

## **GENERAL CONDITIONS FOR PURCHASE OF SOURCE MATERIAL**

**Art. 1 Scope of Application** – These “General Purchase Conditions” regulate all current and future supply relations (occasional or continuous) between the parties; these conditions shall always be deemed an integral part of all FORGE MONCHIERI purchase orders, unless otherwise specifically agreed in writing between the parties in question. Possible general conditions of the Supplier shall not be applied in the future relations between the parties unless explicitly accepted in writing by FORGE MONCHIERI; however in such a case, unless exempted in writing, such conditions shall not jeopardise the effectiveness of these General Conditions, with which they will have to be coordinated.

**Art. 2 Execution of the supply** – Supply shall be executed in compliance with the purchase order provisions, with the required chemical analysis (Source Material Procurement Specification or international standards), with FM Instructions, and with the technical and/or contract specifications submitted to Supplier. Any exemptions to the aforementioned requirements shall be effective only if agreed upon with FORGE MONCHIERI and confirmed in writing.

**Art. 3 Purchase orders** – The amount of material ordered by FORGE MONCHIERI shall be that indicated in the purchase orders being issued in the course of time, also stating: prices – technical features – type – destination – method of payment – delivery time and delivery point terms. Purchase orders can be issued also by means of telefax or electronic mail. In whatever way the order is sent, Suppliers shall transmit their Order Confirmation to FORGE MONCHIERI within 8 days after the date of the receipt of the order. After such a deadline, the order shall be considered implicitly accepted.

**Art. 4 Delivery** – Delivery deadlines are deemed essential. Early or partial deliveries on the Supplier’s initiative shall be subjected to prior authorisation by FORGE MONCHIERI. Should the delivery delay by the Supplier exceed 4 weeks with respect to the agreed deadline, the Buyer shall have the right to partially or fully cancel the purchase order being delayed.

The Supplier shall inform the Strategic Purchasing Department on the progress status of pending orders, reporting the date when melting is planned as well as the date foreseen for the delivery of each ingot into Forge Monchieri S.p.A.

Where the Purchase Order covers the supply of “hot” ingots the Supplier shall communicate to the Strategic Purchasing Department the date of melting as well as the date and time of arrival into Forge Monchieri S.p.A. which are foreseen for each ingot.

**Art. 5 Penalties** – In case of delays with respect to the contractual delivery dates of the supply of each position of the order, after seven calendar days of exemption, the penalty of 0.5% of the total amount of each position will be applied for each week or fraction of week late, up to a maximum of 5% of the total amount of the order.

Should the Supplier have to pay the penalties, FORGE MONCHIERI will have the power to subtract the relative amounts from that which is still contractually due to the Supplier.

This will occur without affecting the right of FORGE MONCHIERI to obtain the reimbursement of possible greater damages, exceeding the amount due from the Supplier, in the form of a penalty.

**Art. 6 Quantity/quality compliance** – The Supplier shall ensure the goods comply quantitatively and qualitatively with the purchase order. Should FORGE MONCHIERI find any anomalies and/or defects traceable to the Supplier during the incoming material inspection or during processing, a Non-Conformance Report will be raised and notified to the Supplier.

**Art. 7 Guarantee** – The Supplier guarantees that the supply will be free of faults or defects and comply with the agreed characteristics and specifications. Inspection of the conditions and quality of the material shall be performed by FORGE MONCHIERI within a reasonable deadline from the date of delivery. Positive response from such inspection does not relieve the Supplier from the responsibility for faults or non-compliances detected subsequently that shall be enforced within a reasonable deadline from detection thereof.

**Art. 8 Confidentiality** – All the documents, data, specifications and information furnished to the Supplier by FORGE MONCHIERI will be deemed to be confidential and the Supplier undertakes not to disclose any of them. The Supplier also undertakes to use all of above documents exclusively for the completion of the purchase order, and accordingly neither to use them for any other purpose nor to release them. The Supplier shall be bound by the confidentiality duty until the purchase order is completed and afterwards as well. The Supplier shall be responsible towards FORGE MONCHIERI that this obligation is fulfilled also by their employees.

**Art. 9 Assignment of credit** – Assignments of credit, collection mandates or other forms of payment delegation are strictly prohibited without prior and explicit consent by FORGE MONCHIERI.

**Art. 10 Jurisdiction – Applicable law** – All issues not addressed in these conditions are regulated by the Italian law. Any disputes arising from or related to contracts regulated by these general conditions shall exclusively be brought before the Court of Brescia. However, FORGE MONCHIERI shall have the right to take legal action at the Supplier's Jurisdiction.

Date

The Supplier

In accordance with and to the effects of Articles 1341 et seq. of Italy Civil Code the following items are explicitly accepted:

Art. 4 Delivery; Art.5 Penalty; Art. 6 Quantity/quality compliance; Art. 7 Guarantee; Art. 8 Confidentiality; Art. 9 Assignment of credit; Art. 10 Jurisdiction – Applicable law.

Date

The Supplier