



GENERAL TERMS AND CONDITIONS OF PURCHASE

DIRECT MATERIALS AND SERVICES

Edition 2014_v02

1. Introduction

1.1 Brembo S.p.A. and/or Affiliates ('Brembo') operate in a highly competitive environment where success is ultimately dependant on Brembo's ability to meet its customers demands timely and effectively, while at the same time fostering an environment-friendly and socially responsible workplace. To this end, Brembo intends to secure the following objectives, which it regards as an essential factor in its choice of partners and suppliers:

- (i) ensuring a reliable and timely supply of goods and maintaining prices at the level of the best purchasing prices available on the relevant market for comparable products;
- (ii) securing goods of the best quality possible, by reference to both the quality of the relevant materials and the standards of the required craftsmanship; and
- (iii) creating a complementary relationship with a view to identifying and promptly

addressing any issues as well as identifying any opportunities (including cost savings) to improve the supply chain.

1.2 Acceptance of these general terms and conditions (the 'General T&C') by the supplier constitutes a preliminary and fundamental requirement for the participation in Brembo selection process of its Suppliers.

1.3 By accepting these General T&C, the supplier (the 'Supplier') acknowledges the objectives under 1.1 and the mutual benefits arising to the parties as a result of their pursuit.

2. Definitions and Interpretation

2.1 Unless otherwise defined in the body of these General T&C, the following terms shall have the meaning attributed to them as set out below:

'Affiliate' means, in respect of any person/legal entity, another person/legal

entity that directly, or indirectly, controls, is controlled by, or is under common control with Brembo S.p.A. or a company of the same group, where 'control' means the possession, directly or indirectly, of the power to direct or cause the direction of the management of a person/legal entity, whether through the ownership of voting securities, by contract, or otherwise;

'Contract' means the Supplier Contract and/or a Purchase Order; and/or a Delivery Schedule and/or a Separate Agreement or a Work Contract as integrated by these General T&C.

'Contract Work' means a Separate Agreement setting out the terms and conditions for the Subcontracting Activities.

'Delivery Schedule' means, with respect to each Supplier Contract, a written schedule sent by Brembo from time to time incorporating these General T&C, setting out the delivery dates and the quantities of Goods to be supplied in the period of time provided by the same schedule.

'Equipment' means any equipment, machinery, tools, tooling, jigs, dies, and/or devices required for the production of Goods by the Supplier;

'Force Majeure' means an event, or series of related events (e.g., natural catastrophe or cataclysm, civil disturbance, terrorism, mass contamination, financial or political crisis) which fall beyond the parties' control and materially, detrimentally affects the parties ability to perform their respective obligations under a Contract. Strikes shall be considered as Force Majeure in case they are organized on a national basis;

'Goods' means raw materials, parts, accessories, tools, tooling and spare parts provided by the Supplier by means of a Contract and used for the production by Brembo, including the products deriving from Subcontracting Activities;

'IPR' means all intellectual and industrial property rights, including, without limitations, patents, utility models, trade and service marks, trade names, domain names, rights in designs, copyrights, data, information, methods, processes, texts, images, software, photographs, topography on semiconductor products, databases, trade secrets and know-how and, in respect of registered industrial property, all applications for registration of such property;

'Subcontracting Activities' means any activity, performance or service related to the production process of Brembo products performed by the Supplier on raw materials and/or semi-manufactured goods provided by Brembo to the Supplier.

'Purchase Order' means a written purchase order for specific quantities of Goods sent by Brembo from time to time, by means of these General T&C;

'Separate Agreement' means a separate, specific agreement between Brembo and the Supplier governing the supply of Goods. Separate Agreement may derogate or integrate the present General T&C in accordance with its provisions;

'Supplier Contract' means the agreement on certain commercial conditions for the supply of the Goods agreed between the parties in line with following art. 4.2 (e.g.

type and code number of Goods, specifications, prices, discount plan relative to quantity, delivery conditions, lead time, yearly manufacturing capacity granted by the Supplier etc) which shall be subsequently integrated by means of the Purchase Order or the Delivery Schedule;

‘Technical Information’ means all types of technical or technological information, literature, models, drawings, designs and/or samples that Brembo makes available to the Supplier for the design, testing, development and/or production of Goods.

2.2 In these General T&C and for the purposes of any Contract, any reference to:

- (i) a party or the parties is to a party or the parties (as the case may be) to a Contract (and shall include any permitted assignees of a party);
- (ii) including means ‘including without limitation’ (with related words being construed accordingly), in particular means ‘in particular but without limitation’ and other general words shall not be given a restrictive interpretation by reason of their being preceded or followed by words indicating a particular class of acts, matters or things;
- (iii) a document is to that document as supplemented, otherwise amended, replaced or novated from time to time; and

2.3 The following schedules form an integral part of these General T&C:

- (i) Schedule 1 ‘Procurement Specifications’ edition May 2013;
- (ii) Schedule 2 ‘Quality and Environmental Specifications for Brembo Suppliers’ edition

August 2014.

- (iii) Schedule 3 ‘Code of Basic Working Conditions’.

3. Scope of these General T&C

3.1 These General T&C shall apply to Brembo selection process of the Supplier and to all Separate Agreement, Contract Work, Supplier Contracts, Delivery Schedule and Purchase Orders for the supply of Goods to Brembo.

3.2 In the event of any conflict, discrepancy or inconsistency between these General T&C and the documents referenced herein, the documents shall prevail in this order:

- (i) Purchase Order;
- (ii) Delivery Schedule;
- (iii) Separate Agreement or –Contract Work
- (iv) Supplier Contract;
- (v) General T&C.

3.3 By accepting these General T&C the Supplier expressly waives its own general terms and condition of supply or sale, if any.

4. Selection, Ordering and Acceptance

4.1 In order to appoint a Supplier, Brembo entertains consultations with a variety of operators. Consultations are carried out with a view to securing the best Goods possible and achieving Brembo's objectives as set out in the Introduction and in accordance with the principles set out in Schedule 2 ‘Quality and Environmental Specification for Brembo Suppliers’. Consultations are strictly confidential (and shall be treated in accordance with 20 below) and do not constitute, nor shall they otherwise be construed as, a promise or commitment to negotiate with any party or buy any goods

- from any such party.
- 4.2 Upon consultation, Brembo may, at its sole discretion, appoint a consulted party to be a Supplier. The Supplier Contract shall set out the conditions under which Brembo may buy Goods from the Supplier as agreed between Brembo and the Supplier, it being understood that Brembo shall reserve the right to request the same goods to other suppliers. The Supplier Contract shall be binding on the Supplier upon receipt unless rejected within three (3) working days.
- 4.3 A Supplier Contract does not oblige Brembo to buy any Goods, it being understood that the conditions set out in a Supplier Contract shall apply to any Delivery Schedule or Purchase Order issued thereunder.
- 4.4 Brembo shall be bound to purchase from the Supplier only the Goods which will be indicated in the Purchase Order or in the 'Blocked Period' identified as such in the Delivery Schedule.
- 4.5 The Delivery Schedule and the Purchase Order shall be binding on the Supplier upon receipt, provided that they are compliant with all terms and conditions set forth in the Supplier Contract.
- 4.6 In the event that Delivery Schedule (Blocked Period) or the Purchase Order require a Supplier acceptance in order to be binding, they shall be deemed to be accepted on the earlier of:
- (i) Brembo's receipt of a copy of such Delivery Schedule or Purchase Order signed by an authorized representative of the Supplier;
 - (ii) the Supplier performing any works or rendering any services in connection with

- the supply of Goods covered by such Delivery Schedule or Purchase Order; or
- (iii) the expiry of 3 working days from Brembo's submission of such Delivery Schedule or Purchase Order without the Supplier having expressly rejected it.

The Supplier shall be entitled to raise any claim against Brembo only after having fully and satisfactorily fulfilled its obligations under the Contract, which therefore cannot be suspended and/or delayed for any reasons whatsoever.

- 4.7 The Supplier undertakes to have and maintain in place an appropriate tooling and production plan in order to guarantee Brembo the agreed reserved production capacity (if any) and in any event to satisfy Brembo requirements for Goods set out in the Delivery Schedule.
- 4.8 A Delivery Schedule and/or a Purchase Order can be submitted, and accepted, in electronic form according to the procedure, and through electronic means, Brembo may from time to time indicate for these purposes, and the parties waive any defence to the validity and enforceability of any Delivery Schedule or Purchase Order based on the electronic submission, or acceptance, of such Delivery Schedule or Purchase Order.
- 4.9 If Brembo, after the submission to the Supplier of a Delivery Schedule or Purchase Order in accordance with present art. 4, submit another Delivery Schedule or Purchase Order substantially concerning the same supply of Goods, the provisions under art. 5 below shall apply.

5. Order Amendments

5.1 Brembo shall be entitled to request changes terms, conditions, modalities and the processes of production and supply of the Goods, as defined under the Supplier Contract, the Delivery Schedule, the Purchase Order including, but not limited to, specifications, drawings, designs, constructions as well as changes regarding date and place of delivery, packaging, quality, quantity and means of transportation.

5.2 If any change requested according to 5.1 above results in an increase, or a reduction, of the Supplier's costs or in a potential delay of delivery, the Supplier, within 3 working days, shall inform Brembo and the parties shall agree in writing the terms and conditions upon which any change so requested shall be implemented.

6. Subcontracting Activities

6.1 In the event that Supplier, in accordance with the Purchase Order, provides Brembo with Subcontracting Activities also the additional provisions of this art. 6 shall apply.

6.2 Brembo will deliver the raw materials and/or semi-manufactured goods ("Materials"), at its own cost and expense, to the Supplier facilities so that the Supplier performs the requested Subcontracting Activities according to the relevant Purchase Order and Supplier Contract.

6.3 Upon receipt of the Materials and before carrying out the Subcontracting Activities the Supplier shall be under the obligation to check the Materials.

6.4 Under 6.3, Supplier shall be liable for any non-conformity and/or scrapped Goods

which may result from the Subcontracting Activities, unless the Supplier provides evidence to the contrary.

6.5 In case of 6.4 Supplier shall refund the value of the Materials to Brembo and no consideration shall be due for the Subcontracting Activities which resulted in non-conformity and/or scrapped Goods.

6.6 The Goods resulting by the Subcontracting Activities shall be delivered to Brembo EXW ('Ex Works') under the Incoterms 2010, it being understood that the Supplier shall return to Brembo also non-conformity and/or scrapped Goods appropriately identified as such.

6.7 Upon prior written notice, Brembo shall perform an inventory of Materials and Goods stored at the Supplier facilities. The Supplier shall indemnify and keep Brembo harmless from any liabilities which Brembo may incur towards Supplier and /or Supplier employees under the specific provisions of the applicable law, and shall provide Brembo with all relevant and necessary documentation and certificates.

6.8 All other provisions of these General T&C, including the Schedules, shall regulate the performance of the Subcontracting Activities, if applicable and unless in contrast with 6.

7. Delivery

7.1 Goods shall be suitably, carefully and appropriately packed in accordance with Schedule 1 'Procurement Specifications'.

7.2 Unless otherwise notified by Brembo and save for any different provision under these General T&C, the Goods shall be delivered

- DDP ('Delivered Duty Paid') under the Incoterms 2010, to the warehouse or plant indicated by Brembo.
- 7.3 Brembo is entitled to return supplies delivered earlier than the delivery date indicated in the Delivery Schedule or in the Purchase Order at the cost and risk of the Supplier, and shall be reimbursed promptly for any warehousing cost incurred for the storage of such Goods.
- 7.4 The Supplier shall notify Brembo promptly if there arise any circumstances that may cause a delay. In the event of late delivery, Brembo shall be entitled to :
- (i) demand delivery, in total or in part, and apply a penalty equal to 0.50% of the price for the Goods not delivered for each day of delay, without prejudice to the damages in excess; and/or
 - (ii) source the necessary Goods from another provider at the cost and risk of the Supplier, and/or
 - (iii) cancel the Purchase Order or the relevant 'Blocked Period' of the Delivery Schedule with immediate effect by notice to the Supplier.
- The above remedies are without prejudice to any other right Brembo may have in connection with the late delivery under these General T&C or otherwise.
- 7.5 If, upon delivery, it is found out that the quantity of Goods delivered does not correspond to that in the Delivery Schedule or in the Purchase Order, Brembo shall have the right to:
- (i) accept the excess Goods, reserving the right to modify the quantity of future supplies correspondingly;
 - (ii) reject the excess Goods and return them at the cost and risk of the Supplier;
 - (iii) demand immediate shipping of any missing Goods at the cost and expense of the Supplier, even by means of special fast shipments if necessary.
- The above remedies are without prejudice to any other right Brembo may have for any liability/damage incurred as a result of or in connection with the quantitative difference of the Goods delivered.
- 7.6 Transfer of title upon the Goods shall pass to Brembo upon delivery in accordance to the applicable Incoterms.
- 7.7 The Supplier shall create and maintain a buffer stock of Goods at its own cost. The parties shall agree the exact quantity of above stock which in any case shall be adequate to ensure continuity of supplies and to cope with variations in planned quantities up to the maximum quantities set out in the entire Delivery Schedule, but in any case not less than the quantity of Goods indicated in the Binding Forecast of the Delivery Schedule. Brembo reserves the right to request an increase in the buffer stock-. Upon use, the buffer stock shall be immediately reintegrated by the Supplier.
- 8. Consignment Stock**
- 8.1 Upon written agreement with the Supplier, Brembo shall be entitled to apply a consignment stock scheme in accordance with terms, conditions and modalities as outlined below.
- 8.2 The consignment stock shall provide that:
- (i) the Purchase Orders shall be binding only

- for the Supplier, which will be under the obligation to deliver the quantity of Goods as indicated by the Purchase Orders to the warehouse or plant indicated by Brembo;
- (ii) within 90 (ninety) days from the delivery Brembo shall alternatively: withdraw in full or in part the Goods or return them to the Supplier;
 - (iii) transfer of title on the Goods shall occur upon withdrawal;
 - (iv) Brembo shall submit a report of the withdrawn Goods and Supplier shall issue the relevant invoice on the basis of such report.
- 8.3 Special terms of the consignment stock shall be agreed in a Separate Agreement.
- 8.4 The application of the above consignment stock scheme shall not entail any variations of the prices of the Goods.

9. Quality

- 9.1 The Supplier shall perform the required PPAP (Production Parts Approval Process), which shall be successfully completed before any Goods are supplied. The PPAP shall be carried out as provided for, and according to the requirements set out in, Schedule 2 'Quality and Environmental Specification for Brembo Suppliers'.
- 9.2 Supplier undertakes to strictly comply with all the quality provisions under Schedule 2 'Quality and Environmental Specification for Brembo Suppliers', both during the selection process and the performance of any Delivery Schedule or Purchase Orders.
- 9.3 Supplier agrees that upon reasonable advance notice and during normal business hours, Brembo shall have the right to

inspect Supplier's facilities and premises, in order to ensure compliance with the provisions of Schedule 2. In case Brembo fails to inform the Supplier of any mistake, defects or lack of conformity of the Supplier while executing its contractual obligations, such circumstance will not determine any waive, limitation or exclusion of the rights of Brembo, under the Contract or under the law, for the supply of Defective Goods under following art. 13.3.

10. Price, Invoice, Delivery Notes, Payment

- 10.1 The prices indicated in the Supplier Contract in respect of any Goods are fixed and final, exclusive of VAT, but inclusive of any cost incurred or to be incurred for packaging, loading, securing and/or stowing the Goods, unless otherwise agreed. Such prices shall not be subject to any change or adjustment as a result of changes in the cost of raw materials and/or labour, currency valuation or any other reason other than as a result of any agreement under 5.2 above.
- 10.2 Invoices must list the Goods subject to the same VAT rate and set out all such information and data as is required in Schedule 1 'Procurement Specifications'.
- 10.3 Goods must be accompanied by a delivery note setting out all such information and data as is required in Schedule 1 'Procurement Specifications'.
- 10.4 Payments will be made by wire transfer on the dates as indicated in the relevant Supplier Contract and/or Purchase Order, provided that Brembo may at any time and without notice set-off, any Supplier's claims for money due from Brembo against any

- claims that Brembo has or may have arising out of this or any other transaction between Brembo and the Supplier.
- 10.5 Brembo remedies in case of material breach of the provisions under 4, 5, 6, 7, 8 and 9 include withholding payment until the breach is corrected, and if Brembo uses that remedy, Brembo shall not be liable to the Supplier for any loss, including any interests on arrears for late payment, resulting from the withholding of payments. This provision is cumulative and in addition to any and all other remedies that are available to Brembo under the Contract and under the applicable law.
- 11. Custom, Origin And Export Control**
- 11.1 The Supplier shall notify Brembo in writing of materials or components used in the production of any Goods, which the Supplier buys in a country other than the country where such Goods are delivered to Brembo and of any duty included in the price of the same Goods. The Supplier shall furnish Brembo with any documentation and information necessary to establish the country of origin, comply with the destination country's rules of origin requirements and any special trade programs.
- 11.2 The rights to and benefits of any duty drawback and export credits shall, to the extent permitted, be automatically transferred to, and the property of, Brembo. The Supplier shall provide assistance as is necessary to obtain refunds or to drawback any duty, taxes or fees paid, and to receive export credits.
- 11.3 Customs duty and customs brokers' fees shall be Supplier sole responsibility as set forth under 7.2. Should these General T&C or Supplier Contract or Purchase Order expressly indicate a different Incoterms 2010, customs duty and customs brokers' fees will be determined accordingly.
- 11.4 The Supplier shall assist Brembo in determining admissibility, timely release, customs clearance and entry, licence requirements and the proper minimum duty to be paid upon importing the Goods into the destination country, provided that it is a Brembo responsibility. If a licence is required for importing/exporting Goods, the Supplier shall assist Brembo in obtaining any such license.
- 12. Force Majeure**
- 12.1 In the event of Force Majeure, the party affected shall immediately notify on the other setting out the causes thereof and the impact on the performance of its obligations.
- 12.2 The parties shall meet as soon as reasonably possible to agree any variation to the Contract as is necessary or appropriate to cater for the consequences of the Force Majeure event, provided that the party affected shall not be responsible for the obligations impaired by the Force Majeure event for as long as the interference continues.
- 12.3 If the parties cannot agree on a variation to the Contract within 45 days from the occurrence of the Force Majeure event or such event continues for a period of 45 days, then either party shall be entitled to immediately terminate the Contract by notice in writing to the other without any liability other than with respect to obligations

which, at the date the event of Force Majeure first happened, had already fallen due.

13. Warranty

13.1 The Supplier warrants that all Goods supplied:

- (i) comply with all laws and regulations as are applicable in the relevant sales markets;
- (ii) are free of faults or defects, and comply with the specifications, drawings, descriptions, designs or samples furnished or specified by Brembo (including the Technical Information); and
- (iii) are suitable and fit for the use intended.

13.2 The warranty term shall expire on the following term whichever comes later :

- (i) the expiry of any warranty provided to end-customers of the Goods, or products into which the Goods are incorporated; and
- (ii) the expiry of any warranty period prescribed by the national law of any sales market, into which, Goods or products into which the Goods are incorporated will be sold; and
- (iii) the fifth (5th) anniversary of the delivery date of the Goods.

13.3 At any time during the warranty period, in the event of any Goods not complying with 13.1 above ('Defective Goods'), Brembo shall (in addition to its rights under 14 below) have the right (at the Supplier's cost and expense) to:

- (i) perform, even by appointing a third party, any quality check, selection, tests on the Defective Goods at the Supplier's expense;
- (ii) reject the Defective Goods or, if the parties have agreed to a tolerance margin and the tolerance margin is exceeded, reject the

entire batch of which the Defective Goods are part;

- (iii) demand immediate replacement of the Defective Goods or, if the parties have agreed to a tolerance margin and such margin is exceeded, replacement of the entire batch of which the Defective Goods are part;

- (iv) recover the Defective Goods by means of supplementary work if the Supplier is not able to provide immediate replacement.

13.4 Brembo shall inform the Supplier of the defects or lack of conformity of the Defective Goods within 60 days from the detection. Such notification shall not be subject to any special formal requirements.

14. Indemnity And Insurances

14.1 The Supplier undertakes to indemnify Brembo on demand against:

- (i) any liabilities, losses, damages, expenses (including without limitation fees of counsel and experts) and other costs incurred in connection with any breach of, or non-compliance by the Supplier with, the Contract; and

- (ii) any claim resulting from injury or death of any person and damage or loss of any property caused by Defective Goods or otherwise arising from any act, omission or negligent work of the Supplier (or any person acting on its behalf) as well as any costs incurred in connection with vehicle recall and customer satisfaction campaigns (including but not limited to retrofitting and repair, subsequent delivery and installation and removal of the Defective Goods).

14.2 In addition to the indemnity obligations set

- out in 14.1 above, the Supplier shall cooperate with Brembo in dealing, and take such actions as Brembo may reasonably request in connection with any recall or campaign which Brembo may carry out.
- 14.3 The Supplier shall procure and maintain at its sole expense for as long as it supplies Goods to Brembo and for five (5) year after the termination of the Contract the following insurances with a primary carrier:
- (i) Product liability insurance;
 - (ii) Product recall insurance including direct first party recall, third party recall, whether requested by Brembo, any Authority or any Brembo customers including any service campaign.
- Brembo reserves the right to request any further insurance coverage to the Supplier in addition to what provided for in this 14.
- 14.4 Insurance policy under 14.3 (i) shall name Brembo as 'Loss Payee' and/or as 'additional insured', be primary and not excess over or contributory with any other valid, applicable, and collectible insurance in force for or maintained by Brembo or Brembo customers and provide that Brembo be given thirty days prior written notice of cancellation or material change in coverage. The Supplier waives, and shall cause its insurers to waive, any right of subrogation or other recovery against Brembo.
- 14.5 Supplier will notify Brembo in writing no less than thirty (30) days prior to cancellation, termination, or material changes of any one policy. At least ten (10) days before the inception or the expiration of an insurance policy required hereunder, Supplier will deliver to Brembo a certificate of insurance or equivalent declaration.
- 14.6 Brembo may at any time require the Supplier to furnish evidence of the foregoing insurance.
- 15. Technical Information And IPR**
- 15.1 Technical Information is and will remain the exclusive property of Brembo and may be used by the Supplier for the duration of the Contract solely to produce Goods to be supplied to Brembo under the Contract itself excluding any other scope or purpose.
- 15.2 The Supplier undertakes to:
- (i) keep Technical Information confidential in accordance with 20 below, and promptly return it to Brembo at its request;
 - (ii) not to reproduce or copy any Technical Information other than within the limits expressly authorised by Brembo; and
 - (iii) not to use any Technical Information or other information based, in whole or in part, on Technical Information to produce any goods other than the Goods.
- 15.3 Before execution of a Supplier Contract, the Supplier shall advise Brembo in writing if any relevant Goods are covered by any Supplier's IPR, and, if so, which IPR it is subject to, provided that failure by the Supplier to communicate such rights shall constitute a definitive waiver to exercise such IPR on above Goods with respect to Brembo. This latter shall be, therefore, entitled to perpetual, worldwide, unlimited use of afore mentioned IPR rights for any purpose.
- 15.4 Except for any rights communicated in accordance with 15.3 above, if the Supplier creates new IPR in connection with the

execution of the Contract, the Supplier will advise Brembo and, upon request, will make available to Brembo all documentation and information relating to such IPR. Brembo shall automatically be granted a non-exclusive, world-wide, royalty free, irrevocable and perpetual licence for the use of such IPR. The Supplier shall register (or take whichever other steps as is necessary to protect) the new IPR as directed by Brembo, or alternatively shall allow Brembo to do so in the name and on behalf of the Supplier. In any case, the Supplier shall bear the expenses of registration, filing and protection of the new IPR.

15.5 The Supplier guarantees that the production, use and sale of Goods do not infringe any third-party IPR. The Supplier shall bear the cost of any third-party claims and keep Brembo harmless with respect to any such claims or any other action (including any attempt of confiscation) which may be initiated by any third party against Brembo.

16. Specific Equipment And Materials

16.1 If Brembo provides, or buys and subsequently makes available, Equipment to a Supplier other than on the basis of a specific contractual arrangement, the following provisions shall apply.

16.2 Any Equipment provided to the Supplier shall remain the exclusive property of Brembo. The Supplier shall be liable in the event of its loss, destruction or damage. The Supplier shall:

- (i) record and mark the Equipment as being the property of Brembo;

- (ii) provide adequate insurance coverage against risks of fire, theft, vandalism, natural disasters, unauthorised modification and other insurable risks of loss or damage;
- (iii) keep the Equipment with the highest care and provide to ordinary maintenance;
- (iv) notify Brembo immediately of any need for extraordinary maintenance or substitution, it being understood that the performance of such repairs or substitution will be authorised by Brembo and carried out at its own cost; and
- (v) not to transfer Equipment outside the Supplier's own plants, nor use the Equipment for any reason other than the execution of the Contract.

16.3 If the Supplier is required to manufacture or develop, or buy, any Equipment in order to be able to supply any Goods, the cost of such Equipment, as well as any contribution by Brembo (in the form of an increase of the price applicable to the relevant Goods or otherwise), shall be agreed between the Parties and set out in the relevant Supplier Contract.

16.4 This Equipment produced, developed and purchased under previous article 16.3 shall be kept and maintained by the Supplier with the highest care in the interest of Brembo, provided that:

- (i) Brembo shall acquire ownership of, and title to, this Equipment upon payment to the Supplier in full of the lower of: (i) net book value (i.e. book value minus depreciation applied in accordance with applicable accounting standards) and (ii) orderly liquidation value; and

- (ii) upon payment as provided in 16.3 above, the Supplier grants to Brembo a non-exclusive, world-wide, royalty free, irrevocable and perpetual licence with respect to any IPR of the Supplier incorporated into, or necessary for the use of, the relevant Equipment.
- 17. Designation Of Goods And Publications**
- 17.1 The Supplier shall mark the Goods as required by, and in accordance with Schedule 1 'Procurement Specifications'. Neither party shall use any of the other party's proprietary names, logos, trade names, trademarks or service marks without the prior written consent of the party, which owns or controls such proprietary names or trademarks.
 - 17.2 Without Brembo's prior written consent, the Supplier shall not publish in any manner (through any marketing or other media) that the Supplier has contracted with or has been supplying Goods to Brembo, other than as required by applicable laws or regulations.
- 18. Spare Parts**
- 18.1 The Supplier shall make and sell to Brembo Goods (or parts thereof) for use as spare parts in connection with Brembo's service, after-market and warranty requirements for a period of fifteen (15) years after the end of production of the relevant Goods.
 - 18.2 The price of such Goods (or parts thereof) shall, for as long as they are used in the production of Brembo's products, be the same as the price payable under the last Supplier Contract for corresponding Goods (or parts thereof).

19. Termination

- 19.1 Brembo shall be entitled to unilaterally terminate the Contract at any time and for any reason upon sixty (60) days prior written notice to the Supplier. In this case, no indemnity, reimbursement or amount of any kind shall be paid by Brembo to the Supplier save for the consideration already due before the termination. The Supplier waives any right to unilaterally terminate the Contract if provided by the applicable law.
- 19.2 Without prejudice to the other provisions of these General T&C and of all the remedies provided by the applicable law, Brembo shall have the right to terminate the Contract with immediate effect upon the Supplier's receipt of written notice thereof if the Supplier has breached any of the following provisions: 4, 5, 6, 7, 8, 9, 10, 13, 14, 15, 16, 17, 18, 20, 21, 22. Any such termination shall not affect the liability of a party with respect to any obligations which, at the date of termination, had already fallen due.
- 19.3 In addition to 19.2, Brembo shall be entitled to claim any and all damages resulting from the breach of the provisions under 19.2 by the Supplier including, for instance, without limitations, lost contracts and sales to Brembo's clients.

20. Confidentiality

- 20.1 The Supplier shall not divulge or otherwise make available to any third party any information of any type and in whatever form (including Technical Information), which the Supplier has acquired, or is otherwise available to it, as a result of, or in connection with, the execution of the

- Contract.
- 20.2 The obligation of the Supplier under above art. 20.1 shall continue in effect for the duration of the Contract and, thereafter, until the first of the following events occurs: i) the relevant information, including the Technical Information, becomes publicly available or otherwise enters the public domain without the Supplier's fault.; ii) a term of 5 (five) years after the expiration or termination of the Contract has elapsed..
- 20.3 Any communication to third parties as to the existence and content of these General T&C by any means (press, radio, TV, other media) shall previously be agreed by the parties in writing.
- 21. Compliance**
- 21.1 The Supplier shall:
- (i) be responsible for obtaining, paying for and maintaining in force all applicable licences, consents, permits and approvals of all regulatory authorities whatsoever which are or may be necessary or advisable in connection with the conduct of their businesses;
 - (ii) abide by all the laws and regulations in force in any country in which the Supplier performs its activities.
- 21.2 Brembo has adopted the Ethic Code, available online at www.brembo.com, the principles of which inspire Brembo conduct in doing business.
- 21.3 In compliance with the Italian regulation, Brembo has adopted an 'Organizational and Management Control Model', by which it means to grant, inter alia, the respect of the principles stated into the 'Ethic Code'.

- 21.4 Brembo wish to cooperate and make business only with suppliers which inspire their own conduct to principles similar to those stated in the 'Ethic Code'. If the Supplier has adopted its own Ethic Code, it shall respect its provisions. Otherwise, the Supplier shall respect the provisions of the Brembo's Ethic Code. In particular the Supplier shall refrain from taking any action or engaging in any practice which may result in a breach of any anti-bribery or anti-corruption laws.
- 21.5 Without prejudice to the other provisions of these General T&C and in addition to what provided for under 19 or in any other provisions of these General T&C, Brembo shall have the right to terminate the Contract with immediate effect in the event that the Supplier is subject to interim measures or sanctioned for corporate criminal liability. Any such termination shall not affect the liability of a party with respect to any obligations which, at the date of termination, had already fallen due, it being understood the Brembo shall be entitled to be reimbursed for the damages caused by the conduct of the Supplier and be indemnified for any claim or action raised by third parties in relation to such conduct.
- 21.6 Brembo may request the Supplier from time to time to certify in writing its compliance with the present art. 21.
- 22. Environment, Social Responsibility And Other Ethical Standards**
- 22.1 The Supplier shall use the resources and facilities necessary for production of the Goods (including materials, energy and water) efficiently and shall reduce the

environmental impact of such production (in particular with respect to waste, wastewater, air pollution and noise) to a minimum. The Supplier shall establish, according to the provisions of Schedule 2, and maintain a certified environmental management system in accordance with the requirements of ISO 14001. The Supplier is responsible for registration and, where necessary, authorisation or notification of chemical substances contained in Goods in accordance with the statutory requirements that apply to the market concerned (e.g. REACH, EU).

- 22.2 Brembo actively promotes an environment-friendly, socially aware and sustainable work place and demands that the Supplier adheres to, and act by, the same standards and principles. In particular, the Supplier shall at all times endeavor to be inspired by The UN Universal Declaration of Human Rights, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, the OECD Guidelines for Multinational Enterprises. In addition to the foregoing, the Supplier undertakes to respect the principles listed in Schedule 3 'Code of Basic Working Conditions' which shall be considered of a fundamental importance under the Contract and to respect the essential rights of the employees. The Supplier shall, therefore, undertakes not to force labour in breach of the law on immigration, working time, and underage work.

23. Miscellaneous

- 23.1 Brembo shall have the right by serving prior notice on the Supplier to access, and make

copy of, all of the Supplier's information, books, records, payroll data, receipts, correspondence, and other electronic and non-electronic documents relating to the Goods, the Supplier's obligations under the Contract, any payment made to the Supplier, or any claim made by the Supplier, as reasonably required for the purpose of auditing or verifying the Supplier's performance of, and compliance with, the terms of the Contract. The Supplier shall preserve this information and these documents for the period indicated in the Schedule 2.

- 23.2 The Supplier shall cause its Affiliates, employees, agents and other representatives as well as its own suppliers and subcontractors to comply with the obligations and restrictions set out in the Contract.
- 23.3 In order to be valid any waivers or amendment must be agreed in writing by the parties in paper form providing for as subject and/or heading the following wording "General T&C amendment form", executed in original by both parties. Such document shall expressly incorporate the full text of the provision which the parties agree to waive and/or amend as well as the new version of the provision as resulting from such amendment.
- 23.4 The Contract (including any credit thereunder) may not be assigned or otherwise transferred by the Supplier, in whole or in part, without the prior written consent of Brembo.
- 23.5 Without prejudice to any audit right provided in Schedule 2, upon reasonable prior notice

- Brembo and/or Brembo customers shall be entitled to inspect Supplier facilities in order to audit Supplier compliance with any provisions of the Contract.
- 23.6 No delay in exercising or non-exercise by a party of any right, power or remedy under the Contract shall impair, or otherwise operate as a waiver or release of, that right, power or remedy.
- 23.7 The expiration or termination of the Contract shall not affect Suppliers obligation or representation and warranties, and Brembo rights under the Contract with Respect to Goods delivered or ordered prior to such expiration or termination. Without limiting the foregoing 13, 14, 15, 16, 17, 19, 20, 23 and 24 shall survive termination or expiration of the Contract and these General T&C perpetually or within the duration provided in the relevant article, if any.
- 23.8 In the event of any provision of the Contract being found or deemed invalid or unenforceable, the general validity of the Contract shall not be affected, and the parties shall subsequently use their best endeavours to agree on a valid replacement provision, which to the extent legally permissible, achieves the same purpose(s) as the original one.
- 24. Governing Law And Jurisdictions**
- 24.1 The Contract shall be governed by and construed in accordance with Italian law.
- 24.2 Any dispute arising under or in connection with the Contract shall be finally and exclusively settled by the Court of Milan.
- 24.3 Notwithstanding the above Brembo shall

have the right to bring an action before the competent Court at the domicile of the Supplier, in which case such dispute shall be decided by applying, and the Contract shall be subject to and construed in accordance with, the substantive law of the country where the Supplier is established. The parties expressly exclude the application of the United Nations Convention on Contracts for the International Sale of Goods.

Supplier Signature

Date: _____

Pursuant to articles 1342 and 1342 of the Italian Civil Code, the Supplier hereby specifically approves the following provisions of these General T&C, having acknowledged the content thereof:

- 3.3 (waiver to the Supplier's general terms and conditions)
- 4.2 (binding effects of the Supplier Contract)
- 4.6 (binding effects of the Delivery Schedule and of the Purchase Order)
- 4.7 (acceptance of the Delivery Schedule and of the Purchase Order)
- 7.4 (annulment of the Purchase Order)
- 9.3 (audits and inspections)
- 10.4 (Brembo right to set off)
- 10.5 (withholding of payment)
- 14.4 (waiver to the subrogation right)
- 15.3 (waiver to the non-notified IPR)
- 15.4 (obligation to licence the new IPR)
- 19 (waiver to the Supplier's termination right)

23.4 (prohibition to assign the Contract and the relevant credits)

24 (competent court)

Place and date _____

Supplier Signature
