

General Sales Conditions

(version valid from 01.08.2019)

1. SCOPE OF APPLICATION AND CONCLUSION OF THE CONTRACT

The present general sales conditions ("**GSC**") apply to all the contracts or agreements (in whatever form or whenever stipulated) for products, accessory and/or complementary elements and/or services ("**Products**") sold and/or supplied by Acciaieria Arvedi S.p.A., by its agents and/or its representatives ("**AA**") to the customer ("**Customer**"). To this end, the GSC are considered an integral part of each contract or agreement between AA and the Customer.

The present GSC constitute the main document which regulates relations between AA and the Customer ("**Parties**"), and are considered accepted, including tacitly, the moment the offer is accepted by the Customer, and wholly annul, prevail over and replace all other contracts and agreements (in whatever form and at whatever time stipulated) between the Parties having contrary terms and conditions (including those that may have been proposed by the Customer, or any other contract or agreement that may regulate otherwise or in other forms relations between the Parties) and/or the content of which may be different from what is indicated herein.

AA may commit itself to different and/or further and/or additional conditions with respect to the indications in the present GSC only and exclusively in writing and following express negotiation between the Parties.

Failure on the part of AA to exercise a right deriving from the present GSC does not constitute waiver of the same, nor of any other right under

whatever title or reason, but exclusively tolerance on the part of AA, without entailing acceptance of any kind i.e. which may adversely affect AA. In any case the Customer waives the exercise of all and any right and of the right itself, that may be founded, even partially, on the afore-mentioned tolerance.

In the case of nullity and/or invalidity and/or voidability of a clause of the present GSC, wholly or in part, the other clauses of the present GSC remain wholly valid and enforceable and the Parties may re-negotiate the afore-mentioned clause according to criteria of strictly good faith; should such re-negotiation not be possible, not happen or not be concluded within fifteen (15) days from the date of identified nullity, the provisions as per the applicable law indicated in art. 11 of the present GSC shall be applied.

2. PAYMENT AND PAYMENT CONDITIONS

Payments ("**Prices**") are calculated on the basis of the weight and quantities indicated at the time of shipping. Prices are net unless otherwise agreed in writing by the Parties and following express negotiation between the same. Prices are expressed in Euros (or other indicated currency), the unit of measure being the metric tonne. Prices include what is indicated each time in the special conditions and/or in the offer and/or in the order confirmation.

Prices must be paid net of all costs, discounts and/or tax, in accordance with the times and methods indicated in the invoice.

Should a payment term fall on a Saturday, such payment shall be

made on the day preceding its natural expiry. However, should a payment term fall on a Sunday, such payment shall be made within the day following its natural expiry.

In the case of non-shipment, unless the delay and/or non-delivery may be attributable to intent or gross negligence on the part of AA, for the purposes of the effective date of payment, the shipping date is considered the one indicated each time in the special conditions and/or in the offer and/or in the order confirmation. AA retains the faculty to request payment in cash for the Products on communication of goods ready, i.e. at shipping, as well as granting deferred payment conditions in the manner which will be established by AA, the application of the present GSC remaining as well as everything not expressly derogated.

In the case of delayed payment with respect to what is indicated each time in the special conditions and/or in the offer and/or in the order confirmation or requested by AA or agreed by the Parties in writing, default interest is applied as per Decree Law 231/2002 ("*Payment delays in commercial transactions*"), increased by 2% as a penalty from expiry of the payment time, and AA shall retain the faculty to resolve the sales contract (or however it may be otherwise qualified and/or qualifiable) as well as any other contracts existing with the Customer due to the lack of trust in the Customer, thus interrupting supplies in the case of recurrent and/or periodical contracts or by not providing supplies still to be effected and/or not yet effected, the Customer having no claim under any

title and/or reason, not even as compensation for damages.

In this case, the Customer on the contrary shall be made liable under all and any title and/or reason for any damages that may result to AA from the Customer's non-compliance or inexact and/or late compliance with its payment obligations in the terms applicable.

AA has the right to retain any sums paid by the Customer. Moreover, AA has the right to compensate the receivables due from the Customer with the payables due to the latter from AA, also in relation to other contracts or agreements existing with the same. To this end the Parties express their consent pursuant to art. 1252 ("*Voluntary compensation*") of the Civil Code.

The Customer and AA expressly recognize that resolution shall be enforced pursuant to art. 1456 ("*Express termination clause*") of the Civil Code.

3. TRANSFER OF OWNERSHIP AND RISKS

Unless otherwise agreed in writing, the Customer shall acquire ownership of the Products upon full payment of the invoice and/or invoices issued by AA, but shall assume all and any risks inherent to the Products in accordance with the provisions of the applicable ICC in *Incoterm* 2010 or, in the case of non-application of any *incoterm*, upon the moment of delivery by AA to the first carrier and/or shipping agent and/or to the Customer, if delivery occurs directly.

In the case of processing and/or assembly of the products with other products, AA shall become the sole owner of the end product in the case in which it is the owner of the other products, without prejudice to legal provisions. Should the Customer not comply with payment obligations, AA shall become co-owner in the case of processing and/or assembly

of the Products with other products in the case in which the other products are owned by the Customer and/or third parties. In this case, the Customer may sell the end product only following authorization by AA and shall be solely responsible in relation to the Products and the end product.

4. SHIPPING, PACKING, DELIVERY TIMES AND TESTING

Unless agreed otherwise in writing between the Parties, delivery of the material takes place at the AA works in Cremona, via Acquaviva no. 18. Unless agreed otherwise in writing between the Parties, AA may freely determine the form of transport, where it is a matter for the Customer and/or in the case of late collection of the Products by the Customer, with the exception of the *Incoterm* rules that may be applicable. In the case of delay in transport, AA, without prejudice to the case of intent or gross negligence, may in no way be considered liable for any title or reason and the Customer shall bear any additional costs (including, merely as an example and not limited to, any storage costs).

For shipments effected in any form by AA a tolerance of +/- three per thousand is accepted by the Parties with respect to the weight shipped, this signifying that in the case of differences included within this tolerance limit, no liability may be attributed to AA under whatever title or reason. It is understood that the costs relative to weight control of the Products are and remain charged to the Customer. In the case of differences in excess of the tolerance limit as per the present GSC, the Customer, on pain of nullity (i) shall draw up any claim on the back of the document accompanying the Products, attaching, for claims relative to Products invoiced by weight, the weighing tag, made using a "Veritas" scale and/or public weighing machine and/or with a certified system, certifying the

weight effectively observed on receiving the goods and (ii) shall sign the document accompanying the goods together with the final carrier and/or shipping agent and/or their agents and to whom duly delivered to inform of the claim within the terms as per article 5 of the present GSC.

For shipments dealt with directly by the Customer, including through a carrier and/or shipping agent, AA may not be considered in any way liable under any title, including, as an example but not limited to, damages to the Products and/or to the carrier and/or to third parties as a consequence of the loading conditions (i.e. whether for lack of/excess storage and/or excessive distribution of the load). Should the Customer request that weight and tare be recognized on departure by an entity other than AA, such third party shall prove its fitness for such purpose to the liking of AA while the costs shall remain wholly charged to the Customer. Any out-of-pocket expenses for particular arrangements of the Products on the means of transport – should they arise - shall be charged to the Customer.

Unless otherwise agreed in writing between the Parties in relation to the packaging, AA shall be in no way liable for losses and/or damages to the Products, with the exception of intent or gross negligence. Packaging shall be invoiced tare for goods and shall be carried out according to recognized experience. Any special packaging methods shall be expressly requested by the Customer and the relative cost charged to the same. Moreover, unless agreed otherwise in writing between the Parties, the Customer shall see to disposing of the packaging materials and protection, safety and fixing elements to be used in Product transport operations. Should the Customer not comply with this obligation, and for this reason AA become liable for the same, the

Customer shall relieve AA of all and every liability and of all and any prejudicial consequences deriving from failure to or incorrectly dispose of such.

The Product delivery terms, agreed between the Parties and indicated in the invoice or in the offer or in the documents destined for this, are indicative and do not lead to the assumption of any liability on the part of AA, unless otherwise and expressly agreed in writing between the Parties.

Any delays (including, merely as an example but not limited to those due to a lack of raw materials and/or electrical power; breakdowns to machinery; interruptions of rail and/or other services connected with the transport of the goods, where applicable; lack of vehicles or wagons for loading; mobilisation, unrest, embargo or war in states supplying raw materials; suspension of services by employees; occupation of works; flooding, public calamities, natural calamities, fire, explosions, storms, earthquakes, wars, terrorist attacks, sedition, uprising, sabotage, strike; any provisions and/or dispositions by a public, or foreign, authority which may prevent AA from complying with its obligations, including as an example, but not limited to, provisions aimed at limiting and/or disciplining otherwise, with respect to the conclusion time of the contract or agreement with the Customer, the consumption of raw materials as well as the production and/or distribution of the steel and finished products, and any other act or fact, even of a different nature from those listed, which may be beyond AA's ability to rationally control and reasonably demand as a producer, seller and/or importer) may therefore not give rise to any liability on the part of AA under any title or reason, nor give the Customer any right to compensation for damages or the termination of the contract or agreement in

existence with AA unless expressly agreed in writing otherwise between the Parties. In any case, the delivery time is considered the time indicated in the communication that goods are ready for shipment and/or testing.

Should the supply be exempt from VAT in so far as destined for the European Union or for export, and should applicable *Incoterms* lead to loading and transport of the goods from delivery to be charged to the Customer, AA shall have the sole obligation of applying for VAT exemption if the Customer has previously provided all the necessary documents certifying the loading or transport operation to destination. Upon simple request by AA the Customer shall send AA a copy of the invoice for the products delivered and dated certifying reception of the goods in the assortment and quantities indicates in the delivery specifications and in the invoice, as well as a copy of the waybill or transport document containing confirmation of delivery of the products. In the case of failure to respect the terms indicated, AA shall have the right to payment of a penalty amounting to Euro 100 for every day of delay in delivering what is required.

Unless otherwise and expressly agreed in writing between the Parties, AA's supplies are regulated by the standards of the current Italian and Community Unification standards (UNI, EURONORM, ICC rules on *incoterms* 2010). Any Product testing must be expressly requested by the Customer and the relative agreement, highlighting AA's consent to providing testing, must be in writing. In any case, testing may be effected without exception only in the works indicated by AA, before shipping and/or delivery, and frees AA from all and any liability it may have; the costs related to the testing expressly requested by the Customer are charged to the Customer, while AA undertakes to collaborate as is necessary, upon the Customer's

request, so that testing may be carried out. It is understood that should the test, entrusted by the Customer to third parties acting for state and/or similar entities, not be carried out within thirty (30) days from the date on which AA and the Customer have agreed to carry out the test, the test shall be considered as done and the Products tacitly accepted with full discharge of liabilities for AA. The term of thirty (30) days is reduced to fifteen (15) should testing be carried out by persons charged by the Customer. In any case, should the Customer renounce the testing, where it is done following preparation by AA of what is necessary to arrange the test, the Customer shall pay the amount agreed for the test; any additional costs deriving from any suspension of testing shall be charged to the Customer.

Should testing reveal a defect in some or all of the Products, AA shall see to replacing the Products and the Customer shall have no further claim under any title, not even, merely as an example and not limited to, compensation for damages and/or reimbursement of costs.

5. GARANTEES AND CLAIMS

AA undertakes to deliver the Products in accordance with agreement and with reference to the standards applied in the sector. Any defects of the Products must be reported within three (3) days from delivery of the Products to the Customer in the case of defects apparent and/or observable at first sight (for example, but not limited to, defects due to oxidation, dents, breakdowns, general cuts and/or evident and/or superficial and/or easily observable mechanical damage) or within three (3) days from the date of discovering the defect, if hidden, on penalty of forfeiture. Moreover, these defects must be reported, unless otherwise established by law, within six (6) months from delivery, on penalty of

a time limitation for the Customer to allege the defect. In the case of failure to report, AA shall not be held to take into consideration claims in relation to defects as per the present paragraph which should have been reported, on pain of expiry, within 3 (three) days.

In the case of insurance on the Products which foresees carrying out controls on the Products when the Customer receives them, the Customer undertakes to carry out the afore-mentioned controls for the purpose of activating insurance cover, if necessary, on penalty of forfeiting any rights to actions against AA.

Should the reporting of defects be swift, AA shall see to replacing the Products, where it is ascertained that the defect is attributable to AA, delivering the Products in the same way as per the present GSC, the Customer having no further claim, merely as an example but not limited to, compensation for direct and/or indirect damages and/or reimbursement of costs. Unless agreed otherwise in writing between the Parties, should the Customer continue any processing on the Products that are defective, the Customer shall lose any right to reporting the defects and replacement of the Products and to replacement, even partial, of the price paid for the Products.

Reports of defects shall not give the Customer the right to suspend payment, even partial, of the price of the products, nor to suspend any services and/or not comply with any obligation including with reference to other relations existing between the Parties. On the contrary, the Customer shall cooperate with AA in order to identify the solution of the defects that emerged.

It remains understood that in relations between the Parties defects are not considered significant, and therefore within the ambit of the goodwill tolerance

between the Parties, where the alleged defect reported by the Customer does not exceed the amount of Euro 100.00 per delivery document.

6. FORCE MAJEURE

AA shall not be held responsible for events of *force majeure* from the moment of the transfer of risk pursuant to article 3 of the present GSC. Causes of *force majeure* are considered to be events such as war, strikes, social conflict, accidents, fires, floods, unforeseeable circumstances, delays due to the transport system, difficulties in supplies, machinery breakdowns, obstacles attributable to law or provisions issued by legal authorities, or any other cause which may prevent punctual payment by the Seller of its contractual obligations.

AA, as an importer, has in any case the faculty to recede from the contract giving notice of ninety (90) days if, due to changes in the economic situation or provisions by public authorities or import charges or other factors, it should lose the possibility of offering the Products to the market to which they were destined, for sale at a fair price allowing to expect a reasonable profit in the region of at least 8%.

7. COMPLIANCE WITH REGULATIONS AS PER DECREE LAW 231/2001

The Customer carries out its activity fully complying with the provisions of the Organization, Management and Control Model as per Decree Law 231/01 (specifically as per arts. 6 and 7 of Decree Law 231/01) and the Code of Ethics adopted by AA.

With reference to the provisions as per Decree Law 231 of 8th June 2001 regarding the administrative responsibility of Authorities, as subsequently modified and amended, the Customer declares it is informed of current regulations

regarding company administrative responsibility and, in particular, of the provisions of Decree Law 231/01 and subsequent modifications and amendments and has taken due note on the website <https://www.arvedi.it/en/acciaieria/the-company/values-and-model-231/> of the provisions of the Code of Ethics and the Principles of Model 231.

Infringement by the Customer of the principles and provisions described in the afore-mentioned documents and made available by AA constitutes a serious non-compliance such as not to allow the continuation of contractual relations with AA; the contract may be resolved due to the Customer's actions and fault with consequent obligation on the Customer's part to indemnify and hold harmless AA.

8. COMPLIANCE WITH REGULATIONS AS REGARDS TRADE SANCTIONS

The Customer declares that its business activities are carried out in compliance with applicable regulations regarding trade sanctions.

To this end the Customer declares and guarantees that:

1. No goods, service and/or technology (to be interpreted in the broad sense) shall be supplied (in whatever legal form such supply will be made) in violation of applicable regulations regarding trade sanctions; and
2. The goods, services and/or technologies are not destined, directly or indirectly, to a legal entity subject to trade sanctions or the supply to such entity of these goods, services and technologies constitutes a violation of applicable regulations regarding trade sanctions.

AA may resolve the contract with the Customer, pursuant to art. 1456 ("*Express termination clause*") of the civil code in the case of violation by the Customer of the obligations deriving from the present article 8 of the GSC.

9. SECRECY

Unless agreed otherwise in a separate secrecy agreement, the Customer shall keep confidential all information it comes to know in the course of and/or due to, even indirectly, the execution of the sales/purchasing relations to which the present sales conditions apply and, in particular, all the information of a commercial and/or business nature among which, as an example but not limited to, price and/or payment conditions, formulas, product configurations, ideas, drawings, information stored digitally/electronically, orally and/or in writing (hereinafter "**Confidential Information**").

The Confidential Information shall not be made known to any third party, not even partially, unless such Confidential Information is requested by legal authorities or become of public dominion.

In the case of infringement of the above, the Customer shall be obliged to the payment of a penalty of Euro 50,000.00, unless compensation of the damages is higher.

Upon request by AA, the Customer shall return all the Confidential Information in any form and/or content.

10. TAXES

All and any taxes and/or duties and/or charges of any kind relative to the object of the present GSC and of any other applicable agreements are charged to the Customer.

11. CALCULATION OF TIME LIMITS

For the calculation of time limits as per the present GSC the provisions of art. 1187 ("*Calculation of time limits*") of the civil code are observed, unless otherwise provided.

12. EXPRESS TERMINATION CLAUSE AND LIABILITY

Non-compliance on the part of the Customer with any of the obligations contained in the present GSC and, in particular, in articles 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11, shall constitute cause for termination of the contract or agreement between the Parties pursuant to art. 1456 ("*Express termination clause*") of the civil code, with nothing due on the part of AA.

13. COURT OF LAW AND APPLICABLE LAW

Sole jurisdiction for all and any controversy deriving from the present GSC and/or particular agreements existing in relations between AA and the Customer, shall be with the Court of Cremona (Italy) with the application of Italian law.

In the case of dispute, the Italian version of the GSC shall prevail.

14. SAFEGUARDING CLAUSE

The present GSC have been expressly referred to and negotiated by AA in the course of negotiations with the Customer as well as in AA's offer, and the Customer has expressly adhered to the present GSC also by accepting AA's offer, not applying, therefore, arts. 1341 ("*General contract conditions* ") and 1342 ("*Contract concluded through forms and templates*") of the civil code.