser will keep a register of the work carried out by the the Supplier by using a vendor rating index.

The result of the vendor rating is in relation to the quality of the supply, with regards to the service and costs. The Purchaser shall inform the Supplier by registered letter, telefax or e-mail of the vendor rating and the state of the corresponding quality. If the vendor rating is considered unacceptable by the Purchaser, the Supplier shall be obliged to propose and carry out an improvement programme of the Supplier's performance.

6.7 The Supplier, before undertaking the role as a supplier, shall clearly declare in writing to BPT their position as far as the 1907/2006 REACH laws are concerned.

7 . INSPECTION AND REJECTION OF PRODUCTS

7.1 Any material received by the Purchaser shall be under reservation of verification of its compliance with the relevant Order. Such a verification shall be carried out by the Purchaser upon the terms provided for in article 5.4 above.

7.2 Should the Products, upon verification, turn out to be not in compliance with the relevant Order, the Purchaser shall notify the Supplier thereof by registered letter, fax or email. Nothing shall be due by the Purchaser to the Supplier in relation to such

Products. The Supplier shall have to withdraw, at its own costs and expenses, any not compliant Products within 10 (ten) business days from receipt of the notice of not compliance. Upon expiry of the 10 days term, the Purchaser shall be entitled to return the Products to the Supplier at the latter's costs and expenses. Without prejudice to the Purchaser's right to receive from the Supplier compensation for any damages suffered as a result of the Products not being in compliance with the Order.

8. SURPLUSES

8.1 The Purchaser undertakes to verify and pay only the ordered quantity of the Products. Should the Purchaser, upon verification of the Products' compliance, find out a surplus in the delivered Products with respect to the relevant Order, the Purchaser shall notify the Supplier thereof by registered mail, fax or email. After 10 (ten) day from such a notice of Products' surplus, the Purchaser shall be entitled to return to the Supplier the surplus Products at the latter's risks and expenses.

8.2 The Purchaser, at its own discretion, may decide to purchase, in whole or in part, the surplus Products, upon the terms and at the price of the Order and in compliance with these General Conditions of Purchase.

9. GUARANTEES

9.1 Unless otherwise agreed in writing between the Parties, the Supplier warrants, for a 24 (twenty-four) month period that the supplied Products: (i) are in compliance with the specifications, the projects, the drawings and the information delivered (in any format) by the Purchaser or owned by the Supplier or agreed in writing between the Parties, as well as with all the requirements and conditions specified in the Order, (ii) have no defects whatsoever as far as their design, the employed material, their manufacturing and their functioning is concerned, (iii) their quality is suitable to the purposes required by the Purchaser.

9.2 During the guarantee period, the Supplier shall be notified in writing, by registered mail, fax or email of any defects or malfunctioning of the supplied Products and shall have to, at its own costs and expenses, promptly (i) replace the faulty Products or (ii) repair the faulty Products or remedy their defect or malfunctioning by and not later than fifteen (15) days from receipt of the notice concerning such a defect.

9.3 The Supplier shall grant an additional 24 (twenty-four) month guarantee for any replacement, repair or correction successfully and satisfactorily performed.

9.4 In the event the Supplier does not replace or remedy the malfunctioning within the term set forth in article 9.2 above, the Purchaser shall be entitled to all remedies expressly provided for in the Third Part, Section III° ("*Means at the purchaser's disposal in the event of default by the seller*") of the United Nations Conventions on Contracts for the International Sale of Goods (CISG) dated 1980.

10. INDUSTRIAL AND INTELLECTUAL PROPERTY

10.1 All of the industrial and intellectual property rights relating to drawings, projects and technical specifications of the Purchaser shall be the exclusive ownership of the Purchaser and nothing in this supply agreement implies the assignment or the licence, in whole or in part, of such rights to the Supplier or to any third party.

10.2 The Supplier warrants that any supplied Product which has not been expressly manufactured in accordance with the instructions, the drawings and the projects provided by the Purchaser, as well as each part of them, are not in breach of any patent, licence, industrial patent right, industrial model or design, copyright or any other third party's industrial and intellectual property right.

10.3 The Supplier warrants to have full title to use, manufacture and sell the to-be-supplied Products and that the Purchaser shall have full title to use and re-sell such Products.

10.4 The Supplier accepts to hold harmless the Purchaser from and against any claim or action brought forward in relation to the infringement of any third parties' industrial and intellectual property rights, to pay any costs incurred by the Purchaser in the steps taken in relation to such a claim or action, and to compensate to the Purchaser any damage, loss or harm suffered as a direct or indirect consequence of such a claim or action.

11. CONFIDENTIAL INFORMATION

11.1 The Parties acknowledge and undertake to keep strictly confidential any information relating to the other Party and/or the Products, the technical specifications, the models, the drawings, the services, the organization, the commercial or the technical strategy as received from the disclosing Party or which they have come to know, directly or indirectly, as a result of the supply of the Products object of the Order and to use them only for the fulfilment of the obligations arising out of the Order or of these General Conditions of Purchase (hereinafter referred to as, the "Confidential Information"). In particular, Confidential Information means any data, design, technical specification, equipment or other material and information which is (i) provided by the Purchaser or (ii) provided by the Supplier but the Purchaser pays the relevant consideration as part of the Products' purchase price.

11.2 The Supplier shall adopt all necessary measures aimed at not divulging nor making in any way available the Confidential Information of the Purchaser to any third party and shall, in any case, be held directly responsible vis-à-vis the Purchaser for any infringement of the confidentiality obligations set out in this article by any of its own directors, employees and consultants. The Supplier also undertakes to deliver to the Purchaser appropriate evidence on its taking out an insurance policy aimed at

covering any liability in relation to the storage, use and management of the Purchaser's Confidential Information.

11.3 The Supplier may use, upon the Purchaser's written consent, the Confidential Information to protect its own interests in legal proceedings. In this case, the Supplier shall promptly notify in writing the Purchaser of this request of disclosing or divulging the information so as to allow the latter to take all necessary steps to protect, at its own turn, its interests or obtain any other remedy to the extent permitted by the law. In such an hypothesis, the consent will not be unreasonably withheld or denied.

11.4 The Confidential Information shall be the exclusive ownership of the disclosing Party. Such information shall have to be immediately returned or destroyed by the recipient Party if so required by the disclosing Party.

11.5 The obligations of confidentiality set out above shall be applicable for 5 (five) years following the termination, for whatever reason, of the supply agreement entered into by the Supply and the Purchaser.

12. REVOCATION OF A PURCHASE ORDER

12.1 The Purchaser shall be entitled to revoke an Order without any penalty being due to the Supplier in relation thereto, only when such a revocation is received by the Supplier before the latter has sent to the Purchaser its acceptance of the Order. The Purchaser may not revoke the Purchase Order only if it is so expressly indicated in such an Order.

12.2 The Purchaser shall also be entitled to revoke the Order without paying any penalty nor any fee whatsoever to the Supplier in relation thereto, in the following cases:

- (a) failure of the Supplier to fulfil any of the obligations arising from him of these General Conditions of Purchase and/or of the accepted Order when such a failure constitutes a relevant default of the General Conditions of Purchase or of the Order;
- (b) the Supplier does not deliver the Products within the term specified in the relevant Order, and such a delay exceeds a week (the delivery additional term) or in the event the Supplier states that it will not deliver the Products within the above mentioned delivery additional term. For the rolling orders what has been agreed between the Purchaser and the Supplier, on the contract regarding the rolling orders, will be applied.

In both cases, without prejudice to the Purchaser's right to request compensation of any damage suffered as a result of the Supplier's failure to deliver or delayed delivery.

13. LIABILITY OF THE SUPPLIER AND INSURANCE

13.1 The Supplier, while fulfilling the obligations arising out of the Order, shall be kept exclusively responsible vis-à-vis the Purchaser and any third party for any damage, loss or harm caused to persons or belongings by the Supplier itself or by its own personnel, agents or sub-suppliers.

13.2 The Supplier shall be held responsible for any defects of compliance existing at the time of the transfer of the risks to the Purchaser even if the defect is detected only at a later time. The Supplier shall be also held responsible for any defect of compliance detected after the risk transfer and attributable to its own failure to fulfil any of its obligations, without prejudice, in any case, to the guarantee set forth in article 9 according to which, for the term agreed between the Parties, the products shall remain suitable to the purposes for which they have been supplied and shall keep the features and the specifications indicated in the Purchase Order, the drawings and the documents attached to the Products.

13.3 The Supplier undertakes to take out an insurance policy with a maximum sum insurable sufficient to cover any damage resulting from any defect of the Products and any other liability which, in compliance with the above clause, may arise vis-à-vis the Purchaser.

14. INVALID PROVISION

14.1 Should any portion of these General Conditions of Purchase be adjudged or held to be invalid, unenforceable or void, such holding shall not have the effect of invalidating or voiding the remainder of these General Conditions of Purchase and the parties hereby agree that the portion so held invalid, unenforceable or void shall, if possible, be deemed amended or reduced in scope, or otherwise be stricken from these General Conditions of Purchase to the extent required for the purposes of validity and enforcement thereof.

15. INCONSISTENCY

15.1 In the event of any inconsistency between the terms and conditions set forth in the Orders or in these General Conditions of Purchase, the provisions of the General Conditions of Purchase shall prevail.

16. ASSIGNMENT

16.1 Unless otherwise expressly authorized in writing by the Purchaser, it is forbidden to the Supplier to assign, in whole or in part, any of its obligations and rights arising out of these General Conditions of Purchase as well as of the Purchase Orders, and it is also expressly forbidden to the Supplier to assign, in whole or in part, to any third party any of the credits deriving from this General Term and Conditions and from each single Order.

16.2 Should the Purchaser give its authorization to any assignment, the Supplier shall in any case be held, jointly and severally, responsible for the fulfilment of the obligations of such an assignee or sub-supplier.

17. FORCE MAJEURE

17.1 Neither Party shall be held responsible for any delay or default resulting from events or circumstances beyond their reasonable control, such as, without limitation, acts against the State, earthquake, fire, flooding, trade unions' dispute, riot, civil disorder, war or requirement of any government or governmental entity or authority.

18. APPLICABLE LAW AND JURISDICTION

18.1 The Parties agree that any aspects deriving from or relating to these General Conditions of Purchase and of the Purchase Orders shall be governed by, construed and interpreted in accordance with the United Nations Convention on Contracts for the International Sale of Goods (CISG) dated 1980. The Parties also agree that any item of this agreement not governed by the United Nations Conventions on Contracts for the International Sale of Goods (CISG) dated 1980 shall be governed by the Italian law, to the exclusion of the provisions of the Italian International Private Law.

18.2 The Parties also agree that any dispute which may arise out of or in connection with these General Conditions of Purchase and the Purchase Orders shall be submitted to the exclusive jurisdiction of the Courts of Reggio Emilia. The Purchaser reserves in any case the faculty to choose, in alternative, the Courts where the Supplier has its site.

Brevini Power Transmission S.p.A.

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