

GENERAL CONDITIONS OF PURCHASE

1. SCOPE

1.1 Preliminary considerations

1.1.1

The Parties acknowledge:

- (i) the need to ensure, for AIR TOP ITALIA filtering systems (as defined below), levels of cost, quality, reliability, technical progress and service, that are no lower than those of the major competitors, as an essential prerequisite for a high level of customer satisfaction;
- (ii) that the satisfaction of this requirement is to the mutual interest of the Parties considering that the volumes in turnover of the Contract Product (as defined below) of the Supplier towards AIR TOP ITALIA are linked to the sales volumes of AIR TOP ITALIA filtering systems;
- (iii) that the organization of every modern industry is based on design, development and production processes that require the application of principles and mechanisms of integration, beginning from the early stages, which presuppose a high level of cooperation between Suppliers and the end industry and complete fulfilment of the commitments that form the basis of the organizational and production principles and mechanisms provided for and regulated by these General Conditions for the mutual interest of the Parties.
- (iv) that AIR TOP ITALIA also supplies original equipment to vehicle manufacturers and is thus, in turn, obliged to comply with and enforce similar and precise commitments on the part of its own suppliers.

1.2 Definitions

1.2.1

In the context of these General Conditions and in any further relationship between the Parties, the terms below will have the following meanings:

- **Package:** the packaging (box or envelope of various types and sizes) in which the filter is inserted.
- **Component and/or Assembly:** that part of the filtering system having its own autonomous function.
- **Detail:** that part of the filtering system that can be physically separable.
- **Module:** a set of contiguous and preassembled components, used in the filtering system.
- **Filtering system:** the set of components physically and logically coordinated with each other in order to form the finished product (filter) both produced by AIR TOP ITALIA and by subsidiaries (or connected companies) or by third parties on behalf of AIR TOP ITALIA or by virtue of a production license granted by AIR TOP ITALIA.
- **Contract Product:** one or more Packages and/or Component and/or Assemblies and/or Parts and/or Modules, to which the contract product between AIR TOP ITALIA and the Supplier refers.
- **Specific equipment:** moulds, gauges, control equipment, containers (individually and/or collectively) and other types of equipment to be used specifically and exclusively for the production and/or transport and/or storage of the Contract Product.
- **Compliance with the Agreement or In accordance with the Agreement:** these are terms related to the Contract Product and must be understood as:
 - (i) the compliance of the contract products with the regulations and the compliance of the contract products with the technical standards of AIR TOP ITALIA and the specifications indicated in the order and with the AIR TOP ITALIA requirements regarding the documentation accompanying the delivery of the Contract Products;
 - (ii) its compliance with the legal provisions on the protection of safety, health, the environment and other requirements, norms or regulations, applicable or expected to apply in countries where the Filtering System is intended to be placed on the market;

(iii) its immunity from flaws or defects and its reliability, together with its suitability to perform the functions and performance required for the proper operation of the AIR TOP ITALIA Filtering System, it being understood that if, for the best pursuit of the requirements referred to in points (ii) and (iii) also in view of the purposes set out in the preliminary considerations, the Supplier considers it necessary or useful to make changes and /or additions to one or more AIR TOP ITALIA requirements, these will be submitted in advance and in writing for the approval of AIR TOP ITALIA.

- **Defect:** the flaw and/or defect and/or unreliable nature of the Contract Product and/or its non-Compliance with the Agreement, whatever the type of non-Compliance, flaw, defect or non-reliability.
- **AIR TOP ITALIA:** means AIR TOP ITALIA S.r.l. with registered office and administrative headquarters in Via I Maggio, 282 41019 Soliera (MO) Italy. Having sole shareholder - VAT: 01967720366 - Business Register: R.E.A. MO No. 255648 - and/or companies it invests in and/or subordinate to its management and coordination-

- **COC (Certificate of Quality and Compliance):** the declaration referred to in paragraph 2.7 of these General Conditions, by which the Supplier certifies and guarantees AIR TOP ITALIA that all Contract Products shipped to AIR TOP ITALIA comply with the Agreement and have been produced and checked with materials and production means and according to production and control processes suitable to ensure compliance with the Agreement.
- **AIR TOP ITALIA Technical Information:** any type of documentation must be understood collectively and/or individually, any other type of technical or technological information not in the public domain (including, but not limited to, specifications, standards, designs, models, samples, prototypes, methodologies, tools, databases, etc.), even if not covered by industrial and/or intellectual rights, which AIR TOP ITALIA communicates and/or makes available to the Supplier for the design, experimentation, development and/or production of a Contract Product and/or related prototypes and/or equipment.
- **AIR TOP ITALIA brand:** collectively and/or individually, the brand "AIR TOP ITALIA" and/or "Zaffo", "Aster", "Fasty", "Zero Pollution", "Etrasan", "Panclean" and/or any other trademark or distinctive sign owned by AIR TOP ITALIA or used by the same by virtue of a license or other title.
- **Open Order:** a framework contract for the purchase/supply of a Contract Product, under which delivery schedules are issued from time to time according to agreements and criteria established in the same Open Order.
- **Closed Order:** it must be understood as a supply/purchase contract concerning a specific quantity of the Contract Product, which ceases with the execution of the supply of the aforementioned quantity.
- **Special agreements:** all the agreements concluded in writing between AIR TOP ITALIA and the Supplier with the express desire to regulate the special conditions of the supply (prices, quantities, delivery times, etc.) and/or with the express desire to derogate from one or more of the General Conditions. Special Agreements are generally indicated in the title page or in the initial part of the order and/or in specific contracts concluded between AIR TOP ITALIA and the Supplier.
- **Defective Contract Product:** is a Contract Product affected by a Defect.
- **Supply contracts:** contracts concerning the supply of Contract Products that are from time to time concluded between AIR TOP ITALIA and the supplier, in the manner provided for in the following Article.

2. DEVELOPMENT, QUALIFICATION, CERTIFICATION AND MODIFICATION OF CONTRACT PRODUCTS

2.1 AIR TOP ITALIA Technical Information

2.1.1

AIR TOP ITALIA Technical Information remains the exclusive property of AIR TOP ITALIA and can only be used for the development and/or production of Contract Products and/or equipment to be supplied to AIR TOP ITALIA. In relation thereof, the Supplier, even after the termination of the supply relationship, is required to:

- a) Store it with the utmost care and confidentiality and return it to AIR TOP ITALIA if requested;
 - b) Mark it and set it apart, storing and/or managing it as under the ownership of AIR TOP ITALIA; do not reproduce or copy it unless within the limits expressly authorized by AIR TOP ITALIA and do not transmit or disclose its contents to third parties;
 - c) Do not apply for patents or any other title of industrial or intellectual property rights, which, if requested however must still be sold exclusively to AIR TOP ITALIA;
 - d) Do not produce or have third parties and/or suppliers produce or develop for third parties, for any reason, directly or indirectly, for use in production or as spare parts, products designed or manufactured using AIR TOP ITALIA technical information.
- (c) To impose and ensure fulfilment of the obligations under this paragraph on any cooperating third party to whom AIR TOP ITALIA technical information must be transmitted in the context of the execution of the order for AIR TOP ITALIA.

2.1.2

The provisions under paragraph 2.1.1 will also apply, with particular reference to what is provided for in paragraph "c", to technical results, inventions and/or industrial property rights obtained by the Supplier on the basis of AIR TOP ITALIA Technical information.

2.2 Development of the Contract Product for AIR TOP ITALIA and Co - design

2.2.1

Without prejudice to paragraph 2.3.1, in the event that the Supplier carries out research, design, experimentation and/or, in general, development in relation to the Contract Product, inventions, drawings and, in general, the technical results obtained, together with the related industrial and/or intellectual title, will be the joint and equal property of AIR TOP ITALIA and the Supplier, it being understood that, with regard to the aforementioned drawings, technical results, title

and inventions, the Supplier, except as established under paragraph 2.2.2, will have the right to use them freely, while AIR TOP ITALIA will have a similar right to produce, have produced, sell and confer relevant license to third parties provided that the product is intended to be used on an AIR TOP ITALIA filtering system and this, without prejudice to any purchase obligations undertaken by AIR TOP ITALIA.

2.2.2

By way of derogation from the provisions under paragraph 2.2.1, intellectual and/or industrial property relating to the Contract Product having specific form, configuration and/or characteristics and/or particulars designed for AIR TOP ITALIA filtering systems, will be the exclusive property of AIR TOP ITALIA, within the limits of this specific shape, configuration, characteristics and/or particulars. As such, the Contract Product can only be supplied to AIR TOP ITALIA.

2.2.3

In the event that, in connection with research, design, experimentation or development work as carried out above for a Contract Product, the Supplier realizes inventions, patentable or not, they will be notified to AIR TOP ITALIA and, the Supplier, upon request, will make available to AIR TOP ITALIA any documentation and information necessary or useful for the relative production implementation; in relation to these inventions and the related industrial rights, the Supplier undertakes, where requested by AIR TOP ITALIA, to request the appropriate protection of the invention in Italy and in the main foreign countries in a joint name and at shared expense or to allow AIR TOP ITALIA to do so.

2.3 Industrial Property of the Supplier.

2.3.1

In proposing or agreeing to design, develop, test and/or adapt for AIR TOP ITALIA or provide AIR TOP ITALIA with a Contract Product, the Supplier is required to specify in advance, in writing, to AIR TOP ITALIA whether any and which industrial rights that may interfere with the production, use and marketing of the Contract Product, specifying the title of right owned by the Supplier and any third-party securities that the Supplier is authorized to use by virtue of a valid license granted by the owner.

2.3.2

The Supplier is required to report on the AIR TOP ITALIA drawing title block the details (number, date and type of right) of the industrial rights referred to under paragraphs 2.2.3 and 2.3.1. In addition, the supplier's design documentation must comply with AIR TOP ITALIA norms and standards.

2.3.3

The Supplier guarantees that the production, use and marketing of the Contractual Products provided by him do not involve counterfeiting of industrial and/or intellectual rights of third parties, both in Italy and abroad, assuming the burden of prompt definition of any claims of third parties while preventing any damage to AIR TOP ITALIA by such claims and held harmless from any action likely to ban the free production, sale or use of AIR TOP ITALIA filter systems and/or related spare parts.

2.3.4

The Supplier authorizes AIR TOP ITALIA to customize as AIR TOP ITALIA the supplier's designs delivered to AIR TOP ITALIA.

2.3.5

Should the supply relationship with the Supplier cease for any reason not attributable to AIR TOP ITALIA, the Supplier undertakes not to assert with AIR TOP ITALIA or its suppliers or customers, the supplier's industrial rights, for as long as AIR TOP ITALIA will be necessary to replace, in the AIR TOP ITALIA Filter Systems, the Contract Product with an alternative product. Similarly, if the Supplier refuses or is unable to meet all the requirements of the Contract Product of AIR TOP ITALIA, he will be obliged to allow AIR TOP ITALIA to have the aforementioned major needs produced by third parties provided exclusively for the production of AIR TOP ITALIA Filtering Systems.

2.4. Brands

The Supplier undertakes to affix to the Contract Products the AIR TOP ITALIA trademarks and/or the brand and/or other signs of identification of the Supplier, in strict compliance with what has been established in this regard from time to time. The Supplier is also obliged to affix on the original packaging of the Contract Products ordered by AIR TOP

ITALIA the AIR TOP ITALIA Brands prescribed by AIR TOP ITALIA according to the engraving and in accordance with the methods and instructions of AIR TOP ITALIA.

The application, on the Contract Products, of the AIR TOP ITALIA Brands, alone or in any combination with the Supplier's brand, cannot under any circumstances be understood as a license to use AIR TOP ITALIA Brands in favour of the Supplier. Therefore, the Contractual Products thus marked with AIR TOP ITALIA Brands can only be supplied to AIR TOP ITALIA.

2.5 Approval and Self-Certification.

2.5.1

AIR TOP ITALIA will prefer the Supplier who undertakes to adopt, implement and maintain a certified quality system in accordance with ISO 9001 and/or other planned and to develop its QMS (Quality Management System) on the guidelines of the IATF 1 technical specification 6949:2016 *to develop its Quality System according to the guidelines of the IATF technical specification 16949:2016* and to implement and maintain by putting in place and maintaining means and production control processes suitable to guarantee, at all times, the delivery to AIR TOP ITALIA of Contract Products that are compliant as agreed and in any case free from defects. The Supplier undertakes to certify the quality of the Contract Product and its production process, starting with the first samples received. Following the approval of the samples and documentation, an "Approval to Supply" will be issued and the Supplier will be automatically placed in a "self-certification" regime. In the event that the Supplier has not received the document of "Approval to Supply", as a result of the non-fulfilment of certain requirements because of the material provided or the documentation attached as well as in any case where the conditions of self-certification are not fulfilled, the Supplier is obliged to deliver the Contract Products by including with the accompanying documentation of each container, subject to delivery, the relative Certificate of Quality and Conformity ("C.Q.C.") as documental proof of the carrying out and passing of the aforementioned test and elimination of any anomalies blocking the Supply Approval.

2.5.2

The Supplier acknowledges that if the Supplier is allowed the right of self-certification, the Contract Products may be used for the production of filtering systems without further prior verification and/or testing by AIR TOP ITALIA.

2.6 Verification

The Supplier will allow, at the written request of AIR TOP ITALIA, persons or bodies delegated by AIR TOP ITALIA itself or its customers to carry out inspections, checks and controls on production processes, means of production, processing and/or control and testing methods carried out by the Supplier or his subcontractors, including, among others, any control and/or inspection concerning the fulfilment of the provisions under paragraphs 2.6 and 2.7.

2.7 Technical Innovations

2.7.1

The Supplier will make its best efforts in researching technical and/or technological innovations likely to improve the quality and/or characteristics of the Contract Product ordered and/or to reduce the cost of production and the supply price. The Supplier undertakes to report, in advance, to AIR TOP ITALIA all the aforementioned innovations for the appropriate evaluations.

2.7.2

The Supplier undertakes to maintain, for the entire duration of the relationship, competitiveness of the Contract Products against the most highly qualified competitors in terms of quality, service and price.

3 Modifications by Request of the Supplier

3.1

The introduction of any modifications in the production of the Contract Products (be they changes to their design and/or manufacturing process and/or materials) is subject to the written consent of AIR TOP ITALIA.

3.1.2

If any modification to the Contract Products has an impact on costs or interchangeability, the Supplier will correspondingly change the design number.

4 Modifications by Request of AIR TOP ITALIA

4.1

The Supplier undertakes, if requested by AIR TOP ITALIA, to promptly:

- (a) Change the characteristics of the Contract Product ordered; and/or
- (b) Cease production and supply of the Contract Product ordered.

In this case, as long as the Supplier complies with the provisions under paragraph 4.2, AIR TOP ITALIA will be obliged to keep at its own expense, unless otherwise agreed, the Contractual Products already completed or being processed for a quantity that, in any case, may not exceed the sum of:

- (1) the deliveries planned for the month in which notice of amendment or cancellation is served and for the following month;
- (2) semi-finished products and raw materials for the production of the Contract Products being delivered for the second subsequent month and the volume of mandatory contractual stocks. These Contractual Products, whether completed or under process as well as the related raw materials will be intended to all effects as sold to AIR TOP ITALIA and therefore the Supplier will be required to comply with the AIR TOP ITALIA instructions with reference to their destination or delivery, unless otherwise agreed in writing with AIR TOP ITALIA.

4.2

In the cases referred to in the paragraph above, the Supplier will be required to take all appropriate measures to limit as far as possible the quantity of contract products modified or cancelled chargeable to AIR TOP ITALIA according to the previous paragraph 4.1 and in any case to comply with the agreements made from time to time with AIR TOP ITALIA and/or with the instructions of the latter, as well as to allow AIR TOP ITALIA to control the stocks

5. ORDERS AND SCHEDULING

5.1 Completion of the Supply Contract

a) The supply contract is finalized when AIR TOP ITALIA issues an order which is accepted by the Supplier, whether through an exchange of commercial correspondence or through the joint signature of the contractual document by the representatives of AIR TOP ITALIA and the Supplier.

i) The order is issued by the signing of the order by an authorized representative of AIR TOP ITALIA. The order will be issued electronically.

i) The order is intended to be accepted upon its receipt by the Supplier. Unless the Supplier notifies AIR TOP ITALIA of its intention not to accept it with one of the following methods and in the following terms: electronically, within 48 hours of receipt of the order.

b) The start of execution of the supply subject to the order by the Supplier constitutes acceptance of the order by the Supplier. Even in the absence of other formalities.

c) The supply contract consists of the order, the general conditions and any Special Agreement terms and supplemented by the operational regulations.

5.2 Scheduling Methods

a) AIR TOP ITALIA will indicate its contractual product needs in accordance with AIR TOP ITALIA methods and scheduling systems, which the Supplier and AIR TOP ITALIA undertake to observe.

b) AIR TOP ITALIA currently uses IT media for managing supply schedules.

6. SPECIAL EQUIPMENT AND MATERIALS

6.1 Properties of AIR TOP ITALIA

The specific equipment as well as the containers or means of collection (specific or generic), semi-finished products and/or other materials that AIR TOP ITALIA makes available to the Supplier for the execution of the order, remain the exclusive property of AIR TOP ITALIA (hereafter "Properties of AIR TOP ITALIA"). In relation to them, the Supplier is responsible for their loss, theft, destruction or damage and is required to:

(a) Register and mark as property of AIR TOP ITALIA, carrying out, with people appointed by AIR TOP ITALIA, the periodic checks that AIR TOP ITALIA may request regarding their existence, maintenance, wear and usage and comply with AIR TOP ITALIA's instruction regarding their management, storage, registration, inventory, tracking, handling, return, disposal and storage;

(b) Safeguard them and use them with the utmost care;

(c) Ensure their suitability, in the context of the risk of the supplier's production organization, with respect to the rules on Safety at Work;

- (d) Do not transfer them physically or move them unless within the limits of what was previously authorized in writing by AIR TOP ITALIA;
- (c) To allow AIR TOP ITALIA officials to check during normal working hours, the methods of storage and usage and the state of wear of AIR TOP ITALIA property.
- (f) Do not transfer them to third parties, for any reason and for any cause, and do not constitute guarantees of any kind on the same;
- (g) Provide, at your own expense, for their routine maintenance and to report to AIR TOP ITALIA any special repairs, replacements or refurbishments rendered necessary, with the utmost urgency, it being understood that any decision regarding the implementation of these solutions will be taken by AIR TOP ITALIA who will also bear the expenses, as long as they are not due to accidents, negligence or other causes attributable to the Supplier, in which case any expenses will be borne by the latter.

6.2 Insurance Aspects related to AIR TOP ITALIA Property

The Supplier undertakes to guarantee that in the manufacturing facilities in which the Contract Products are produced and in particular in which the AIR TOP ITALIA Property Goods will be installed and/or used, the risk prevention requirements as established by regulations in force, including those of Community origin, will be respected at all times. The Supplier also undertakes to ensure that the aforementioned manufacturing facilities will, at all times, be insured – for the value of re-manufacture and / or full replacement costs – for any damage that they may suffer as a result of fire and ancillary risks (none of these being excluded) irrespective of whoever is responsible for such events and thereby excluding any recourse against AIR TOP ITALIA. The Supplier also declares to be insured for damages to persons and property that, for any reason attributable to the supplier's responsibility, should suffer injuries and /or damage while inside its factories with a ceiling consistent with the criteria followed by AIR TOP ITALIA.

6.3 Special Equipment purchased with the Contribution of AIR TOP ITALIA

- (a) At the conclusion of the supply of the Contract Products, for whatever reason, AIR TOP ITALIA will have the option to purchase at a price equal to the residual depreciation, any Special AIR TOP ITALIA Equipment for which AIR TOP ITALIA itself has recognized and paid to the Supplier such depreciation, at odds with the price of the Contract Products, by assigning to the Supplier a part of its contractual product needs.
- (b) This option may be exercised by AIR TOP ITALIA, by simply sending written notification that must reach its destination within ninety days of the cessation of supply.
- (c) The Supplier also undertakes:
 - i) not to transfer the Special AIR TOP ITALIA Equipment referred to in paragraph (a) above outside its factories, if not within the limits of what was previously allowed in writing by AIR TOP ITALIA;
 - (ii) to enable AIR TOP ITALIA officials to monitor, during normal working hours, the procedures for storing and using the Special AIR TOP ITALIA Equipment referred to in paragraph (a) above and their state of wear;
 - (iii) not to transfer any Special AIR TOP ITALIA Equipment to third parties for any reason and not to constitute guarantees of any kind on them;
 - iv) comply with the instructions that will be provided by AIR TOP ITALIA regarding the sale and delivery to AIR TOP ITALIA and/or storage for any spare parts supplies of the Specific AIR TOP ITALIA Equipment referred to in paragraph (a), at the time of the cessation of the supply of the Contract Products for which they are used;
 - (v) provide, at its own expense, for the routine and special maintenance of such equipment.
- (d) The use of Special AIR TOP ITALIA Equipment referred to in paragraph (a) above for purposes other than the execution of the Supply Contract will be governed by the Order.

7. DELIVERY AND ACCEPTANCE

7.1 Methods of Shipment, Transportation and Delivery

7.1.1

Unless otherwise agreed in writing, the purchase is understood to have been made on an EX-WORKS basis by AIR TOP ITALIA

7.1.2

Shipping documents, markings, packaging, labelling, identification, as well as the collection, shipment, transportation, delivery and return of the Contract Products ordered will be implemented by the Supplier in accordance with the instructions and logistics processes of AIR TOP ITALIA. The Supplier will be required to compensate for damages resulting from non-compliance with the aforementioned instructions and/or due to failure to comply with proper requirements for markings, collection, packaging, labelling, documentation, identification or shipment.

7.1.3

The Supplier must forward AIR TOP ITALIA all electronic shipping notices in accordance with the operating standards of AIR TOP ITALIA.

7.2 Quantity Guarantee

The Supplier guarantees to comply with quantity of the Contract Products supplied, both as agreed and as stated by the Supplier in the delivery documentation. In the event that non-compliance of the Contract Products delivered is found, AIR TOP ITALIA, without prejudice to the rights established under paragraphs 7.4 and 7.5, may avail of one or more of the following faculties:

- (a) Accept any differences in quantities detected, allowing the possibility of modifying the corresponding quantities of any subsequent supplies, by issuing appropriate adjustment reports; and/or
- (b) Reject the excess supplies, with the option, if the Supplier does not immediately take them back, to return any excess supplies at the supplier's expense and risk or to charge stocking fees and storage costs; and/or
- (c) To ensure that the Supplier immediately dispatches the missing part of the supplies, it being understood that any increased burden or expense for the immediate integration of the missing person will be borne by the Supplier; and/or
- (d) In the event of repeated differences in quantities, AIR TOP ITALIA reserves the right, in addition to claiming damages, to cancel future supplies even if already agreed

Any complaints by AIR TOP ITALIA concerning the exercise of the faculties provided for under paragraph 7.2 must be notified to the Supplier within 30 days from the date of detection of the irregularity.

7.3 Acceptance

The taking over and/or receipt and/or payment of the Contractual Products provided may not, under any circumstances, be interpreted as acceptance, in terms of quantity or quality, of the Contractual Products supplied.

7.4 Delivery Terms

7.4.1.

The delivery terms or schedules specifically agreed or indicated by AIR TOP ITALIA with purchase order and/or method of scheduling referred to in the previous paragraph 5.2 are essential/mandatory because they are the express manifestation of interest on the part of AIR TOP ITALIA, which the Supplier accepts and recognizes as such, to obtain the service within a specified time due to its (objective) need that cannot be delayed to use the contract products ordered for the realization of finished complex products within well-defined time limits beyond which the service (delivery) would no longer be of economic use.

7.4.2

AIR TOP ITALIA has the right to send back supplies received before the agreed deadline. At the supplier's expense and at risk or to charge the latter the costs and financial costs of storage, it being understood that even if AIR TOP ITALIA does not exercise this option, the terms of payment of the invoice relating to the supplies delivered in advance will be postponed by thirty days and/or in any case for a time not less than the agreed delivery date.

7.4.3

In case of delay even for a part of the order not due to force majeure, AIR TOP ITALIA reserves the right to:

- (a) Demand the execution of the order, in whole or in part; and/or
- (b) Cancel all or part of the order itself by returning to the Supplier any goods that may in the meantime be delivered by third parties;
- (c) Source elsewhere or provide some other means to execute the order, at the supplier's expense and risk and without prejudice to the right of AIR TOP ITALIA to charge the Supplier compensation for any damages that may result (e.g., failure to manufacture-manufacturing process stoppage--penalties) with full right to terminate the contract in accordance with and for the purpose of Article 1456 C.C. (Italian Law) by notifying the Supplier in writing;
- (d) Apply a penalty equal to 1% of the value of the material not delivered for each week of delay.

7.5 Stock

The Supplier is required to maintain stocks of the Contract Products to the extent and in a manner suitable to ensure the continuity of supplies according to the delivery schedules. In the event that the Supplier, in relation to objective impediments, foresees any difficulties in compliance with the delivery deadlines, it can draw from the necessary quantities from the stocks, immediately notifying AIR TOP ITALIA which reserves the right, through its own representatives, to periodically verify its consistency.

7.6 Force Majeure

7.6.1

The Supplier, in case of delays in deliveries due to proven circumstances of force majeure, must give immediate written notice to AIR TOP ITALIA with which it will grant the new delivery terms.

The circumstance of force majeure may not be invoked if it arises after the expiry of the agreed delivery period. Delays in deliveries by subcontractors are not the cause of force majeure unless proof is given that these in turn have been caused by force majeure.

Should the circumstance of force majeure result in a delay in delivery incompatible with the production needs of AIR TOP ITALIA, it will be entitled to terminate the contract, in whole or in part, at any time, by simple written notice to the Supplier and/or to obtain supplies from third parties.

7.6.2

AIR TOP ITALIA shall not be held liable in the case of strikes, fires, picketing or other circumstances beyond its control that prevent the receipt of deliveries or result in a decrease in the need for Contract Products.

8. MANUFACTURER'S WARRANTY AND LIABILITY

8.1 Warranty details

The Supplier guarantees the Contractual Products supplied are Compliant with the Agreement and, in any case, free from Defects, at any time, before, during and after their use in production by AIR TOP ITALIA, as well as after placing them on the market and until the expiry of the warranty period imposed by law (Product Liability Consumer Guarantees) in force in the territories where the products are marketed.

8.2 Defects detected in the Manufacturing Facility

8.2.1

In the presence of the Supplier's Self-Certification, the Contract Products will be used by AIR TOP ITALIA in their manufacturing process without prior verification and /or incoming testing. Should the Contractual Products delivered by the Supplier prove defective, AIR TOP ITALIA will have the right to choose if it wishes to suspend the Supplier from the self-certification procedure and to require the Supplier to carry out, without additional costs for AIR TOP ITALIA, full and complete testing of the Contract Products before their shipment or to appoint any of its representatives to carry this out at the Supplier's facility and expense until the Supplier has shown that it has brought its production / testing process under control at the discretion of AIR TOP ITALIA.

These measures shall be without prejudice to the other rights of AIR TOP ITALIA which are affected by those referred to under paragraph 8.2.2.

8.2.2

In the event that the defect is detected before used in the manufacturing process of the Contract Product, without prejudice to the applications of the provisions under paragraph 8.2.1, AIR TOP ITALIA will have one or more of the following faculties:

- a) Obtain at the supplier's expense the immediate selection and replacement of the Contractual Products concerned or, if preferred by AIR TOP ITALIA, of the entire batch of which they are part; and/or
- b) Reject at the supplier's expense and risk, the entire batch of the Contractual Products concerned, when the replacement does not benefit AIR TOP ITALIA; and/or
- c) Select and recover, at the supplier's expense and risk, in cases of urgency or in cases where the Supplier is not able to provide for immediate replacement of the Contractual Products concerned, by putting them through additional processing or any other solution agreed between the parties.

8.2.3

If the Defect is detected in the manufacturing facility, during or after the use in production or assembly of the Contract Product, AIR TOP ITALIA, in addition to the right to obtain from the Supplier the prompt replacement of the Defective Contract Product at no cost or to obtain it on its own behalf, will have the right to charge the Supplier, as compensation, the cost of the assembly and disassembly of the Contract Product and any other induced costs and/or, at its discretion, apply a price reduction of the Contract Product found to be defective and to be determined in the following ways:

If goods returned are more than (ppm)	300	1,000	2,000	3,000
Percentage Rate of Penalty	0.50%	1%	2%	3%

8.3 After-Sales Warranty

For defects detected after the Filtering System has exited the AIR TOP ITALIA manufacturing facility and until the expiration date of the contractual and/or legal guarantee of AIR TOP ITALIA towards the end user, AIR TOP ITALIA will be entitled to charge the Supplier the costs incurred as a result of the Defect.

It is expressly understood and agreed that the Contract Product is guaranteed by the Supplier as exempt from any Defect prejudicial to safety, for a duration equal to the useful life of the AIR TOP ITALIA Filtering System and this shall be without prejudice to any shorter duration agreed in writing and indicated on the design of the Contract Product with regard to materials known to wear rapidly.

8.4 Installation of the Filtering System by Third Parties

For the Contract Products intended for use in the production or assembly of AIR TOP ITALIA Filtering Systems manufactured by companies controlled by AIR TOP ITALIA or by third parties (companies) under license or on behalf

of AIR TOP ITALIA, AIR TOP ITALIA will be entitled to charge the Supplier for any compensation that AIR TOP ITALIA will be obliged to provide the third party, including the costs deriving from the application of paragraphs 8.2.2, 8.2.3 and 8.3.

8.5 Filing of Complaints

Complaints for the exercise of the faculty established under paragraphs 8.2.2 and 8.2.3 must be filed to the Supplier within 60 (sixty) days from the date of detection of the Defect of the Contract Product, while complaints for the exercise of the faculties established under paragraphs 8.3 and 8.4 must be filed to the Supplier within 60 (sixty) days from the date of receipt by AIR TOP ITALIA of the complaint notification independently of whoever sent it.

8.6 Material of AIR TOP ITALIA origin

In the event that the material for the production of the Defective Contract Product has been supplied to the Supplier by AIR TOP ITALIA, or, provided that the provisions referred to under paragraph 11.1.2 have been observed, the following will be applied by a subcontractor indicated by AIR TOP ITALIA:

- (a) If it is a defect in the material supplied by AIR TOP ITALIA that is not detectable by the Supplier according to the testing standards of AIR TOP ITALIA or, in the absence of the same, according to the supplier's testing standards, the warranty obligations under paragraph 8 will not apply.
- (b) In the case of defect of non-hidden material or otherwise detectable on the basis of the above-mentioned tests and/or Defect resulting from the manufacturing process, the warranty obligations under 8 will be fully applicable.

8.7 Manufacturer's Liability

In the event that, at any time (before or after the after-sales warranty), any third parties or any Italian, foreign or multinational authorities dispute the non-compliance on the part of AIR TOP ITALIA with rules related to the protection of safety, health and the environment and/or constructive and/or standards of homologation, etc. as a result of alleged defects, non-compliance with regulatory or regulatory requirements, unreliability or lack of safety of AIR TOP ITALIA filtering systems resulting from the Contract Product, the Supplier, except in the case where his legal responsibilities are directed towards the injured party and the authorities, will be obliged to keep AIR TOP ITALIA from being held liable by the competent authorities and/or the third party alleged to be damaged. AIR TOP ITALIA is required in such cases to promptly inform the Supplier as soon as it has learned that the violation of the statutory limitation or the calling into question of its liability is related to the Defect or lack of security of the Contract Product provided by the Supplier.

8.8 Recall Campaigns

In the event that, at any time, AIR TOP ITALIA launches a recall campaign involving the AIR TOP ITALIA filtering system as a result of any checks, including those carried out by third parties, of Defects of the Contract Product likely to affect the safety of the AIR TOP ITALIA Filtering System or, in any case, its compliance with prescribed standards or regulations, the Supplier will be required to deliver to AIR TOP ITALIA, with the utmost urgency and without any additional charges for AIR TOP ITALIA and without suspending or delaying the delivery schedules of ordinary supplies, the Contractual Products necessary to implement the recall campaign and to reimburse AIR TOP ITALIA the cost of purchase, handling, packaging, shipment and transport of the Contractual Replacement Products, as well as the cost of the disassembly and assembly operations necessary for the replacement of the Contract Products and for the identification of the AIR TOP ITALIA Filtering Systems affected by the recall campaign, as well as the other costs necessary for the implementation of the campaign.

8.9 Service Campaign

Similarly, the Supplier will keep AIR TOP ITALIA unaccountable for the service costs incurred in the campaign to eliminate, without cost to the customer, Defects of the Contract Product that do not involve the safety of the AIR TOP ITALIA Filtering System or its compliance with standard or regulatory requirements but, in any case, such that (even if detected after the expiry of the after-sales warranty), due to their severity or frequency, they are deemed as commercially unacceptable to the customer, according to AIR TOP ITALIA standards of satisfaction practiced by first system companies.

8.10 Document Conservation

In the event that the Contract Product is subject to regulatory and/or regulatory requirements, in force in Italy and/or in the other territories where AIR TOP ITALIA Filtering Systems are marketed, the Supplier is required to prepare and have its suppliers prepare specific documentation relating to qualification and/or type-approval and production processes showing, among other things, how, by whom and with what results the characteristics concerned have been tested and approved. This documentation must be kept by the Supplier for at least 10 years and must be delivered to

AIR TOP ITALIA if and when requested. Since AIR TOP ITALIA is obliged by the competent authorities and customers to allow the same controls and inspections on production and testing methods and testing documentation, the Supplier will ensure that similar checks and inspections can also be carried out at its company and those of its suppliers.

8.11 Disposal of Defective Contract Products.

The Supplier undertakes not to place on the market but to dispose of the defective Contractual Products returned by AIR TOP ITALIA and for which the relative recovery for AIR TOP ITALIA has not been agreed to by means of additional processing. AIR TOP ITALIA reserves the faculty to perform checks and inspections to verify fulfilment of such obligation. Subject to agreement with the Supplier, AIR TOP ITALIA may provide for the aforementioned disposal directly and this on behalf of and at the expense of the Supplier.

9. INVOICES, REMITTANCES, PRICES AND PAYMENTS

9.1 Invoices

Invoices must be prepared, issued and managed in compliance with the legal provisions and in accordance with the standards and operating procedures indicated by AIR TOP ITALIA:

- the order number;
- the listing of the Contract Products, indicated with the reference of AIR TOP ITALIA, in the progression of the bills;
- the unit of measurement, both on the invoice and on the remittance, must be the one indicated on the order and, in special cases where this is not possible, the reported quantity of both units of measurement and the relationship between them must be clearly reported.

9.2 Remittances.

The Contractual Products shipped must always be accompanied by the remittance issued and managed in compliance with the legal provisions and in accordance with the operating standards and procedures indicated by AIR TOP ITALIA.

9.3 Prices

The prices indicated in the order are fixed; price variations on the basis of subsequent changes in cost or construction modifications are excluded unless they have been expressly and specifically agreed in writing between AIR TOP ITALIA and the Supplier.

9.4 Payments

9.4.1

Payments will be made by direct remittance within the terms agreed in the order. The prices indicated in the purchase order are to be considered including invoice issuance costs and stamps.

9.4.2

The Supplier is expressly prohibited from issuing drafts for the payment of supplies. In any case, if drafts are issued, they will not be withdrawn and the Supplier will be held responsible for all damages resulting from non-collection.

9.4.3

It is expressly agreed that credit arising from the supply may not be transferred or delegated in any form.

10. ANNULMENT OF SUPPLY CONTRACTS

10.1 Cancellation for non-compliance

10.1.1

AIR TOP ITALIA will have the right to cancel the Supply Contract in the event that the Supplier has failed to fulfil any of its obligations arising from it providing that AIR TOP ITALIA has filed a complaint to the Supplier in writing for non-compliance, assigning him a deadline to provide a remedy and any failure to do so within the period thus assigned will result in cancellation.

10.2 Faculty of Suspension of the Contract with Immediate Termination

10.2.1

AIR TOP ITALIA will have the right to suspend the execution of the Supply Contract by simple written notification should the execution of the Supply Contract be interrupted for a period of more than five working days due to the interruption, for any reason, of the normal activity of the Supplier.

10.2.2

AIR TOP ITALIA will also have the right to terminate the Supply Contract immediately, by simple notification in writing, if:

- i) situations, facts or acts indicative of a situation of supervening or foreseeable inability of the Supplier to ensure the normal fulfilment of its obligations (such as, but not limited to, in cases of non-payment or late payment to employees, social security institutions, tax authorities, suppliers or banks, overdue bills, executions of securities and/or real estate, revoking of licenses or authorisations, preparatory and/or initial acts of voluntary liquidation procedure, request for prior or out-of-court arrangement or controlled or judicial administration, bankruptcy, etc.);
- ii) in any case of change in the company of the Supplier, merger of the same with another company in whatever form this takes place, transfer or lease to third parties of the company or even of the only branch of the company interested in the execution of the Supply Contract or even of other branches of the company.

In the event of cancellation, paragraph 4.1 will apply.

10.3 Continuation of Production Activity

10.3.1

Should the Supply Contract cease for any cause other than non-compliance by AIR TOP ITALIA, the Supplier:

- i) will not assert against AIR TOP ITALIA or its suppliers or customers the supplier's industrial rights, for as long as necessary for AIR TOP ITALIA to replace the Contract Products with an alternative product;
- ii) will assist AIR TOP ITALIA in defining and implementing the necessary measures to prevent the annulment of the Supply Contract from becoming a cause of suspension or interruption of the production of the Contract Products (making available Contract Product equipment, etc.).

11. OTHER PROVISIONS

11.1 Subcontracting

11.1.1

In the event that the Supplier is entrusted by another AIR TOP ITALIA supplier with the subcontracting of Parts, Components, Modules or Filter Systems intended to be included in products that the latter must provide to AIR TOP ITALIA, then AIR TOP ITALIA will entitle the Supplier, even in the absence of an Order and a Supply Contract, to the rights referred to in Sections 2 and 8 of the General Conditions.

11.1.2

In the event that the Supplier entrusts to a third party indicated by AIR TOP ITALIA the subcontracting of Parts, Components, Modules or Filter systems intended to be included in the Contractual Products, the Supplier:

- i) will agree in writing with this third party to contractual regulations corresponding to those laid down in the General Conditions;
- ii) will exercise on behalf of AIR TOP ITALIA the rights deriving from such contractual regulations or, at the written request of AIR TOP ITALIA, will transfer to AIR TOP ITALIA the rights deriving from these contractual regulations.

11.2 Execution of the Contract

The Supplier's offer shall be deemed to be firm and irrevocable unless otherwise qualified in writing with a specified period of validity.

The formulation of the offer by the Supplier, however carried out, implies its adherence to these general conditions.

The purchase/supply will be finalized at the time of receipt of the purchase order by AIR TOP ITALIA on the part of the Supplier, if it complies with the offer.

In any case, the sale will be completed under the terms indicated in the purchase order of AIR TOP ITALIA and under the General Terms and Conditions of this and any Special Agreements.

11.3 Non-Transferability

The order and/or its execution cannot be transferred by the Supplier, even partially. In case of non-compliance with the aforementioned obligation, as well as if the Supplier transfers to third parties the company or branch of the company and/or the means of work responsible for the production of the Contract Product, AIR TOP ITALIA will have the right to terminate the contract.

11.4 Conduct

Any conduct, even repeated, of one of the two parties that does not correspond to one or more of these General Conditions and/or special Conditions, may not under any circumstances prejudice the right of the other party to request, at any time, proper application of the same.

11.5 Critical Issues

The Supplier acknowledges that the suspension, interruption or even irregularity of deliveries of the Contract Products would put the production cycle of AIR TOP ITALIA filtering systems in difficulty and would therefore cause serious and irreparable damage both to AIR TOP ITALIA and to the other Suppliers. Therefore, in the event that AIR TOP ITALIA exercises the right to withdraw from the contractual relationship in accordance with paragraph 10.2.2, the Supplier will be obliged to assist AIR TOP ITALIA in the definition and implementation of all measures that the latter will consider necessary to put in place in order to prevent the termination of the supply relationship with the Supplier from becoming a cause of suspension or interruption of the production of AIR TOP ITALIA filtering systems. In particular, the Supplier will be required to immediately make available to AIR TOP ITALIA the equipment, technical information and other Goods owned by AIR TOP ITALIA. In addition, the Supplier grants AIR TOP ITALIA, now for then, the option to obtain the equipment for rental (where appropriate, in financial or operational sub-leasing without consent) or, where appropriate, the branch of the company responsible for the production of the Contract Product and this to the extent and for the duration necessary and sufficient to allow AIR TOP ITALIA to avoid any possible suspension or interruption of the production of the AIR TOP ITALIA Filtering System. If AIR TOP ITALIA decides to exercise the aforementioned option, by notifying in writing to the Supplier its intent, it will submit its economic proposals accordingly.

11.6 Court of Law with Exclusive Jurisdiction

For any dispute relating to the General Conditions and the Supply Contract, the Court of Modena (registered office) will have exclusive jurisdiction; however, AIR TOP ITALIA reserves the right to agree with the Supplier at the Court of Law of the place where the Supplier is based.

11.7 Law Applicable

The General Conditions and Supply Contracts are governed exclusively by Italian law.

Date... 1/06/2021

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