



DINAMIC OIL S.p.a.

Società con unico socio

Via Togliatti, 15 – 41030 Bomperto (MO) (Italy)

Tel.: +39 059 812611 Fax: +39 059 812603

E-mail: dinamicoil@dinamicoil.it

GENERAL TERMS AND CONDITIONS OF PURCHASE

1. APPLICABILITY

1.1 These general terms and conditions and any specific conditions indicated in the order, as well as any DINAMIC OIL S.p.A. technical specifications concerning the fulfilment of the order and made known to the Supplier govern the contractual relations created upon acceptance of the order. Any extensions shall only be valid if agreed in writing.

1.2 The order placed by DINAMIC OIL S.p.A. is understood to have been accepted upon receipt of the written confirmation of order from the Supplier. Should DINAMIC OIL S.p.A. not receive said confirmation of order from the Supplier within 5 (five) days from the date of the order, the order shall be understood to have been accepted tacitly.

1.3 The order and/or its fulfilment cannot be transferred to third parties by the Supplier, not even partially.

2. TECHNICAL INFORMATION AND INDUSTRIAL PROPERTY

2.1 The technical information (by this term is meant all forms of technical or technological information and documentation, as well as models and samples) that DINAMIC OIL S.p.A. may communicate or make available to the Supplier shall remain the exclusive property of DINAMIC OIL S.p.A. and may only and exclusively be used by the Supplier in order to fulfil the orders places by DINAMIC OIL S.p.A.

2.2 In proposing or accepting to study and/or adapt a product part for DINAMIC OIL S.p.A. or supply the same with a part, the Supplier is obliged to inform DINAMIC OIL S.p.A. beforehand in writing whether the part is covered by industrial property rights and, if this is the case, to whom the rights belong. Should the Supplier fail to provide this information, it is understood that the Supplier agrees not to exercise the industrial property rights concerned in DINAMIC OIL S.p.A.'s favour and that of any vendors to whom DINAMIC OIL S.p.A. may outsource production of the part concerned.

2.3 If so requested by DINAMIC OIL S.p.A., the Supplier undertakes to affix the DINAMIC OIL S.p.A. trademark or other marks and distinctive signs belonging to DINAMIC OIL S.p.A. to the ordered parts and/or the original

packaging that DINAMIC OIL S.p.A. may request, to be affixed in accordance with the methods and instructions provided by DINAMIC OIL S.p.A. Said applications and/or packaging may not, in any case, be considered as a licence to use the DINAMIC OIL S.p.A. trademark, meaning that the Supplier may only and exclusively supply any parts marked in this way to DINAMIC OIL S.p.A.



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3. SPECIFIC EQUIPMENT AND MATERIALS

3.1 Any equipment (gauges, moulds, specific equipment, testing and control equipment, etc.) that DINAMIC OIL S.p.A. may make available to the Supplier in order to fulfil the order shall remain the exclusive property of DINAMIC OIL S.p.A. The Supplier is liable for their loss, destruction or damage.

With reference to the aforementioned equipment, the Supplier undertakes:

- (a) to record each item and mark it as being the property of DINAMIC OIL S.p.A.;
- (b) to arrange, if so requested by DINAMIC OIL S.p.A., for adequate insurance cover against fire, theft, vandalism, natural disaster, tempering and other insurable risks of loss or damage;
- (c) to keep it and use it with all due diligence and to arrange at its own expense for its routine servicing;
- (d) to inform DINAMIC OIL S.p.A. of any extraordinary repairs, replacements or overhauls that may become necessary, with the utmost urgency, it being understood that the final decision concerning the performance of said repairs, replacements or overhauls lies solely with DINAMIC OIL S.p.A. and that the cost of such interventions shall be borne by DINAMIC OIL S.p.A. always provided that they are not a consequence of accidents, negligence or other causes attributable to the Supplier, in which case the latter shall bear the full cost of any intervention;
- (e) not to take the equipment off its premises unless within the limits authorised in advance by DINAMIC OIL S.p.A. on a case to case basis;
- (f) to allow DINAMIC OIL S.p.A. personnel or appointees to check during normal working hours the way the equipment is stored and used and its state of repair;
- (g) not to transfer any rights to third parties and not to provide securities based on the same;
- (h) not to use the equipment or allow that it be used for any purpose other than fulfilment of orders from DINAMIC OIL S.p.A.;
- (i) to follow all the instructions provided by DINAMIC OIL S.p.A. concerning the return, scrapping or preservation of the equipment for future supplies of spare-parts once the part for which it is used need no longer be supplied.

3.2 The provisions in paragraph 3.1 above also apply, where compatible, to the semi-finished products and other materials belonging to DINAMIC OIL S.p.A. that the latter may have made available to the Supplier in order to fulfil the order or that are in any way connected to the same.

4. CHANGES IN SUPPLY

4.1 If so requested by DINAMIC OIL S.p.A., the Supplier undertakes to promptly:

- (a) change the characteristics of the ordered part, and/or (b) cease production and supply of the ordered part.



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In this case, DINAMIC OIL S.p.A. is obliged to accept at its own cost – unless otherwise agreed – any finished products in a quantity that, in any case, may not exceed the number due to be delivered during the month in which DINAMIC OIL S.p.A. has informed the Supplier of the required change or cancellation. The above is valid for open orders; in the case of spot orders, the parties shall agree the cancellation and consequent collection of material each time.

5. RELIABILITY, QUALITY AND CONTROLS

5.1 The Supplier undertakes to put in place and maintain all the suitable means and production or control processes needed to guarantee that the parts to be supplied are, at all times, reliable, of adequate quality and conforming to DINAMIC OIL S.p.A. technical requirements (drawings, norms, technical specifications, tables, approved and/or deposited samples, etc.).

5.2 The Supplier undertakes to allow DINAMIC OIL S.p.A. personnel full access to its premises in order to perform inspections and controls on its processing and/or testing methods and any matter covered by its quality management system.

5.3 The Supplier undertakes to issue a quality certificate whereby it certifies that all the parts sent to DINAMIC OIL S.p.A. have been suitably tested and that, as a result of said tests, are suitable for their intended purpose. Each lot of parts sent to DINAMIC OIL S.p.A. shall, upon request by the latter, be accompanied by the relevant certificate of quality, in the absence of which DINAMIC OIL S.p.A. shall have the right to refuse delivery.

5.4 Any variations in the manufacturing process of the parts may not be introduced without the Supplier first obtaining written authorisation to do so from DINAMIC OIL S.p.A.

6. DELIVERY

6.1 The marking, packaging, labelling, identification, dispatch and shipping of the ordered parts shall be in compliance with the instructions provided by DINAMIC OIL S.p.A.; the Supplier shall be liable to pay a penalty of damages for any delay, loss or damage caused by a lack of marking, packaging, labelling, identification or dispatch or non observance of the aforementioned instructions.

6.2 The terms of delivery and delivery schedules are binding and crucial. No delays or early delivery is permitted unless agreed beforehand and adequately documented. DINAMIC OIL S.p.A. is authorised to return any supplies received before the agreed delivery date, at the Supplier's own cost and risk, or to debit the same any warehousing costs it may incur. In the event of late delivery not attributable to causes beyond the Supplier's control, DINAMIC OIL S.p.A. shall have the right to choose between taking any or all of the following actions:



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(a) to demand fulfilment of the order in whole or in part and in case to apply a standard penalty for late delivery equal to – unless otherwise agreed – 0.50% of the price of the undelivered quantity within the time agreed for each week or fraction of a week of delay;

(b) to procure all or part of the ordered parts elsewhere and whenever it so decides, at the expense and risk of the Supplier, with the sole obligation of informing the Supplier of its decision to do so;

(c) to terminate the order with immediate effect and within its rights under article 1456 of the Italian Civil Code by means of a simple communication to the Supplier. DINAMIC OIL S.p.A. shall, in any case, retain its rights in this case to claim damages for any further effective losses it may incur as a result.

6.3 The Supplier is obliged, where requested, to keep sufficient stocks of the parts in its warehouses to ensure continuity of supply in accordance with the schedules and in the manner and on the terms agreed.

7. WARRANTY AND THIRD PARTY LIABILITY

7.1 The Supplier guarantees that the quantity of the goods actually supplied complies with both the ordered quantity and that indicated in the delivery note. In the event that acceptance checks find that the actual quantity of goods delivery does not comply with the ordered quantity, DINAMIC OIL S.p.A. shall have the right to choose between taking any or all of the following actions:

(a) to accept any discrepancy in quantity with the right to change the quantities for subsequent supplies accordingly;

(b) with the exception of any tolerances previously agreed in writing, to refuse delivery of that part of the supply that exceeds the ordered quantity with the right, should the Supplier fail to arrange for immediate collection, to return the surplus goods to the Supplier at the latter's own cost and risk or to debit the same for any stock expenses and warehousing costs incurred as a result;

(c) to demand that the Supplier immediately dispatches the missing quantity, it being understood that any extra costs and expenses incurred by the Supplier for immediate fulfilment of the order shall be borne by the same.

Any claims that DINAMIC OIL S.p.A. may make in order to exercise its rights under this paragraph 7.1 shall be sent to the Supplier within 60 (sixty) days from the delivery.

7.2 The Supplier guarantees that the parts supplied shall be free of faults, defects and instances of non-conformity with the agreed specifications – detectable at any time, whether before or after the use of the part in production, during or after assembly of the DINAMIC OIL S.p.A. units, after the circulation of said units or their being placed on the market – for a period of 36 (thirty-six) months from delivery.

7.3 In the event that DINAMIC OIL S.p.A. should detect any fault, defect or non-conformity within the period indicated in paragraph 7.2 above, it shall have the right to:



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- (a) either request that the Supplier selects the defective parts or make the selection itself at the cost and risk of the Supplier should the latter fail to do so within the term required by DINAMIC OIL S.p.A. or in those cases agreed to with the Supplier, and, moreover
- (b) obtain, at the Supplier's own expense, the immediate replacement of the interested parts or the entire lot to which the part belongs should the agreed tolerance percentage be exceeded; or
- (c) debit the Supplier the value of the defective parts at the current price; or
- (d) recover, at the Supplier's own expense, the interested parts by means of reprocessing in urgent cases, whenever the Supplier is unable to arrange for the immediate replacement of the same or in those cases agreed to with the Supplier.

Any claims that DINAMIC OIL S.p.A. may make in order to exercise the aforementioned rights shall be sent to the Supplier within 60 (sixty) days from the discovery of any faults, defects or non-conformities after use of the parts, regardless of the nature of the fault, defect or non-conformity. The mere delivery or payment of the goods cannot, under any circumstances whatsoever, be considered as acceptance of the goods.

DINAMIC OIL S.p.A. also reserves the right to debit the Supplier the cost of roughs plus the cost of any subsequent processing in the event that the Supplier supplies it with roughs (moulded or cast) or goods on manufacturing account and defects attributable to the Supplier are found in these.

7.4 The Supplier undertakes not to sell on or scrap defective or non-conforming parts returned by DINAMIC OIL S.p.A. and whose recovery for DINAMIC OIL S.p.A. by means of reprocessing has not been agreed, given that DINAMIC OIL S.p.A. has full rights to inspection and control in order to verify that this obligation is respected.

DINAMIC OIL S.p.A. may, upon agreement of the relevant methods with the Supplier, arrange directly for the scrapping of the defective parts, always at the Supplier's own cost and expense.

7.5 With the exception of those parts for which DINAMIC OIL S.p.A. owns the property rights, the Supplier shall guarantee that the production, use and sale of the parts it supplies shall not give rise to any breach of industrial rights held by third parties, whether in Italy or abroad, accepting the obligation to settle any third party claims quickly and, in any case, to indemnify and hold harmless DINAMIC OIL S.p.A. in the event of any such claims and to protect it against any legal action or measures likely to affect the free production, sale or circulation of DINAMIC OIL S.p.A. units.

7.6 The Supplier shall be liable for any claims made against DINAMIC OIL S.p.A. concerning personal injury or damage to objects where these can be traced back to faults or defaults in the parts the Supplier has supplied.

Wherefore, the Supplier is obliged to stipulate and maintain third party insurance, without this affecting its overall liability, with a leading insurance company and with an agreed limit of liability, including a



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clause in the insurance policy that foresees the possibility of product withdrawal or recall from the market. The Supplier also undertakes to show DINAMIC OIL S.p.A. every year the relevant insurance policy certificate issued by the insurance company and prove that it has effected payment of the corresponding premium.

8. PRICES

8.1 The prices indicated in the order are fixed; they cannot, therefore, be varied due to subsequent rises in costs, even if due to extraordinary and unpredictable events.

8.2 The Supplier shall give DINAMIC OIL S.p.A. advance warning of any price increases as a result of a request by the latter to make changes; said price increases shall, in any case, only be deemed valid and binding if first accepted in writing by DINAMIC OIL S.p.A.

9. INVOICING, DELIVERY NOTE AND PAYMENT

9.1 Invoices may include items (parts) from several orders, provided these are subject to the same rate of VAT.

The following details shall be included in all invoices:

- The order number, the Supplier's identification code, the delivery note number and the drawing number or DINAMIC OIL S.p.A. reference;
- a list of parts in the consecutive order of delivery;
- the unit of measurement.

The unit of measurement on both the invoice and the delivery note shall be the same as that used in the order.

9.2 Shipped parts shall always be accompanied by a delivery note, in the number of copies being that requested by DINAMIC OIL S.p.A. In addition to the details required by law, the delivery note shall also contain the following indications:

- the name of the Supplier, the drawing number or DINAMIC OIL S.p.A. reference, the Supplier's identification code, the name of the part, the dispatch date, the number and date of the order, the number of the destination warehouse, the quantity included in the lot, the number of packs and any other details requested in the order.

Each delivery note may include parts belonging to different orders or delivery schedules.

9.3 The Supplier is strictly forbidden from drawing bank drafts for payment of invoices. In any case, should such drafts be drawn, they shall not be honoured by DINAMIC OIL S.p.A. and the Supplier shall be held liable for losses arising from non-honouring of the draft.



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It is also expressly agreed that the debt arising from the supply cannot be made the subject of any act of transfer or delegation of any form whatsoever.

9.4 In the event that defective or non-conforming parts are found in one or more lots of finished parts, DINAMIC OIL S.p.A. shall have the right to suspend payment of an amount equal to the price of the lot or lots affected, subtracted from the total of payments due at that moment, until such time the Supplier delivers the replacement parts or lot(s). Moreover, Dinamic Oil will be entitled to charge an amount of 200,00 € for each non-conformity issued, as a form of compensation for the expenses incurred for the management of the same.

10. DISPUTES AND APPLICABLE LAW

10.1 Any disputes concerning or arising from the contract to which these general terms and conditions apply shall be judged exclusively by the Court of Modena, Italy; DINAMIC OIL S.p.A. reserves the right, in any case, to summon the Supplier to appear before the judge in the place where the Supplier has its registered offices.

10.2 The applicable law is the law of Italy.

Stamp and Signature _____ Date _____

In accordance with Article 1341 et seq. of the Italian Civil Code, the following clauses are hereby expressly approved: 1.2 Tacit acceptance of the order; 2.2 Waiver of industrial property rights; 4.1 Changes to the supply; 7.1 Term for dealing with discrepancies in quantity; 7.2 Warranty period; 7.3 Remedies for faults, defects or non-conformity; 8.1 Non variation of prices; 9.4 Ban on drawing bank drafts; 9.4 Suspension of payment; 10.1 Disputes.

Stamp and Signature _____ Date _____