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## 1. PURPOSE AND VALIDITY

**1.1** These general conditions ("GCs") set out the contractual terms applicable to the supply/provision of products/services that the Supplier undertakes to *observe in respect of MG3 Fastener Solutions S.p.A. ("MG3")*

*The Supplier's approval of this GC is implied by the order confirmation, which is formally the acceptance of the order to which the GC is attached.*

**1.2** *The validity of this GC expires with the written termination of the supply contract.* Any clauses, waivers or amendments inserted by the Supplier in the contractual documents (including any order confirmations) that are contrary to or deviate from ***the contents of this GC will not be considered valid unless approved in writing by MG3.***

*The contents of this GC are always enforceable unless they are in disagreement with applicable mandatory laws. If the Supplier encounters inconsistencies or non-applicability due to mandatory laws, EU directives or international standards, he is obliged to notify MG3 in writing in order to enable MG3 to handle the requirements to be complied with in the best possible way and to implement any necessary exceptions.*

**1.3** MG3 reserves the right to amend the GC and undertakes to notify the Supplier of such amendments in good time. ***The supplier must always follow the version attached to the order and also available on the MG3 website.***

***Paragraphs changed from the previous version will be evident in coarse font.***

***1.4 In the event that one or more clauses of these GTC are unenforceable, such invalidity shall not extend to other paragraphs if they are not relevant to or bound by the unenforceable clauses.***

## 2. APPLICATION

**2.1** The GTC apply ***to the procurement/provision of products/services of:***

- ***Raw material***
- ***Semi-finished products***
- ***Mechanical processing***
- ***Tools and process components***
- ***Heat, galvanic and surface treatments***
- ***Packaging***
- ***Transport (excluding points 9, 10, 13)***
- ***Maintenance services (excluding items 7, 9, 10, 13)***
- ***General services e.g. personnel, training, consultancy, IT, etc. (excluding items 7, 9, 10 and 13)***
- ***Consumer goods (excluding items 7, 10 and 13)***

## 3. PURCHASE ORDERS

**3.1 MG3** sends its contract proposal by means of an order placed on its own letterhead ('Order'). the Supplier evidences acceptance of the Order within 48 hours of receipt by means of:

➤ Signature for acceptance on order MG3

Or

➤ Sending order confirmation (supplier forms)

Or

➤ Notification of commencement of works pursuant to Article 1327 of the *Italian Civil Code*

**3.2 In the event that MG3 does not receive, within 48 (forty-eight) hours from the dispatch of the Order, either the communication of acceptance or the communication of commencement of performance, MG3 reserves the right to cancel the contractual proposal, without prejudice to the effects of Article 1327, paragraph 2, Italian Civil Code**

**3.3** The GTC, together with each Order and its acceptance, constitute a single agreement between the parties.

## 4. DELIVERY CONDITIONS

**4.1** Delivery conditions are agreed between the parties and stated on the order.

**4.2** The Supplier undertakes to deliver the products/services at the time and place indicated in the Order. Together with the Products/Services, the Supplier also undertakes to deliver the transport documents (e.g. delivery note, invoice, packing list, bill of lading) and the relevant certificates required by MG3 in each **Purchase Order (e.g. PPAP documents, raw material certificates, test/test reports 3.1 etc). Taking into account the requirements of IATF 16949 even in the absence of a certified quality management system.**

**4.3** Partial or excess deliveries are only permitted with the prior approval of MG3.

**4.4** The Supplier acknowledges that the Order execution times are often subject to changes that are beyond the control of MG3 but dictated by the needs of its end customers. Therefore, MG3 reserves the right to anticipate or postpone the Order and, in this eventuality, the Supplier undertakes to make every effort to perform the Services within the updated terms. The parties, however, undertake to cooperate in good faith to overcome any problems that may arise in the execution of the contract.

**4.5** The Supplier also acknowledges that the requirements of the end customers may force MG3 to cancel an Order already accepted by the Supplier. MG3 undertakes, however, to promptly notify the Supplier of any circumstances that may affect the possible cancellation of the Order. If the Supplier receives from MG3 the cancellation of the Order at least 4 (four) months before the delivery date, no cost or other amount will be chargeable to MG3.

If the Supplier receives the cancellation within a shorter period of time, the Parties undertake to negotiate in good faith the amount of damages, if any, which shall be documented by the Supplier and shall never exceed the cost of the expenses incurred by the Supplier.

## 5. DELIVERY DELAYS

**5.1** The delivery dates and times *indicated in the Order* are binding. Therefore, without prejudice to what is indicated in Article 6 below *or otherwise agreed in writing*, in the event that the delay in delivery exceeds 14 (fourteen) days, MG3 has the right to request express delivery **or to charge costs arising from the impact on the customer**. These costs also include those indirect costs and/or costs incurred by MG3 **to mitigate/contain delays (dedicated transport to the supplier or the customer), whether charged by the customer (in terms of downtime and/or penalties and/or extra transport costs)**, as well as lost profit.

**5.2** The Supplier is obliged to inform MG3 immediately in writing of all circumstances that may, even if only possibly, prevent the punctual, timely and full performance of the contract, and to provide the utmost co-operation in order to prevent or mitigate the prejudicial consequences of any delays.

**5.3** The date indicated and/or agreed upon with MG3 Logistics is binding as regards the Work Account.

## **6. FORCE MAJEURE**

**6.1** Either party may suspend performance of its contractual obligations if such performance is rendered impossible or unreasonably onerous by an unforeseeable impediment beyond its control (e.g. war, pandemic, natural disaster, embargo).

**6.2A** party intending to make use of this clause must give immediate written notice of the occurrence and termination of a force majeure event.

**6.3** Should force majeure cause a delay in delivery of more than 4 (four) weeks, each party shall have the right to withdraw from the agreement by giving timely written notice to the other party. In this case, the parties expressly waive the right to demand payment of any amount, also by way of compensation or damages.

**6.4** Delays caused by a sub-supplier of the Supplier or by other matters related to the organisation and/or business activities of the Supplier shall under no circumstances constitute an event of force majeure within the meaning and effect of this Article, unless they were themselves caused by events of force majeure as described in Article 6.1.

## **7. CONFORMITY OF SERVICES, PRODUCTS AND QUALITY CONTROL**

**7.1** The Supplier undertakes to adopt work processes that guarantee the optimal quality of the Services and Products. In particular, if requested by MG3, the Supplier undertakes to deliver certifications guaranteeing that the Services and Products have been manufactured according to work processes that ensure quality and compliance with the requirements of the Order.

**7.2 The product is declared compliant if it complies:**

- a) mandatory requirements**
- b) CR and CSR**
- c) Technical documents (drawings, standards, technical documentation)**
- d) Implicit requirements (intrinsic expectations)**
- e) Documentary support if required (PPAP according to check list + supply certificates, test reports, raw material, 3.1, data sheets and safety data sheets)**
- f) As requested in the order.**

**It is understood that the communication of the requirements under a), b), c) is the responsibility of the MG3.**



## GENERAL CONDITIONS OF SUPPLY

- 7.3 The Supplier guarantees, also on behalf of its sub-suppliers, the integrity of the batch number for the entire work process, as this is essential for MG3, its downstream operations and customer requirements.
- 7.4 The Supplier undertakes, also on behalf of its sub-suppliers, to carry out processing on MG3 products (such as heat treatment, galvanic treatment, machining, etc.) without mixing casting numbers and/or batches.
- 7.5 The Supplier undertakes to inform MG3 promptly if a product batch requires a "rework" process. Such a process cannot be started without the prior approval of MG3. Batches that are reworked must be specially identified with separate batch numbers. Rework must be conducted in a controlled manner to ensure that the reworked product conforms to the original specifications.
- 7.6 The Supplier acknowledges that each batch number may be the subject of only one (1) raw material casting number. Therefore, parts produced on different machines shall not be mixed in one batch, even if they come from the same raw material casting number.
- 7.7 No changes to the product or process, including place of manufacture, sub-suppliers and temporary changes, are permitted without the written approval of MG3.
- Prior to any change, a supplier's change request (or similar) specifying the requested change must be sent to MG3. MG3 will evaluate the possibility of implementing the change and inform the supplier once the decision has been made. If the change is accepted, a PPAP validation of the part and its process will be requested.
- 7.8 The supplier must have an ISO 9001-certified quality management system and strive for further improvement in view of IATF 16949. Or refer to a specific supplier quality specification that includes the IATF 16949 requirements.

**7.9 NoNconformities issued by MG3 to the supplier must be handled with Form 8D Report in the following manner:**

- D3 within 1 day**
- D5 within 7 days**
- D8 within 30 days**

**The 8D report must include Ishikawa/fishbone/5 why methods**

**The supplier shall provide objective evidence of the implementation of corrective actions and their effectiveness.**

**Handling of the NoN-Conforming product must be immediate and has priority, unless otherwise agreed with MG3. Recoveries, rework or repairs must be made under warranty, unless the supplier proves that he is not responsible for the cause of the NoN Conformity. The same applies to the charging of costs that MG3 reserves the right to charge for transport (either with the supplier or the customer), repairs, rework or additional processing, selection, performed either by MG3 or the customer. The charges extend to and/or include any charges that the customer issues to MG3 and the €200 handling fee for Non-Compliance.**

## 8. WARRANTY AND LIABILITY

8.1 The Supplier is responsible for the quality of the Services rendered and the Products manufactured and is liable to MG3 for their defects, flaws or non-conformities with respect to the Order, **mandatory laws, requirements implicit and/or expressed through technical specifications, drawings, National and/or International harmonised standards, even where the Services and Products are attributable to its sub-suppliers.**

*Should MG3 detect a defect in the Products/Services it shall be entitled to:*

- (i) obtain, at the Supplier's expense, the replacement of the defective Products only or, at MG3's option, of the entire batch;*
- (ii) recover, at the Supplier's expense, defective Products already involved in additional processing, in cases where the Supplier is unable to provide immediate replacements or in other cases agreed with the Supplier;*

*In the event that the solutions of items "i" and "ii" are not applicable, Mg3 shall be entitled to charge the Supplier for the costs necessary to make up for the delays and/or non-performance resulting from the defects, faults and non-conformities found in the Products/Services, as set out in item 7 of these GTC.*

*In the event of non-conformities and defects attributable to the Supplier, the latter also undertakes to indemnify and hold MG3 harmless against any prejudicial consequences, including economic ones, also deriving from claims by MG3's end customers.*

**8.2** Notwithstanding the provisions of Article 1495, paragraph 1, of the Italian Civil Code, MG3 undertakes to report to the Supplier any defects, faults and non-conformities found within 60 (days) days from the date of discovery.

*The supplier, according to the terms and definitions of UNI EN ISO 9000 will be:*

- relieved from liability in the event of a claim by MG3's customer in respect of "Waiver by MG3".*
- NOT relieved of liability in the event of a claim by MG3's customer against "Concession by MG3" or "Waiver with reservation".*

*Concession" and "with reservation" are consequent to a forced acceptance to contain or avoid higher costs and/or damages (e.g. downtime or delays with penalties).*

*As far as maintenance service is concerned, the supplier is responsible for the spare parts supplied and their installation if performed by him. Liability is extended for damage to plant and machinery, products, persons.*

## 9. IDENTIFICATION AND PACKAGING

**9.1** The Products supplied must be marked, packaged and identified in accordance with the Order or the requirements of MG3. *If the packaging prescriptions of MG3 have not taken into account aspects of handling and storage that are known only to the Supplier, the latter must immediately inform MG3 so that it can take the necessary precautions to ensure the quality of the product, if necessary also proposing solutions. In the absence of prescriptions by MG3, the Supplier will be responsible for using suitable packaging to ensure the preservation of the quality of the product during handling, transport and storage.*

**9.2** *In addition to maintaining the traceability assigned by MG3, the Supplier must be able to trace its processes, materials, resources and quality controls in the event of a request by MG3.*

## 10. SECOND PARTY AUDIT

**10.1** MG3 reserves the right to **carry out System/Process/Product audits** with a minimum of 7 (seven) days' notice, *treating all information and evidence gathered during this activity with extreme confidentiality and confidentiality and respecting the security rules imposed at its sites. The supplier undertakes to favour the*

*performance of the audit with transparency and allowing access to data and workplaces; furthermore, it undertakes to resolve or mitigate any findings or non-conformities that may emerge from the audit activity within the agreed timeframe through a programme of planned activities*

## 11. PROPERTY RIGHTS AND CONFIDENTIALITY

**11.1** MG3 owns all the intellectual rights to the drawings, designs, prototypes, technical documents, provisions and confidential information, *know-how*, etc. made available to the Supplier. The Supplier may not use them for purposes other than those agreed with MG3 and may not pass them on to third parties or disclose them without the prior written consent of MG3. *If the disclosure of confidential technical data to third parties is necessary for the correct and timely execution of the Order, it must be authorized in advance by MG3.*

**11.2** In the **event that** the Supplier incorporates intellectual property rights owned by the Supplier in the Services and/or the Products, the Supplier undertakes to notify MG3 in writing. In the event that the intellectual property rights are owned by third parties, the Supplier guarantees to MG3 that he has obtained the prior consent of the third party to the use and, in any case, undertakes to indemnify and hold MG3 harmless from any claim and/or request of third parties based on an infringement of intellectual property rights relating to the Services and/or the Products, also undertaking to pay any costs and expenses, including legal ones, that MG3 may incur as a result of the infringement of such rights.

**11.3** All information concerning the Services, Products, processes, types of work and, in general, the activities of MG3 are strictly confidential and reserved. Therefore, under penalty of the obligation to pay damages, the customer undertakes not to use the aforementioned information, except for the correct and timely execution of the Order, and not to disclose it to third parties, in any way, except with the written consent of MG3.

## 12. CODE OF ETHICS

### 12.1 Legal requirements:

MG3 Fastener Solutions Suppliers must comply with national and international laws and regulations on social and working conditions concerning conventions, child labour and environmental protection.

### 12.2 Social requirements and working conditions:

MG3 Suppliers must:

- Provide a safe and healthy working environment;
- Pay at least the legal minimum wage and compensate overtime;
- If housing facilities are provided, ensure reasonable privacy, quietness and personal hygiene.

### 12.3 MG3 Suppliers are prohibited:

- Making use of child labour;
- Making use of forced or compulsory labour;
- Discriminate;
- Using illegal overtime;





## GENERAL CONDITIONS OF SUPPLY

- Preventing workers from freely joining collective bargaining organizations;
- Applying any form of mental or physical disciplinary action, including harassment.

### 12.4 Environmental Requirements:

MG3 Suppliers must:

- Working to reduce waste and emissions to air, land and water;
- Managing chemicals safely;
- Manage, store and dispose of waste in an environmentally sound manner;
- Contributing to the recycling and reuse of materials and products.

## 13. SUPPLIER APPROVAL

**13.1** Supplier approval is subject to the qualification process in accordance with MG3 quality system procedures and IATF 16949.

Modalities, calculation and KPI's are communicated annually by MG3.

## 14. APPLICABLE LAW AND JURISDICTION

**14.1** All contracts governed by the GTC shall be governed by Italian law. For anything not expressly provided for in the GTC and in each Order, the parties expressly refer to the rules applicable under Italian law.

**14.2** All disputes arising out of, connected with or related to the relationships governed by the GTCs (including therefore each Order) and to their stipulation, interpretation and execution shall be submitted to the exclusive jurisdiction of the Court of Brescia.