GENERAL PURCHASE CONDITIONS
Raw Materials, Semi-finished Products, and Auxiliary Materials

CONTENTS

GENERAL
Definitions
Field of Application
Assignment of Contract and Credits
Applicable Law and Jurisdiction
Confidentiality
Information Security
Force Majeure
Personal Data Notice
Ethical Code
Policy: health, safety, environment and social responsibility

INDUSTRIAL PROPERTY RIGHTS
Technical information
Supplier’s Industrial Property Rights
No License
Duration of confidential obligations and limitations of use

APPROVAL
Materials Approval
Changes
Validity of Approval
Suspension and Cancellation of Approval

QUALITY AND SAFETY
Compliance with regulations in force in individual countries – Safety cards
Material Characteristics
Checks
Analysis Certificate
Quality Level Reporting
Tracking and re-sampling

DELIVERY AND ACCEPTANCE
Hand-overs
Packaging
Transportation
Documents to be enclosed to each Delivery
Place and Time of Delivery
Acceptance of Supply

PRICES

EARLY TERMINATION

TERMINATION FOR CAUSE

SUPPLIER’S LIABILITY AND GUARANTEES
Quantity Guarantee
Quality Guarantee
Measures to be taken in the event of Non Conformity
1. GENERAL

1.1. Definitions

In the context of these general conditions of Purchase (hereinafter referred to as the General Conditions), the following terms shall have the meaning specified and assigned to each of them below:

1. The term Pirelli shall mean Pirelli Tyre S.p.A.,
2. The term Affiliate shall mean any companies of the Pirelli Group (the “Pirelli Group” means all companies directly or indirectly controlled by Pirelli & C. S.p.A. and their connected or controlled companies);
3. The term Material shall mean all raw materials to be used in the manufacture of tyres (including, but not limited to, chemicals, reinforcement and other loads, polymers, woven products, textiles, metallic strengthening elements), semi-finished products, and auxiliary materials;
4. The term Partial Delivery shall mean every individual delivery of materials to Pirelli and/or the Affiliates by the Supplier;
5. For each Material, the term Production Batch shall mean a quantity consecutively made, under the same manufacturing conditions using qualitatively homogenous materials and, for ongoing productions, in a period of no more than 24 hours;
6. The term Product shall mean tyres and parts thereof made by Pirelli or by a third party on Pirelli’s behalf for which a Material is to be delivered;
7. The terms Conformity with Agreements or in Conformity with Agreements referred to Materials shall mean
   (i) conformity with Technical Documents, or
   (ii) having no Defects, or
   (iii) conformity with the samples or models provided by the Supplier;
8. The term Defect shall mean 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.
9. The term Supplier shall mean any party which is requested by Pirelli to make a supply of Material under an Contract;
10. The term Technical Information shall mean any type of technical information outside the public domain because of breaches by the Supplier of the requirements of Sections 1 and 2 (see below), including – but not limited to – drawings, specifications, tables, models, samples, prototypes, methods, measuring instruments, or data bases, which Pirelli gives or makes available to the Supplier for the production of a Material and/or any relative prototypes and/or equipment.
11. The term Technical Document shall mean 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;

(12) The term "Order" shall mean a purchase order issued by Pirelli to the Supplier, whether in writing or not.

1.2 Field of Application

These General Conditions shall apply to all supplies of a Material provided by a Supplier to Pirelli and/or to any Affiliate indicated by Pirelli, in execution of contracts, which may also originate in confirmation – express or by means of conclusive acts – of Orders (hereinafter jointly referred to as “Contracts”).

The Supplier therefore hereby explicitly waives application of its own general and specific conditions of sale.

The details of Contracts and any deviations from these General Conditions shall have to be agreed on by the Parties in writing and shall apply to the specific case in relation to which they are agreed.

1.3 Assignment 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.

1.4 Applicable Law and Jurisdiction

All supplies of a Material shall be regulated by the law in force in the country of destination. Any disputes which may arise in relation to or consequently upon the supplies 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 country of destination of the Material.

1.5 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 only in 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.

1.6. 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 which Pirelli reasonably considers necessary to adopt, and the Supplier hereby agrees to adopt them.

Pirelli shall have the right to verify - whether directly or through a third party - that the Supplier has correctly fulfilled all its obligations under this clause. In this regard, the Supplier hereby grants Pirelli the right to access, whether directly or through a third party, its premises, in order to verify its compliance with the requirements of this clause.
1.7. 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 any default on the obligations undertaken in an Order. Events of force majeure shall include, by way of example, wars, fires, floods, general strikes (which are not limited to the Supplier’s organisation), lock-outs, embargos, orders of public authorities, the impossibility of obtaining raw materials or energy for manufacture, manufacturing output shortcomings and, in general, any other causes beyond the control of the Supplier and/or Pirelli.


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 Contracts. To this extent, the personal data of Supplier will be stored in the filing system of Pirelli Servizi Amministrazione e Tesoreria S.p.A.- administration area, a Pirelli affiliate which will act as personal data processor, and of Pirelli. 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 (including the employees of the Affiliate which is the consignee of the Material) 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, asking an updated list of all Supplier’s personal data processors), 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).

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.

1.9 Business Ethics and Corporate Responsibility

1) The Supplier declares that it has read and is familiar with “The Values and Ethical Code” and the "Social Responsibility Policy for Health, Safety and Rights at Work, Environment of the Pirelli Group", published and available at http://www.it.pirelli.com/web/sustainability/sust_develop/policies/values/default.page which lay down the principles that guide Pirelli’s management of its business and its dealings with third parties.

2) In light of the foregoing, the Supplier undertakes, in connection with the execution of this contractual relationship:
- not to use or support the use of child labour and forced labour;
- to ensure equal opportunities and freedom of association, promoting individual development;
- to reject the use of corporal punishment, mental or physical coercion, verbal abuse;
- to comply with applicable laws and industry standards on working hours and to ensure that wages are sufficient to satisfy its staff's basic needs;
- to establish and maintain appropriate procedures to evaluate and select suppliers and subsuppliers...
based on their social and environmental responsibility standards;
- not to tolerate any kind of corruption in any form or manner, in any jurisdiction, even where such
activities are customarily permitted, tolerated or not prosecuted;
- to assess and reduce the environmental impact of its products and services throughout their life
cycle;
- to use resources responsibly, in line with the objective of achieving sustainable development,
respecting the environment and the rights of future generations.
The Supplier shall also require any subcontractors and subsuppliers to act in line with the conduct
mentioned in the previous paragraph, and shall regularly monitor their actual compliance therewith.
The Supplier hereby accepts that Pirelli shall be entitled, at all times, whether directly or via third
parties, to check whether or not the Supplier has complied with the requirements accepted thereby
under this clause.
The Supplier undertakes to take all necessary measures to comply with the conduct mentioned in
paragraph 2 of this clause if, after the checks mentioned in the foregoing paragraph, any non-
conformities are discovered.

The Parties agree that Pirelli may terminate the Contract by reason of the Supplier's default, by mere
written communication sent to the other party if the latter breaches any provision of paragraph 2 of this
clause.

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 production and sale of Products made using the Materials 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 Material 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 Material supplied, which may be asserted against Pirelli as a result of use of the Material
or sale of the Products. Unless expressly indicated to the Supplier prior to the signature of the Contracts, the Material supplied must be freely and without restriction exportable to the Country – identified in the Contract – where delivery is to take place.

2.3 No license
Neither the 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 industrial property rights, for information and data contained in the Confidential Information.

2.4 Duration of confidential obligations and limitations of use
The Supplier's requirements under the terms of Sections 1.6 and 2.1 shall continue to remain in force even after the expiry or suspension for any reason whatsoever of the Contracts, for a period of ten (10) years.

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, 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, Materials approval shall be applicable throughout the period of supply and for two (2) years thereafter, or for four (4) years for strengthening 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 cards
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 cards with the first delivery of Material; such cards 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 card information.

4.2. Material Characteristics

- **Homogeneity**
  Except where otherwise specified in writing by Pirelli, the Material supplied must be taken from Production Batches which comply with the Technical Documents, or to the individual specifications thereof.
  Each Delivery Lot must be taken from only one Production Batch, unless otherwise specified by Pirelli.

- **Integrity** Materials must be complete and free of any Defects.

- **Storage Time**
  Except where otherwise specified in writing by Pirelli, the maximum warehouse storage time for Material may never exceed 50% of its shelf life, as specified in the Technical Documents (or by the Supplier, if no such documents exist).

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 Batch 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 Batch number/code, with bale identification numbers
   - Total net weight of Batch(es) supplied

B) Average analytical data for Production Batch
   - 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 machine 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 Batch 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 hereby undertakes to keep a register for identifying and designating all previous processing stages (in-house or by third parties) and for identifying each and every Production Batch. The Supplier hereby undertakes to keep samples from Production Batches for one (1) year from the date of delivery to Pirelli, so that Pirelli can carry out tests and analyses or have them carried out.

5. DELIVERY AND ACCEPTANCE

5.1. Hand-overs

For the purposes of ascertaining compliance with deadlines for delivery and transfer of the risk of damage or total or partial loss of the Material from the Supplier to Pirelli, all deliveries must be made in compliance with the conditions specified in the "Incoterms 2000" regulations and set forth in the Contract.

5.2. Packaging

The Material shall be delivered in bales as per the type specified by Pirelli in the Technical Documents. Upon delivery, bales must be complete and in good general condition. In particular, by way of example, there must be no tears, shavings of paint or corrosive materials, extraneous bodies, rust, or traces of humidity, mould, or any type of stains or contamination.

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

- Supplier's company name and production site
- Commercial name of the Material and any international name of the Material (e.g. SBR 1712). Production Batch number to which the single bale belongs
- Production date
- Bale (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 Batch number
- Bale(s) 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.

5.5 Place and Time of delivery

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.

The Supplier shall be required to comply punctually with the deadlines for delivery specified in the Contracts (which are to be considered essential to Pirelli’s interests), and may not deliver the Materials either earlier or later than this. Pirelli shall have the option of returning any Deliveries made 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. Pirelli shall have the right to compensation for all and any damages caused to it directly or indirectly, including, but not limited to, loss of production, as a result of:
- late (or slightly late) delivery or failure to deliver on the part of the Supplier, or
- breach of any instruction expressly or implicitly indicated in the Contracts or the General Conditions, or
- the delivery of Material which is not in Compliance with the Agreements and/or to declare at any time the Order cancelled in whole or in part or the Contract terminated, by written communication to the Supplier.

Furthermore, 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 1% of the complete week of delay up to a maximum of 10% of the price of the undelivered Materials by the agreed deadline.

5.6. Acceptance of Supply

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

No changes to the requirements of the Technical Documents and no delivery of Material will be allowed without Pirelli’s prior written authorisation.

6. PRICES

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

7. EARLY TERMINATION

Unless otherwise agreed to in writing, Pirelli shall be entitled to early terminate any Contract at any time, provided that a written notification is given to Supplier at least thirty (30) days in advance. Upon early termination of an Contract, the Supplier shall not be entitled to any compensation, damage, indemnification whatsoever for termination, but the Supplier shall have the right to demand payment for the Partial Delivery already made to the benefit of Pirelli or of the Affiliate which was the consignee, as the case may be, up to the termination date.

8. TERMINATION FOR CAUSE

8.1 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 send the Supplier a written order of fulfilment within a congruous time period, declaring 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.

8.2 In addition to the provisions of clause 8.1, PIRELLI shall be entitled to terminate a Contract at any time by sending the Supplier 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 proceeding;
(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.

8.3 Termination of the contractual relationship shall apply only in relation to supplies which have not yet been executed as of the date of such cancellation/termination.

8.4 Termination of a Contract under the provisions of this clause and in all other cases shall not affect the Supplier’s obligations as stated in clauses 1.5 (applicable law and jurisdiction) and 1.6 (confidentiality), which shall remain in effect beyond cancellation.

8.5 Upon termination of a Contract, the Supplier shall not be entitled to any compensation, damage, indemnification for termination, but the Supplier shall have the right to demand payment for the Partial Delivery already made to the benefit of Pirelli or of the Affiliate which was the consignee, as the case may be, up to the termination date.

9. SUPPLIER'S LIABILITY AND GUARANTEES

9.1. Quantity Guarantee

The Supplier hereby guarantees that the quantity of Material delivered corresponds to the quantity specified in the Contracts.
The inspections referred to herein shall not in any way exempt or otherwise affect the obligations of the Supplier referred to in clause 9.

If the quantities of Material delivered do not Comply with the Agreements, Pirelli may decide to:
   a) accept the quantities actually delivered and change the quantities of subsequent supplies accordingly;
   b) ask the Supplier to remove quantities in excess of the ordered quantities, and have the option of sending them back 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 remove them immediately;
   c) have the Supplier immediately send the missing quantities of Goods, and to charge the Supplier for the costs and expenses resulting from defaulting.

Pirelli shall be required to exercise the options listed above by no later than thirty (30) days of the date of delivery of the Material.

Throughout the validity of a Contract which envisage 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.

92 Quality Guarantee

The Supplier hereby additionally guarantees all Materials delivered as in Conformity with the Agreements, whether upon delivery to Pirelli premises, or during their use for the manufacture of Products, or, after that the Products incorporating the Materials have been put on the market, until the end of their guarantee as specified in current applicable law for the end user of the Materials as they have been incorporated into the Products.

In the event of any Non-Conformity in the Materials, irrespective of the fact that the Non-Conformity with Agreements is detected or ascertained after delivery, Pirelli shall be entitled, at its sole option (i) to require the Materials are repaired, or restored to their proper condition, at the Supplier's expense, or (ii) to have a price reduction based on the diminished use or value of the Product as a result of the defect. If Pirelli decide to order the Materials to be repaired or replaced, any repairs or replacements must be completed by no later than the time specified by Pirelli. In addition Pirelli shall be entitled to cancel or suspend the execution of the Contract.

Pirelli shall also be entitled to carry out further analyses on the Materials delivered at a later date following delivery.

In the event of Defects or Non-Conformity with Agreements being detected during or following the manufacture of Products, the Supplier shall also be required to refund Pirelli for the costs arising out of rejects, re-processing, and repairing due to faulty Materials used in manufacturing the Products.

The easements which Pirelli may avail themselves of under the terms and conditions of this paragraph shall not affect their statutory rights to seek compensation for other damages.

9.3. Measures to be taken in the event of Non-Conformity

In the event of claims arising from the Non-Conformity of Materials, the Supplier shall be required to notify Pirelli of corrective or remedial measures for future supplies of Materials, and to report 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 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 aforesaid remedial or corrective measures.
9.4. Liability for Non Conformity with Agreements - Recall

The Supplier shall hold harmless and indemnify Pirelli and the Affiliates from and against any claim, demand or action by third parties which arise from, or is a consequence of, a non Conformity with Agreements.
Pirelli shall notify the Supplier in writing of any claims.

If Pirelli either is requested by any applicable law, or it deems, at its own discretion, that it is proper to conduct Products’ recall improvement or service campaigns due to Products incorporating materials which are not in Conformity with Agreements (even if they arise after the guarantee has expired), then the Supplier shall bear and reimburse Pirelli for any and all direct costs the Supplier shall be required to indemnify Pirelli and/or the relevant Affiliates for any costs and expenses associated with such campaigns (e.g. manufacturing, assembly, dismantling, packaging, delivery, and transport costs for replacement Products, and likewise costs arising out of the recall and any damages arising out of injuries to third parties).

9.5 Insurance

The Supplier shall maintain through a leading company, a 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 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.
It is to be understood that, except where otherwise agreed to by both parties, insurance cover shall never be less than ten million euros (€10,000,000).

9.6 Suspension of payments

In all cases of default by the Supplier, including defective or late services, late delivery or the delivery of defective Materials, Pirelli shall be entitled to withhold payments due to the Supplier, without any interest, until the Supplier has remedied the defaults or provided appropriate assurance of its ability to comply in conformity with the terms of the Contract.

9.7 Certification of the Supplier

Unless otherwise stated in the Contract, the Supplier must demonstrate its conformity with ISO 9001 certification through an accredited agency.
Additionally, ISO/TS 16949 certification is strongly recommended.

For and on behalf of the Supplier (stamp and signature)
We specifically approve, pursuant to articles 1341 and 1342 of the Italian Civil Code and for the purposes thereof:

1.2 Field of application
1.3 Assignment of Contracts and credits
1.4 Applicable law and jurisdiction
1.5 Confidentiality
1.6 Information security
2.1 Technical information
2.2 Supplier's Industrial Property Rights
2.4 Duration of confidential obligations and limitations of use
3. Approval
4. Quality and Safety
5. Delivery and acceptance
7. Early Termination
8. Termination for cause
9.1 Quantity Guarantee
9.2 Quality Guarantee
9.3 Measures to be taken in the event of Non-Conformity
9.4 Liability for Non-Conformity with Agreements - Recall
9.5 Insurance
9.6 Suspension of payments

For and on behalf of the Supplier (stamp and signature)