

GENERAL CONDITIONS FOR THE PURCHASE OF GOODS AND SERVICES

1. GENERAL

1.1 Field of application

These General Conditions of Purchase (hereinafter the "General Conditions") shall apply to all supplies of goods and/or services provided by your company (hereinafter the "**Supplier**") to Pirelli (as defined below) in fulfilment of contracts, which may originate in confirmation – express or by means of conclusive acts – of purchase orders (hereinafter the "**Contracts**"). These conditions may be added to or changed in the purchase orders.

The Supplier therefore renounces to the application of its own general and/or specific conditions of sale.

The details of Contracts and any amendments or additions thereto or to these General Conditions must be agreed on by the Parties in written form, signed by the authorised representatives of each, on pain of nullity. Amendments and additions to the General Conditions will be limited to the specific case in relation to which they are agreed.

1.2 Definitions

In the context of these General Conditions, the following terms shall have the meaning specified and assigned to each of them below:

- (1) The term "**Pirelli**" shall be used to identify Pirelli Tyre S.p.A., including Affiliates as defined below;
- (2) The term "**Affiliate**" refers to any corporate body or entity directly or indirectly controlled by, controlling, or subject to the same control as Pirelli, such control being exercised through direct or indirect ownership of 50% or more of the company's share capital or of the voting rights of this corporate body/entity;
- (3) The term "**Goods**" refers to materials, machinery or other items expressly stated in the Contracts;
- (4) The term "**Service**" refers to work and/or intellectual services provided to Pirelli by the Supplier;
- (5) The term "**Technical Information**" refers to technical information of all kinds which is not a part of the public domain, 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 which Pirelli communicates and/or provides to the Supplier for the production of the Goods or for providing the Service;
- (6) The term "**Orders**" refers to purchase orders issued by Pirelli to the Supplier.

1.3 Acceptance of the Contracts

Orders become irrevocable for Pirelli as soon as order confirmation is received duly signed by the Supplier for acceptance and returned within 2 weeks from receipt of the Order. Pirelli reserves the right to reject supplies that the Supplier has begun fulfilling without sending any order confirmation.

In accepting the Order, the Supplier agrees to provide the supply in accordance with the Technical Information referred to in the Order.

Before beginning the supply, the Supplier must identify all needs for variations with respect to the prescriptions contained in the Technical Information. In this case the supplies may not begin until Pirelli has sent its written authorisation.

1.4 Non-transferability of Contracts and credits

The Supplier may not transfer Contracts and the credits arising out of them; any amendments or additions must be made in writing, on pain of nullity, and will be limited to the specific case in relation to which they are agreed.

1.5 Applicable law and jurisdiction

All aspects of the supplies are regulated by the law of the destination country. Any disputes which may arise in relation to the supplies and/or the Contracts, their efficacy, validity, execution, interpretation, cancellation and cessation, and all relations referring to or connected with the supplies and/or the Contracts, and all related credits and debts, shall fall under the exclusive jurisdiction of the Court of the destination country of the Goods or the country where the Service is to be provided.

1.6 Confidentiality

Unless previously agreed in writing with Pirelli, the Supplier agrees not to publicise its commercial relations with Pirelli and, in all cases, to treat as confidential all Technical Information and any other commercial information or other information concerning Pirelli, its materials, products, processes and activities which may come to its

knowledge in relation to the execution of the Contracts ("**Confidential Information**"). In relation to Confidential Information, the Supplier agrees to use Technical Information only within the limits permitted by art. 2 below. The Supplier also agrees to restrict the disclosure of Confidential Information solely to those of its employees who need to know the Confidential Information for the purpose of these General Conditions and to advise such employees of the confidentiality requirement and limitations on use with respect to the Confidential Information.

1.7 Information Security

The Supplier agrees to adopt all security measures required to prevent the risk of alteration, loss, destruction, dissemination or unauthorised use of Confidential Information. 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.

1.8 Incident reporting

The Supplier hereby agrees to notify Pirelli's Security Service immediately, or, if this is impossible, within a maximum of 24 (twenty-four) hours, of any incidents which may have caused, or risked causing, 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

1.9 Supplier's responsibilities

During the execution of the Services, the Supplier agrees to scrupulously comply with the provisions of contract law, and specifically:

- to accept all its responsibilities in relation to the work contracted, in that it employs specialised personnel qualified to perform the work;
- to use, in execution of the work, all technical and organisational measures and all equipment required or recommended by current safety legislation, for the purposes of ensuring safety and hygiene on the job for its technicians and workers, and for the purpose of guaranteeing the safety of people, plants and objects belonging to Pirelli and to third parties in compliance with current legislation;
- to maintain in effect, for the entire duration of the contract, the insurance policies which the Supplier has provided a copy of, and to provide notification of any change which may have occurred in relation to the documentation sent on the Supplier (ownership, organisation, employees);
- not to make use of child labour;
- to comply with environmental regulations.

In particular, when asked to provide a Service on the premises of Pirelli factories, laboratories, warehouses or offices, the Supplier agrees:

- to ensure that its employees comply with Pirelli's corporate regulations and safety procedures;
- to comply with all fire prevention rules and precautions;
- to accept all liability for accidents and damages of all kinds caused directly or indirectly by its employees and activities to Pirelli's employees and property, expressly relieving Pirelli of all liability and costs and protecting it from them. Lifting and movement equipment and all equipment the Supplier requires to execute the work must be supplied by the Supplier, who must guarantee that it is perfectly suitable for its intended use.

Such equipment must comply perfectly with regulations in effect for the entire duration of the work and/or of the Contract.

The Supplier may not use any vehicles or equipment belonging to Pirelli.

1.10 Prohibition of subcontracting

Unless otherwise agreed by the Parties, the Supplier may not subcontract the manufacture of the Goods and/or execution of the Services commissioned by Pirelli.

1.11 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. Events of force majeure

shall include, by way of example, wars, fires, floods, general strikes, lock-outs, embargos, orders of public authorities, impossibility of obtaining raw materials or energy for manufacture and, in general, all other causes beyond the control of the Supplier and/or Pirelli.

1.12 Personal Data Notice (Art. 13 Legislative Decree n. 196 dated June 30 2003)

Pirelli, for the sole purpose of carrying out the contractual relationship of supply/purchase, uses certain personal data of the Supplier which, while not obligatory, is necessary for execution of the Contracts.

To this extent, the personal data of Supplier will be stored in the filing system of **Centro Servizi Amministrativi Pirelli S.r.l.** – Administration area., a Pirelli affiliate (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), by contacting the Purchasing Department of Pirelli Tyre S.p.A.- Viale Sarca 222-20126 Milano (fax: +39 02 6442 3217 e-mail: privacy.purchasingtyres@pirelli.com). This office also keeps an updated list of all the people in charge of the personal data processing. 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 **Centro Servizi Amministrativi Pirelli S.r.l.** the employees managing the suppliers' administration.

1.13 Ethical code

The Supplier:

- declares to know and accepts the Ethical Code and the Lines of Conduct

(jointly referred to as the "**Ethical Code**") adopted by Pirelli, published at the following link:

http://www.pirellityre.com/en_IT/browser/attachments/pdf/cod.etico_en.pdf and forming an integral part of these General Conditions;

- undertakes, in relation to the execution of the Contracts, to scrupulously comply with the provisions of the Ethical Code;

- undertakes to impose to all its subcontractors and sub-suppliers – if any, the obligation to comply with the Ethical Code and to regularly monitor the actual fulfilment of such obligation.

The Supplier must notify Pirelli's "Organismo di Vigilanza" of any violations of the Ethical Code which it may become aware of. The notification must contain a description of the events constituting a violation of the Ethical Code, including information on the time and place of the events described, and all the people involved.

Notification may not be anonymous, and the "Organismo di Vigilanza" guarantees that it will keep the identity of the people submitting notification confidential, unless legally required to do otherwise. Notification may be sent to the "Organismo di Vigilanza"'s e-mail address: odv.pneumatici@pirelli.com.

1.14 Policy: health, safety, environment and social responsibility

The Supplier:

- declares to Know and accepts the "Policy health, safety, environment and social responsibility" (hereinafter referred to as "CSR Pirelli Policy"), published at the following link

http://www.pirellityre.com/en_IT/browser/attachments/pdf/PolicyHSE_CSR_en.pdf and forming an integral part of these General Conditions;

- undertakes, with respect to the performance of the Contracts, to exactly comply with the provisions of the CSR Pirelli Policy;

- undertakes to impose to all its subcontractors and sub-suppliers – if any, the obligation to comply with the CSR Pirelli Policy and to regularly monitor the actual fulfilment of such obligation;

- acknowledges that Pirelli has the right to verify, directly or through a third party, that the Supplier has fulfilled all its obligations under this paragraph;

- undertakes to take the necessary steps to comply with the provisions of the CSR Pirelli Policy, in the event that – further to the above mentioned verification – the Supplier turns out not to have complied with the provisions of the CSR Pirelli Policy.

2. INDUSTRIAL PROPERTY RIGHTS

2.1 Technical Information

Any Technical Information provided to or made available to the Supplier in any way shall remain the exclusive property

of Pirelli. In relation to it the Supplier is required to:

- (a) safeguard it with the utmost care and confidentiality and return it to Pirelli upon its request, and in any event no later than the completion of the supply;
- (b) use it only for execution of the Contracts;
- (c) treat it separately and distinguish it as Pirelli's property, both in its files and/or during its use;
- (d) not reproduce or copy it, except within the limitations authorised by Pirelli and not transmit it or reveal its content to third parties;
- (e) not seek for patents or any other form of industrial or intellectual property rights; if nevertheless any of the foregoing have been sought, the Supplier shall transfer exclusive ownership to Pirelli;
- (f) not develop for a third party and/or supply to third parties, for whatsoever reason, whether directly or indirectly, products made using Technical Information;
- (g) impose the obligations arising under this article on any third party to which the Supplier needs to transmit the Technical Information to execute a Contract, and the Supplier shall guarantee such party's compliance therewith.

2.2 Supplier's industrial property rights

The Supplier guarantees that the use of the Goods supplied and the consequent production and sale of tyres, their components and accessories made by Pirelli or by a third party on Pirelli's behalf ("Products") which are made with them does not constitute infringement of any industrial or intellectual property rights of any third parties, and the Supplier shall have the obligation to resolve at its costs any claims that may be put forward by any third parties and shall in any event indemnify Pirelli with respect to any such claims and shall protect Pirelli from any action that may prevent the free and unrestricted production, sale or use of the Products.

Unless otherwise agreed in writing, the Supplier renounces claiming against Pirelli any industrial patent rights in relation to the Goods to be supplied, and shall hold Pirelli harmless from any liability whatsoever relating to any infringement of any patent and/or trademark rights of third parties with respect to the Goods supplied, which may be asserted against Pirelli as a result of use of the Goods or sale of the Products. Unless expressly indicated to the Supplier prior to the signature of the Contracts, the Goods supplied must be freely and without restriction exportable to the Country – identified in the Contract – where delivery is to take place.

3. DELIVERY AND ACCEPTANCE OF THE SUPPLY

3.1 Delivery

For the purposes of ascertaining compliance with deadlines for delivery and transfer of the risk of damage or total or partial loss of the Goods from the Supplier to Pirelli, all deliveries must be made in compliance with the conditions specified in the current "Incoterms" regulations and set forth in the Contracts.

The Goods shall be transported taking all measures required to protect them against damage.

3.2 Acceptance of the supply

The supply shall be considered accepted, where applicable, upon completion of the tests identified in the Contracts.

3.3 Place and time of delivery

The Supplier must comply punctually with the deadlines for delivery specified in the Contracts (which are to be considered essential in Pirelli's interests), and may not deliver the Goods earlier or later. Pirelli shall have the option of returning any Goods 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.

3.4 Compensation for late delivery and for nonconformity of the supply

If the supply must be delivered to a country other than the United Kingdom, the United States and Canada, in the event of late delivery attributable to the Supplier, Pirelli will have the right to request execution of the Contracts and apply a penalty for late delivery equal – unless otherwise specified in writing – to 0.5% of the complete week of delay up to a maximum of 5% of the price of the supply which has not been delivered by the agreed deadline.

Pirelli shall have the right to compensation for all damage caused to it directly or indirectly, including, but not limited to, loss of production, as a result of:

- (a) late delivery (even partial) or failure to deliver on the part of the Supplier, or
- (b) violation of any order expressly or implicitly indicated in the Contracts or the General Conditions, or
- (c) supply of Goods and Services which do not conform to the Contracts.

4. PRICES

Unless otherwise agreed in writing, the prices indicated in the Contracts are to be considered fixed and not subject to revision. In all cases, any variations in price made for whatsoever reason shall be valid and binding upon Pirelli only if accepted by it in advance in writing.

5. WITHDRAWAL

Pirelli shall have the right to withdraw from all Contracts simply by sending written communication with 30 (thirty) days' 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 work carried out in a satisfactory manner up to that date.

6. TERMINATION

6.1 In the event of any breach by the Supplier of its obligations under the Contracts, Pirelli shall have the right, without

prejudice to any additional remedies specified in the Contracts for specific cases, to inform in writing send the Supplier a written order of fulfilment within a congruous time period, with the declaration that, if there has not been compliance by the end of such time period, then the contractual relationship shall be deemed terminated. Such time period shall not be less than 15 (fifteen) working days.

6.2 In addition to the provisions of clause 6.1, 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) breaches any of its confidentiality obligations stated in clause 1.6
- (c) becomes associated with or becomes subject to any form of control, even indirect, of any competitor of Pirelli;
- (d) breaches the prohibition of subcontracting stated in clause 1.10
- (e) breaches the obligation not to transfer the Contracts and/or credits identified in clause 1.4
- (f) is responsible for violation of any of the provisions of the Ethical Code.
- (g) breaches any of its obligations stated in clause 1.14.

6.3 The termination of the contractual relationship shall apply only in relation to supplies which have not yet been executed as of the date of such termination.

6.4 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 clauses 1.5 (applicable law and jurisdiction) and 1.6 (confidentiality), which shall survive any such terminations.

7. GUARANTEE AND QUALITY

7.1 Duration

Unless otherwise stated in the Contracts, the Supplier guarantees the suitability for use of the Goods supplied for a minimum of 24 (twenty-four) months from the date of delivery.

7.2 Quantity Guarantee

The Supplier guarantees that the quantity of Goods delivered corresponds to the quantity specified in the Contracts. The quantities determined by Pirelli during its inspection upon arrival of the Goods at their destination shall be considered final and valid. If the quantities of Goods delivered do not correspond to the agreed quantities, Pirelli may 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 Goods immediately;
- (c) have the Supplier immediately send the missing quantities of Goods, 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 Goods.

7.3 Quality Guarantee

The Supplier guarantees that the supply is free of defects.

The supply shall be considered defective if:

- (a) it deviates from the specifications contained in the Contracts, or
- (b) it fails to reflect the characteristics represented by the Supplier in the form of samples and prototypes, or
- (c) it fails to comply with the safety regulations as specified by Pirelli, or
- (d) it is not suitable for the specific use for which Pirelli intended to use it.

7.4 Inspections

Pirelli will be entitled to have the option of conducting inspections on the Supplier's premises both for inspection of the Goods and for acceptance of the Goods, 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.

7.5 Measures to be taken in the event of defects

The Supplier must, as quickly as possible and entirely at its own expense, remedy any violations of the guarantee that may take place during the established guarantee period.

7.6 Liability for defects

If the Supplier fails to remedy a violation of the guarantee within a reasonable amount of time during the guarantee period, Pirelli may:

- (a) complete the work itself or have a third party do so, at the Supplier's risk and expense
- (b) ask the Supplier to guarantee a reasonable reduction of the price specified in the Contracts

or

- (c) cancel the Contracts entirely or in part, if the defect or damage is so great that Pirelli enjoys none of the benefits to be derived from the Goods or a substantial portion of them.

7.7 Insurance

The Supplier must pay for and sign a suitable insurance policy covering damage resulting from the delivery of the Goods and/or execution of the Services provided by its own personnel and/or by any third parties appointed by the Supplier.

If requested, the Supplier must provide Pirelli with a copy of the insurance policy, showing the insured value per incident, which must be proportionate to the value of the Goods / Services to be supplied under the Contracts.

7.8 Suspension of payment

In all cases of defaulting by the Supplier, including defective or late Services, late delivery or delivery of defective Goods, Pirelli shall have the right to withhold payments due to the Supplier, without any interest, until the Supplier has remedied the defaulting or provided appropriate assurance of its ability to comply in conformity with the terms of the Contracts.

7.9 Certification of the Supplier

Unless otherwise stated in the Contracts, the Supplier must demonstrate its conformity with ISO 9001 certification through an accredited agency.