

# GENERAL CONDITIONS FOR THE PURCHASE OF RAW MATERIALS, SEMI-FINISHED PRODUCTS AND AUXILIARY MATERIALS

## 1. GENERAL

### 1.1 Field of application

These General Conditions of Purchase (hereinafter the "**General Conditions**") shall apply to all supplies of raw materials, and/or semi-finished products and/or auxiliary materials provided by your company (hereinafter the "**Supplier**") to Pirelli (as defined below) in fulfilment of contracts, in any way whatsoever entered into between our companies, such as, by way of example, by means of agreement with simultaneous execution (hereinafter the "**Contract/s**") or by means of confirmation – either explicit or implicit – of purchase orders (hereinafter the "**Order/s**").

The General Conditions may be integrated or modified by means of specific provisions provided for under the Orders or the Contracts, it being understood that notwithstanding these latter shall prevail upon the content of the General Conditions, their effectiveness shall be limited to such specific Order or Contract.

The Supplier waives, therefore, to the application of its own general and/or specific conditions of sale to be considered as not effective between the Parties.

### 1.2 Definitions

In the context of these General Conditions, the following terms shall have the meaning respectively attributed to each of them below:

- (1) "**Affiliate**" means, with respect to a person or legal entity, directly or indirectly Controlled by, Controlling or subject to the common Control with such person or legal entity;
- (2) "**Analysis Certificate**" means the certificate referred to in clause 4.4;
- (3) "**Anti-Corruption Laws**" means any anticorruption law or similar legislation, codes, rules, policies and regulation applicable to any of the Parties and/or to the performance of their obligations under the Orders and Contracts;
- (4) "**Confidential Information**" means, collectively, (i) Technical Information, (ii) any other information, whether commercial or otherwise, other than Technical Information, concerning Pirelli, its materials, products, processes, services and activities, supplied and/or disclosed, in any form, by and/or on behalf of Pirelli to the Supplier and/or which the Supplier becomes aware of in connection with the performance of the Contracts and/or of the Orders, (iii) the Results and (iv) any note, study or other document prepared by the Supplier which contains or otherwise reflects Technical Information, the information mentioned in point (ii) and the Results;
- (5) "**Conformity with Agreements**" or "**in Conformity with Agreements**" referred to Material(s) shall mean
  - (i) conformity with Technical Documents, or
  - (ii) having no Defects, or
  - (iii) conformity with the samples or models provided by the Supplier;
- (6) "**Control**" shall mean (i) in the case of a corporation, the ownership of more than 50% of the shares of such corporation with voting rights or, in the case of any other entity, the ownership of the majority of the beneficial or voting interest of such entity or (ii) the power of one person or legal entity alone, or jointly with one or more other persons or entities, directly or indirectly, to direct the management of the controlled person or entity, either by means of equity ownership, by contract or otherwise. "**Controlling**" and "**Controlled**" shall have similar meaning;
- (7) "**Defect**" means any circumstance which makes the Material or the Product unsuitable for the use for which it was destined, and/or which does not provide the safety which Pirelli and current applicable law requires. For example, Defects may be faults, quality shortcomings, unreliability and/or non-conformity with agreements, the presence in the Material of foreign bodies, water, mould, or stains. "**Defective**" will be construed accordingly;
- (8) "**Government Official**" means any appointed, elected, or honorary official or any career employee of the government of any national, regional or local government, or of a public international organization, or any political party, party official or candidate in any country (including any person holding an executive, legislative, judicial or administrative office, whether elected or appointed, or of any public international organization, such as the United Nations or World Bank, or any person acting in any official capacity for or on behalf of such government, public enterprise or state-owned business). The term "government" includes any agency, department, embassy or other government entity or public international organization. It also includes any company or other entity owned or controlled by the government;
- (9) "**Material(s)**" means all raw materials to be used in the manufacture of tyres (including, but not limited to, chemicals, reinforcement and other fillers, polymers, fabrics, textiles, metallic reinforcing elements), semi-finished products, and auxiliary materials;
- (10) "**Partial Delivery**" means every individual delivery of Material(s) to Pirelli and/or the Affiliates by the Supplier;
- (11) "**Parties**" mean Pirelli and the Supplier;
- (12) "**Pirelli**" means Pirelli Tyre S.p.A., or its Affiliate/s better identified under the Order or Contract;
- (13) "**Product**" means tyres and parts thereof made by Pirelli or by a third party on Pirelli's behalf for which a Material is to be delivered pursuant to Orders or Contracts;

- (14) "**Production Lot**" means, with respect to each Material, a quantity consecutively made, under the same manufacturing conditions using qualitatively homogenous materials and, for ongoing productions, in a maximum period of 24 hours unless otherwise agreed in writing between the Parties during the homologation of the Material;
- (15) "**Results**" mean all the inventions, knowledge, data, information of any kind, method, specification, know-how, software, solutions, deliverables conceived, reduced to practice or developed by the Supplier in the performance of Orders or Contracts;
- (16) "**Technical Documents**" means Technical Information including, by way of example, (i) technical specifications issued by Pirelli and sent to the Supplier for the purposes of detailing the Material, (ii) documents about methods for detailing values used in a technical specification, and (iii) written information about Material approval, transport, and delivery procedures;
- (17) "**Technical Information**" means any kind of technical information, being not part of the public domain and including, by way of example, drawings, technical and/or functional specifications, tables, models, samples, prototypes, methods, measurement instruments, databases, software, films, digital video segments, and photographs supplied in any form by and/or on behalf of Pirelli to the Supplier and/or which the Supplier has become aware of for the production of the Material.

### 1.3 Acceptance of the Orders

Orders become binding and irrevocable for Pirelli as soon as order confirmation is received duly signed by the Supplier for acceptance. Pirelli is entitled to revoke the Order should the Supplier not return to Pirelli the order confirmation duly signed for acceptance of all the conditions therein provided within 15 (fifteen) days of the receipt of the Order. Pirelli is entitled to reject the supply up until the Supplier returns the order confirmation duly signed as specified above.

### 1.4 Non-assignability of Contracts and credits – Prohibition to grant the right to collect payments – Bank Account

Contracts, Orders and the credits deriving therefrom cannot be assigned by the Supplier; any amendment or integration to the Contracts or Orders not made in writing will be null and shall be limited to the specific case in relation to which it is agreed. The Contracts, the Orders and the credits deriving therefrom may, on the contrary, be assigned by Pirelli to its Affiliates.

Supplier shall not grant to any third party the authority to collect on its behalf payments due to Supplier according to this Agreement.

Supplier expressly acknowledges that all payments hereunder shall be made by PIRELLI to a bank account located in the same country where

Supplier has its registered office.

### 1.5 Applicable law and jurisdiction

The Orders and the Contracts are regulated under any aspect by the law of the country where the registered office of the Pirelli's Affiliate which entered into the contractual relationship with the Supplier is located. Any disputes which may arise in relation to and/or as a result of the Orders and/or the Contracts, their performance, efficacy, validity, interpretation, termination and cessation, as well as any relation referred to or connected with the Orders and/or the Contracts and all related credits and debts, shall fall under the exclusive jurisdiction of the Court of the country where the registered office of the Pirelli's Affiliate which entered into the contractual relationship with the Supplier is located.

### 1.6 Information Security

The Supplier undertakes to adopt all security measures required to prevent the risk of alteration, loss, destruction, dissemination or unauthorised use of Confidential Information, as defined in clause 2. Pirelli will be entitled to notify the Supplier of security measures or conditions considered necessary, and the Supplier hereby agrees to adopt them. Pirelli shall have the right to verify, directly or through a third party, that the Supplier has correctly fulfilled all its obligations under this clause. In this regard, the Supplier grants Pirelli the right to access, directly or through a third party, its premises, in order to verify its compliance with the requirements of this clause.

### 1.7 Incident reporting

The Supplier hereby agrees to notify Pirelli's Security Direction immediately, or, if this is impossible, within a maximum of 24 (twenty-four) hours, of any incidents which may have caused, or risk to cause, theft, loss, alteration, forbidden or unauthorised access to Confidential Information.

*Notification should be sent to the following numbers:*

*Phone: +39-02-6442.2069 o +39-02-6442.3772*

*Fax: +39-02-6442.2130*

*e-mail: security.dept@pirelli.com*

### 1.8 Force majeure

Failure to fulfil its obligations on the part of a Party impeded by circumstances which are objectively beyond that Party's control shall not constitute defaulting on the obligations undertaken in the Contracts and in the Orders. Events of force majeure shall include, by way of example, wars, fires, floods, general strikes, lock-outs, embargos, orders of public authorities. The Party which is in default due to a force majeure event shall give prompt notice to the other Party and shall adopt any reasonable measure to avoid its non-fulfilment and be able to fulfil all its contractual obligations.

**1.9 Personal Data Notice** (Art. 13 Legislative Decree n. 196 dated June 30 2003) – *Applicable only in case of contractual relationships with Italian entities of Pirelli group*

Pirelli, for the sole purpose of carrying out the contractual relationship of supply/purchase, uses certain personal data of the Supplier which, while not mandatory, is necessary for execution of the Order/s and/or Contract/s.

Supplier's personal data might also be used for defensive purposes.

To this extent, the personal data of the Supplier will be stored in the filing system of Pirelli Servizi Amministrazione e Tesoreria S.p.A. – Administration area (the personal data processor). Specifically, Supplier's personal data include (by way of example and not exhaustively): company name, address, V.A.T. number, tax code, etc.

Supplier's personal data shall be provided only to those who work in Pirelli company processes and who process them in fulfilment of specific legal obligations.

The Supplier may exercise at any time the rights specified under art. 7 of Legislative Decree 196/2003 (including, inter alia: the right to be informed at any time of the personal data in Pirelli's possession and how it is used, having it updated, corrected or deleted for legitimate reasons, the right to ask for an updated list of all personal data processors), by contacting the Purchasing Department of Pirelli.-Viale Piero e Alberto Pirelli, 25 - 20126 Milano (fax: +39 02 6442 3217 e-mail: [privacy.purchasing@pirelli.com](mailto:privacy.purchasing@pirelli.com)). The main employees who will be in charge of the Supplier's personal data processing will be as to Pirelli the employees of the following Departments: Purchasing and Administration and Control, as to Pirelli Servizi Amministrazione e Tesoreria S.p.A. the employees managing the suppliers' administration.

**1.10 Business Ethics and corporate responsibility**

1. The Supplier hereby declares to have read and understood the following Pirelli group documents and policies: "Values and Ethical Code", "Code of Conduct", "Global Human Rights", "Health, Safety and Environment", "Anti-Corruption Program" and "Product Stewardship", published on the web at <http://corporate.pirelli.com/corporate/en-ww/sustainability/policies/the-ethical-code> which establish the principles that conduct the management of Pirelli group's business, as well as contractual relations and other relations with third parties.

2. In light of the above, and in relation to the execution of the Order/s and/or Contract/s, the Supplier hereby undertakes:

- a) to manage its activities in compliance with:
- all principles, values and commitments as expressed in the documents mentioned above;
  - policies and similar commitments, if any, publicly adopted by the Pirelli group;
- and in particular undertakes:
- not to use or support the use of any form of child labour, slavery, servitude,

- forced/compulsory labour or human trafficking or any other form of exploitation;
- to ensure equal opportunities, freedom of association and promotion of the development of each individual;
- to oppose the use of corporal punishment, mental or physical coercion or verbal abuse;
- to comply with applicable laws and industry standards on working hours and wages, ensuring that wages are sufficient to meet the basic needs of personnel;
- to establish and maintain appropriate procedures to evaluate and select suppliers and subcontractors based on their commitments to social, human and labour rights and environmental accountability;
- not to tolerate corruption in any way, shape or form in any jurisdiction, even if such activities are allowed, tolerated or non-prosecutable;
- to assess and reduce the environmental impact of its own products and services throughout their entire life cycle;
- to use material resources responsibly, in order to achieve sustainable growth that respects the environment and the rights of future generations;
- to implement similar management models within its own supply chain.

3. The Supplier acknowledges that Pirelli has the right, at any time, to verify, either directly or through third parties, compliance by it with the obligations herein undertaken.

4. The Parties hereby agree that Pirelli may terminate the Contract/s and/or the Order/s and exercise any remedies available at law in the event that the Supplier breaches any of the provisions of paragraph 2 above.

5. The Supplier may report to [ethics@pirelli.com](mailto:ethics@pirelli.com) any breach or suspected breach of the "Values and Ethical Code", the "Code of Conduct" and Pirelli group policies "Global Human Rights", "Health, Safety and Environment", "Anti-Corruption Program" and "Product Stewardship" or any applicable laws; reports may be anonymous but shall contain a description of the events that constitute the breach of the provisions contained in the above mentioned Pirelli documents, including information about time and place of occurrence of the relevant events, as well as the persons involved. Pirelli will not tolerate threats or reprisals of any kind against employees and third party collaborators arising from such reporting and shall adopt all appropriate actions against any persons engaging in any such acts of threat or reprisal. Furthermore, Pirelli shall ensure the anonymity of those reporting the breaches, subject to the requirements of applicable law.

**1.11. Anti-Corruption**

In connection with these General Conditions and the performance of the obligations hereunder, Supplier represents, warrants and undertakes the following:

- (i) Supplier shall comply with the Anti-Corruption Laws;
- (ii) Supplier shall comply with Anti-Corruption Laws in obtaining all licenses, permits and approvals required by any competent governmental authority in connection with the Orders and Contracts;
- (iii) Supplier shall not take any action or permit, authorize or tolerate any action in violation of the Anti-Corruption Laws;
- (iv) Supplier shall not offer, pay or promise, directly or indirectly, money or anything of value, for the purpose of assisting Pirelli in obtaining or retaining business, directing business to Pirelli or to any person or entity in connection with the Orders and Contracts, securing any improper advantage in any way related to the Orders and Contracts, or influencing any official act or decision of any official, party, government, government agency or government-owned or controlled entity, to any of the following:
  - (a) Government Officials. A person does not cease to be a government official by purporting to act in a private capacity or by the fact that he or she serves without compensation; or
  - (b) Political parties or party officials; or
  - (c) Any person, while knowing that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly to any of the above-identified persons or organizations.
- (v) To Supplier's knowledge, Supplier, its controlling shareholder/s, its directors and key officers and its controlling shareholder/s' directors and key officers have not been convicted of, or plead guilty to, any offense involving fraud or corruption, with a non-appealable judicial decision;
- (vi) On the basis of the information currently available to Supplier, Supplier, its controlling shareholder/s, its directors and key officers, its controlling shareholder/s' directors and key officers have not been listed by any government or public agency, even supranational or any judicial authority as debarred, suspended, or proposed for suspension or debarment or otherwise ineligible for government procurement programs;
- (vii) Supplier has not offered to pay, nor has Supplier paid, nor will Supplier pay, any political contributions to any person or entity on behalf of Pirelli; and
- (viii) Supplier shall keep full, true, and accurate records and accounts, and records of its receipts and expenses having to do with the

Orders and Contracts, including records of payments to third parties, supported by detailed invoices, in accordance with generally-accepted accounting principles in connection with the Orders and Contracts. Furthermore, Supplier shall make these records available for audit by or on behalf of Pirelli upon fifteen (15) days prior written notice, during regular business hours, at Supplier's principal place of business and shall provide Pirelli with reasonable assistance in order to review and secure copies of such information. Pirelli shall treat the information received during the audit period as "Confidential Information", in compliance with the provisions of clause 2.1 of the General Conditions.

Supplier shall cause any of its Affiliates or any of its or their directors, officers, advisors, representatives, employees or agents to comply with items (i) to (iv) of this clause 1.11.

Supplier acknowledges that, in case of any breach of this clause 1.11, Pirelli shall be entitled to immediately suspend performance of its obligations under the Orders and/or Contracts, without prejudice to its termination rights in compliance with clause 6.

Supplier will indemnify and hold harmless Pirelli and its representatives, from and against any loss, claim, cost or expense (including legal and attorneys' fees) incurred by Pirelli or its representatives based upon or arising out of any breach of this clause 1.11 and/or any violation by Supplier, any of its Affiliates or any of its or their directors, officers, advisors, representatives, employees or agents of any Anti-Corruption Laws.

#### 1.12. Conflict Minerals

##### ***[Applicable in case of supply of Raw Materials and Semi-Finished Products]***

Pirelli expects its suppliers to use materials from socially responsible sources, originating from non-conflict regions or from certified non-conflict sources located in the Democratic Republic of Congo and surrounding areas.

Supplier represents and warrants that the Raw Materials and Semi-Finished Products supplied or to be supplied to Pirelli under the Contract and/or the Orders will do not contain and will not contain throughout the duration of the supply any of the so called "3TG" minerals (Tin, Tantalum, Tungsten and Gold) originating from sources not certified as "non-conflict sources".

Supplier undertakes:

- to provide Pirelli with an exhaustive description of the processes and tools which have been implemented in order to ensure that the Raw Materials and Semi-Finished Products and the parties involved in the supply of any components of the Raw Materials and Semi-Finished Products is/are conflict free;
- to maintain an active due diligence program to identify and trace any of the "3TG minerals" (Tin, Tantalum, Tungsten, Gold) in its supply

chain, based on the procedures and tools by the Electronic Industry Citizenship Coalition (EICC)/Global e-Sustainability Initiative (GeSI) and the Organization for Economic Cooperation and Development (OECD);

- (i) to fill in, on an yearly basis, for each kind of Raw Materials and Semi-Finished Products supplied under the Contract or the Orders, the latest version of "Conflict Minerals Reporting Template" downloadable at <http://conflictreesourcing.org/conflict-minerals-reporting-template/> and send it by e-mail to [conflictminerals@pirelli.com](mailto:conflictminerals@pirelli.com), (ii) to re-send said document updated in case of any changes to composition and/or manufacturing process of Raw Materials and/or Semi-Finished Products, and (iii) never fall below the threshold declared in the last Conflict Minerals Reporting Template.

## 2. INTELLECTUAL PROPERTY

### 2.1 Confidential Information

**2.1.1** The Supplier acknowledges and agrees that Pirelli is the owner of Confidential Information and of any related intellectual property right.

**2.1.2** The Supplier shall:

- (a) keep secret and not disclose Confidential Information to any third party;
- (b) put in place all measures and precautions that are reasonably necessary and appropriate to prevent the disclosure and unauthorized use of Confidential Information;
- (c) upon conclusion of the supply of the Material governed by the General Conditions or even earlier upon request of Pirelli, promptly return all documents containing Confidential Information and destroy any copy thereof, whether hard copies or copies on any other support, subject to the Supplier's obligation, within 30 (thirty) days of Pirelli's request, to deliver a statement certifying the successful disposal of such documents and/or copies;
- (d) use Confidential Information solely for the purpose of performing the Contracts and/or the Orders;
- (e) not reproduce or copy Confidential Information except as expressly authorized by Pirelli;
- (f) not patent any information or data contained in such Confidential Information;
- (g) disclose Confidential Information within its own organization only to the employees whose duties imply the knowledge of such Confidential Information;
- (h) inform any employees within its own organization who become aware of Confidential Information, of the confidentiality obligations related thereto;
- (i) not develop for third parties and/or supply to third parties, for whatsoever reason, directly or indirectly, products made by using Confidential Information;
- (j) require any third party to whom the Supplier must communicate Confidential Information in the execution of the Contracts to comply with the

obligations under this clause and shall ensure such compliance, subject to the Supplier's liability to Pirelli for any infringement by such third party of the obligations mentioned in this clause 2 with respect to such Confidential Information.

**2.1.3** If the use of the Results implies the use of any patent, software and know-how or any other intellectual property right held by the Supplier ("Rights of the Supplier"), the Supplier hereby grants Pirelli a non-exclusive, royalty-free, irrevocable, perpetual and assignable licence (with sublicensing rights) to use the Rights of the Supplier for the sole purpose of Pirelli's use of the Results.

**2.1.4** Neither these General Conditions nor the disclosure of Confidential Information as envisaged herein, may be interpreted as granting the Supplier any licences to patents, patent applications, or any other intellectual property rights with respect to information and data contained in Confidential Information.

**2.1.5** Regardless of the term of the relevant contractual relationship, with reference to each piece of Confidential Information received, the Supplier's obligations under clause 2.1.2 will cease to be effective when all Confidential Information enters the public domain through no fault of the Supplier.

### 2.2 Supplier's intellectual property rights

The Supplier warrants that the Material supplied thereby, their components and accessories do not infringe third party industrial or intellectual property rights. The Supplier undertakes to promptly settle any third party claim of infringement of industrial or intellectual property rights by reason of the possession or use, as the case may be, by Pirelli, of the Material, and shall in any case indemnify Pirelli from and against such claims.

Except as otherwise agreed in writing, the Supplier waives the right to enforce any intellectual property rights in the Material against Pirelli, its successors in any capacity and also within its business branch or part thereof, its customers and licensees (as well as their customers and licensees, even subsequent ones). Unless otherwise and expressly indicated to the Supplier prior to signature of the Contracts and/or the Orders, the Material supplied must be considered freely exportable to the Country (identified in the Contract) where delivery is to take place.

## 3. APPROVAL

### 3.1. Materials Approval

All Materials must be designated in advance by Pirelli as suitable for the manufacture of Products, by means of an in-house approvals procedure. Each and every approval shall only be applicable to the individual Material to which it refers, and may also be applicable to an individual factory or an individual manufacturing process.

### 3.2. Changes

No changes may be made by the Supplier to plans, processes, materials, Technical Documents and/or manufacturing allocation for the production of Material, nor to the methods or analyses used for designation, except where previously authorised in writing by Pirelli.

### 3.3. Validity of Approval

Except as otherwise specified in Section 3.4 or otherwise specified in writing by Pirelli, Materials approval shall be applicable throughout the period of supply and for (i) two (2) years thereafter, and (ii) four (4) years thereafter for reinforcing Materials.

### 3.4. Suspension and Cancellation of Approval

Pirelli shall be entitled to suspend or revoke any approval, even before the period mentioned in Section 3.3 has begun, if the Material is not wholly or partly in Conformity with Agreements or if the documents specified in Section 5 are missing or incomplete.

## 4. QUALITY AND SAFETY

### 4.1. Compliance with regulations in force in individual countries – Safety data sheets

The Supplier hereby undertakes, in addition to all the tests and checks envisaged in the Technical Documents, to provide additional tests and checks in order to verify, certify, and guarantee the conformity of Material with current applicable laws in the countries where it is to be delivered.

The Supplier hereby undertakes to send safety data sheets with the first delivery of Material; such sheets must be drawn up pursuant to current applicable law in the countries where it is to be delivered and in the language of those countries. The Supplier furthermore undertakes to provide Pirelli with all the latest safety data sheets information.

***[Applicable only in case of supply of Materials to Pirelli Affiliates based in EU countries, including UK]***

At the beginning of the relationship with Pirelli, the Supplier shall ensure:

- full compliance with the Regulation (EC) No. 1907/2006 (so called “REACH Regulation – Registration, Evaluation, Authorization of Chemical Substances”) and subsequent modifications;
- full compliance with the Regulation (EC) No. 1272/2008 (so called “CLP Regulation – Classification, Labelling and Packaging of dangerous substances”) and related modifications;
- to deliver an updated version of the MSDS (‘Material Safety Data Sheet’), which needs to be written in the language of the Country/ies where the product / material will be used; This MSDS must include the relevant data foreseen by the REACH Regulation;
- to fill in the questionnaire available on the following website:  
<http://reach.pirelli.com/reach/login>

For this purpose, the Supplier is also required to ask for the specific password to the following e-mail address: [reach.survey@pirelli.com](mailto:reach.survey@pirelli.com).

### 4.2. Material Characteristics

#### ▪ Homogeneity

Except where otherwise specified in writing by Pirelli, the Material supplied must be taken from Production Lots which comply with the Technical Documents, or to the individual specifications thereof.

Each Delivery Lot must be taken from only one Production Lot, unless otherwise specified by Pirelli.

#### ▪ Integrity

Materials must be complete and free from any Defects.

#### ▪ Shelf Life

The maximum warehouse storage time for Material is specified in the relevant Technical Documents.

### 4.3. Checks

The Supplier hereby undertakes to implement and use manufacturing and control methods and processes to guarantee that all Materials shall be in Compliance with the Agreements.

The Supplier furthermore undertakes to allow Pirelli staff or their delegates to make inspections, appraisals, and checks on the manufacturing processes, manufacturing methods, working, control, and/or testing methods put in place by the Supplier.

### 4.4. Analysis Certificate

The Supplier hereby undertakes to certify the quality of each and every Production Lot of Material by enclosing among the documents sent out during deliveries (as required in Section 5.3) a certificate which guarantees that the Materials in each and every package sent to Pirelli are in Conformity with the Agreements and that, unless otherwise specified by Pirelli in the Technical Documents, the following information is provided:

#### A) General information:

- Supplier’s Company Name
- Factory
- Commercial name of Material
- Pirelli destination factory
- Pirelli purchase order number
- Technical specification code issued by Pirelli, with issue date and number
- Material production date
- Production Lot number/code
- Total net weight of Lots) supplied

#### B) Average analytical data for Production Lot

- Analytical data about characteristics classified as “C” and “M” in Technical Documents, with details

of target values, tolerances (or acceptance intervals) and analytical methods used, which must comply with the aforementioned documents.

The Analysis Certificates shall be delivered in original together with the delivery of the Material. The Supplier shall be required to send an advance copy of such certificates by facsimile or e-mail to the factory at least three (3) days before the Material is due to arrive.

Delivery of the Analysis Certificate shall not bind Pirelli, who shall have the right not to accept the delivery of any Material to which these Certificates apply, until Pirelli have finished acceptance tests or the Supplier has solved any doubts or reserves which Pirelli may have. It is hereby agreed that any tests and checks carried out by Pirelli shall be without prejudice to the full and exclusive guarantee and liability of the Supplier to provide the Material, and for this to be in Compliance with the Agreements.

#### 4.5. Quality Level Reporting

For each Production Lot sent to Pirelli and for each Pirelli factory, every six months the Supplier shall be required to send Pirelli's Central Quality Department a statistical analysis of the properties classified as "C" and "M" in the Technical Documents.

This analysis shall always be applicable to January-June or July-December of each year, and shall be based upon the following indexes, calculated according to the technical specifications for the Material for which analysis is to be carried out:

- A) Cp and Cpk quality capacity indexes
- B) Pp and Ppk performance indexes

#### 4.6. Tracking and re-sampling

The Supplier shall keep a register that makes it possible to identify and qualify each previous processing stages (whether internal or by third parties) and to identify each Production Lot according to the provisions of the Product Lot definition. The Supplier hereby undertakes to keep or recover samples or data of each Production Lot for the entire duration of the shelf life of each Material in case of claims.

### 5. RISK AND OWNERSHIP - DELIVERY AND ACCEPTANCE

#### 5.1 Delivery

No delivery of Material will be allowed without Pirelli's prior written authorisation.

The Supplier hereby undertakes to deliver Materials according to the terms and conditions of the applicable Technical Documents.

Neither Delivery nor any failure by Pirelli to reject the Material at the time of delivery shall be deemed to be an acceptance of any Defects that might exist in the Material at the time of delivery.

For the purposes of ascertaining compliance with the terms for delivery and transfer of the risk of damage or total or partial loss of the Material from the Supplier to Pirelli, "Incoterms" regulations

mentioned in the Contracts and/or in the Orders shall apply.

#### 5.2 Packaging

The Material shall be delivered in the packaging types specified by Pirelli in the relevant Orders/Contracts and in any case in such a way to protect Material from damages. Upon delivery, packaging must be complete and in good general conditions. In particular, by way of example, there must be no tears, shavings of paint or corrosive materials, foreign bodies, rust, or traces of humidity, mould, or any type of stains or contamination.

The Material must be identified by labels applied to the packaging, which must provide – clearly and legibly - the following data:

- Supplier's company name and production site
- Commercial name of the Material
- Production Lot number to which the single package belongs
- Production date
- Package (progressive) number
- Pirelli internal code

#### 5.3 Transportation

The transportation of Material must be carried out in such a way as to protect it against damages, and especially to protect it against direct contact with atmospheric agents and direct sunlight.

#### 5.4 Documents to be enclosed to each delivery

*Shipping Bill:* The Supplier shall enclose with each Delivery a Shipping Bill giving the following information, in addition to other information to be provided by law:

- Commercial name of the Material and any other information specifically required by Pirelli
- Production Lot number
- Packaging number
- Gross commercial weight
- Total net weight
- Means of transportation references.

*Analysis Certificate:* The Supplier shall enclose to each Delivery the corresponding Analysis Certificate, in accordance with the terms and conditions specified in Section 4.4.

*Certificate of Origin:* The Supplier shall enclose to each Delivery the corresponding certificate of origin for each Material.

#### 5.5 Ownership and acceptance

Ownership of the Material shall be transferred to Pirelli as from the transfer of risk as set forth under the Incoterms 2010 for the specific agreed way of delivery.

In all the aforementioned circumstances and if applicable, the Material shall be considered as

accepted by Pirelli only upon the positive outcome of the Pirelli testing procedures.

## 5.6 Place and time of delivery

The Supplier must comply punctually with the terms for delivery specified in the Contracts and/or in the Orders (which are to be considered essential in Pirelli's interests), and shall not deliver the Material earlier or later. Pirelli shall be entitled to return any Material supplied before the agreed delivery date, at the Supplier's expense, or charging the cost of storage and financial costs of the advance delivery period to the Supplier.

Except where otherwise specified in writing, for the purposes of ascertaining compliance with the terms of delivery and risk transfer for damages of the total or partial loss of Materials from the Supplier to Pirelli, Materials are always to be understood as having been delivered to the Pirelli warehouses or to another place indicated by Pirelli in the Contract, even when transport costs are to be borne by Pirelli.

## 5.7 Late delivery

In the event of late delivery of the Material, Pirelli shall be entitled to apply liquidated damages for late delivery equal – unless otherwise specified in writing in the Order or in the Contract – to 1% of the complete week of delay up to a maximum of 10% of the price of the Material which has not been delivered by the agreed deadline.

In addition to the liquidated damages above indicated, Pirelli shall have the right to the compensation of all damages caused to it directly or indirectly, including, but not limited to, damages of loss of production due to the late delivery of the Material.

## 6. PRICES AND PAYMENTS

Unless otherwise agreed in writing, the prices indicated in the Contracts and in the Orders are to be considered fixed and not subject to revision. In any case, any variation in prices made for whatsoever reason, shall only be valid and binding upon Pirelli's acceptance in writing in advance.

In all cases of default by the Supplier, including supply of Defective Materials or late delivery, Pirelli shall be entitled to suspend the payments/withhold payments due to the Supplier, without prejudice to the application of any interests or penalties, as long as the Supplier has not remedied its non-fulfilment or provided appropriate assurance of its ability to comply in conformity with the terms of the Contract or the Order.

## 7. WITHDRAWAL

Pirelli shall have the right to withdraw from all Contracts and/or Orders concerning the supply of the Material simply by sending a 30-day prior written notice. Nothing shall be due from Pirelli to the Supplier as a consequence of an exercise of such right of withdrawal, except for the right of the

Supplier to demand payment for the work carried out in a satisfactory manner up to that date.

## 8. TERMINATION

8.1 In the event of any breach by the Supplier of its obligations under the Contracts and/or the Orders, Pirelli shall have the right, without prejudice to any additional remedies specified in the Contracts and/or in the Orders for specific cases, to send the Supplier a written order of fulfilment within 15 (fifteen) days, with the declaration that, if there has not been fulfilment by the end of such time period, then the contractual relationship shall be deemed terminated.

8.2 In addition to the provisions of clause 8.1, Pirelli shall be entitled to terminate the Contracts at any time by sending the Supplier a written notification effective as of a date identified by Pirelli in its notification, in the event that the Supplier:

- (a) enters into liquidation or is subject to any bankruptcy procedure;
- (b) is subject to expropriation, sequestration, distress, execution or protests or any comparable rights under the applicable laws of any jurisdiction;
- (c) breaches any of its confidentiality and limitation of use obligations stated in clauses 1.6 and 2;
- (d) becomes associated with or becomes subject to any form of control, even indirect, of any competitor of Pirelli;
- (e) breaches any of the obligations identified in clause 1.4 (non-transferability, prohibition to grant the right to collect payments, bank account);
- (f) breaches any of the provisions of clause 1.10, paragraph 2 (Business Ethics and corporate responsibility);
- (g) breaches any of the provisions of clause 1.11 (Anti-Corruption);
- (h) breaches any of the provisions of clause 1.12 (Conflict Minerals);
- (i) breaches the provision of clause 9.3 (corrective action);
- (j) breaches its contractual obligations due to a force majeure event lasting for a continuous time period longer than 15 (fifteen) working days.

8.3 Pirelli shall be entitled to terminate each Order and/or Contract by means of a 30-day prior written notice to the Supplier should Pirelli's performance of a Contract and/or an Order become significantly too expensive due to an unforeseeable event.

8.4 The termination of the Contracts under the provisions of this clause and in all other cases shall be without prejudice to Supplier's obligations as stated in clause 2 (confidentiality), which shall survive any such terminations.

## 9. GUARANTEE AND QUALITY - LIABILITY



## 9.1 Quantity

The Supplier hereby guarantees that the quantity of Material delivered shall correspond to the quantity specified in the Orders and/or in the Contracts. The inspections referred to here below shall not in any way exempt or otherwise affect the obligations of the Supplier referred to in this clause 9.

If the quantities of Material delivered do not correspond to the agreed quantities under the Contracts and/or the Orders, Pirelli may, at its own discretion, decide to:

- (a) accept the quantities effectively delivered and change the quantities of subsequent supplies accordingly;
- (b) ask the Supplier to pick up quantities in excess of the ordered quantities, and have the option of sending them back itself at the Supplier's expense and charging the Supplier the financial costs of payment, if already made, and storage costs if the Supplier does not pick up the Material immediately;
- (c) have the Supplier immediately send the missing quantities of Material, charging the Supplier for the costs and expenses resulting from defaulting.

Pirelli may exercise the options listed above within 3 (three) months of the date of delivery of the Material.

Throughout the validity of a Contract which envisages Partial Deliveries, the Supplier shall keep sufficient stocks of Material in order to be ready to comply with Pirelli requirements of Materials, as set forth in the Contracts.

## 9.2 Quality

The Supplier guarantees that the Material supplied will be free of Defects and in compliance with the Technical Documents until the longer of either: (i) the Shelf Life (as defined in clause 4.2) of the Material or (ii) the end of the Material's guarantee as specified in the current applicable law for the end user of the Products in which the Materials have been incorporated. Material to be supplied or performed shall be considered as Defective in any case where:

- (a) they do not comply with what has been agreed under the Orders and/or Contracts; or
- (b) they do not reflect the characteristics of the samples and prototypes delivered by the Supplier; or
- (c) they are not suitable for the use made known to the Supplier by Pirelli or which the Supplier ought to have known that Pirelli intended to use them for.

Pirelli will be entitled to conduct inspections on the Supplier's premises both for inspection of the Material(s) and for acceptance of the Material(s), if

required, and to check the quality system implemented in the Supplier's organisation. The methods and extent of the inspection shall be agreed on with the Supplier in each specific case. Without prejudice to any right of Pirelli pursuant to the Orders and/or the Contracts, as well as to any applicable law provision, the Supplier must, upon receipt of a request from Pirelli and within a reasonable time set by Pirelli itself, repair or replace the Defective Material(s) in compliance with the Order and/or the Contract. Should the Supplier not comply with the above, Pirelli will be entitled, alternatively and at its discretion, to (i) terminate or suspend the Contract or the Order in compliance with clause 8, (ii) obtain a congruous reduction of the price of the Defective Material(s), or (iii) if only part of the Material is Defective, request to a third party supplier – of its choice but at the expenses of the Supplier – to provide additional Material(s) as replacement for the Defective Material(s).

In the event of Defects or non-Conformity with Agreements being detected during or following the manufacture of Products, the Supplier shall indemnify Pirelli and hold Pirelli harmless against any and all claims, actions, liabilities, losses, damages, costs and expenses (including but not limited to any claim, demand or action by third parties and legal costs and expenses, re-processing, and repairing) incurred by Pirelli as a result of or in connection with such failure.

The aforesaid remedies shall be without prejudice to Pirelli's other rights and remedies in respect of the Defect or other failure to comply with the requirements set out herein.

## 9.3 Measures to be taken in the event of non-Conformity with Agreements

In the event of claims arising from the non-Conformity with Agreements, the Supplier shall be required to notify Pirelli of the corrective or remedial measures it proposes to take regarding future supplies of Materials, and to report to Pirelli accordingly. If the corrective or remedial actions proposed by the Supplier are not, in the reasonable opinion of Pirelli, sufficient, Pirelli shall be entitled to suspend or cancel any Order and/or Contract and the provisions of clause 8.2 shall apply.

In addition to the terms and conditions of clause 8.2, Pirelli shall be entitled to suspend payments relevant to Materials which are not in Conformity with Agreements, until the Supplier has implemented the remedial or corrective measures agreed by Pirelli.

## 9.4 Recall

If Pirelli is either requested by any applicable law, or it deems, at its own reasonable discretion, that it is proper to conduct a Product recall, improvement or service campaign due to a Product incorporating Materials which are not in Conformity with Agreements (even if they arise after the guarantee set out in clause 9.2 has

expired), then the Supplier shall indemnify Pirelli and hold Pirelli harmless against any and all claims, actions, liabilities, losses, damages, costs and expenses (including but not limited to manufacturing, assembly, dismantling, re-processing, repairing, packaging, delivery, and transport costs for replacement Products, and likewise costs, including legal costs, and expenses arising out of the recall, and any claim, demand or action by third parties) incurred by Pirelli as a result of or in connection with such recall.

## 9.5 Insurance

The Supplier shall enter into at its own expenses and maintain (with a primary standing insurer), product liability insurance for an adequate sum (such policy shall include Pirelli and the relevant Affiliates as additional named insured), for the damages caused in respect of any losses borne by third parties and/or any damages caused to third parties due to Defective Products caused by the Materials used in the manufacture of the Products.

The Supplier hereby undertakes to pay all premiums (giving relevant evidence to Pirelli) for insurance cover, to notify Pirelli that such an insurance policy has been signed before deliveries commence, and likewise to make prompt notification to Pirelli of any changes which may be made to any such insurance policy.

The Supplier shall deliver to Pirelli a copy of such insurance policy.

Except where otherwise agreed by both Parties, insurance cover shall never be less than ten million euros (€10,000,000).

## 9.6 General indemnification

The Supplier shall indemnify and hold harmless Pirelli and its representatives, against any and all

claims, actions, liabilities, losses, damages, costs and expenses (including but not limited to any claim, demand or action by third parties and legal costs, loss of production) incurred by Pirelli or its representatives as a result of or in connection with any breach by the Supplier in relation with supply and/or use of the Material(s), including without being limited to, breach of any instructions indicated in the Orders and/or in the Contracts and/or in the Technical Documents, late delivery or failure to deliver. The aforesaid remedies shall be without prejudice to Pirelli's other rights and remedies in respect thereof.

## 9.7 Certification of the Supplier

Unless otherwise stated in the Contracts and/or in the Orders, the Supplier must demonstrate to Pirelli the conformity of its production sites with ISO 9001:2015 certification released by a Certification Body which is an IAF MLA member (International Accreditation Forum Multilateral Recognition Arrangement).

***[Applicable only in case of supply of Raw Materials, Semi-Finished Products and Auxiliary materials to be incorporated in the product]***

Additionally, as a supplement to and in conjunction with ISO 9001:2015, the Supplier of Raw Materials and/or Semi-Finished Products and/or Auxiliary Materials to be incorporated into the Product(s) shall be: (i) either IATF 16949 Certified with the relevant certificate released by an IATF recognized Certification Body (listed at <http://www.iatfglobaloversight.org>) or (ii) shall have the ultimate objective of becoming IATF 16949 certified according to a plan agreed with Pirelli.

## ORDER CONFIRMATION

With reference to your Order mentioned above, we accept the terms and conditions contained therein.

We also accept, without any reservations whatsoever, the General Conditions for the Purchase of Raw Materials, Semi-Finished Products and Auxiliary Materials of PIRELLI attached to it.

Supplier's stamp and signature

We specifically approve, pursuant to articles 1341 and 1342 of the Italian Civil Code and for the purposes thereof:

- 1.1 Field of application
- 1.3 Acceptance of the Orders
- 1.4 Non-transferability of Contracts and credits – Prohibition to grant the right to collect – Bank Account
- 1.5 Applicable law and jurisdiction
- 1.6 Information security
- 1.10 Business Ethics and corporate responsibility
- 1.11 Anti-Corruption
- 1.12 Conflict Minerals
2. Intellectual Property

5. Risk and Ownership – Delivery and Acceptance
6. Prices and payments
7. Withdrawal
8. Termination
9. Guarantee and Quality – Liability

Supplier's stamp and signature

With reference to the provisions introduced by Presidential Decree 472/96 (suppression of BABV), please note that we will not accept, for any reason, any deliveries of goods without shipping documents and/or invoices containing at least the following information:

- reference to Pirelli order number
- description and quantity of the Materials delivered
- reason for the delivery

If the shipment is accompanied solely by an invoice, note that the Supplier must send said invoice to the invoicing address of the Administration and Control Direction as specified in the Order.