



GENERAL CONDITIONS OF SUPPLY

To regulate the relationship between Motor Power Company s.r.l. (hereinafter MPC) and your company, this document outlines our terms of supply for purchased materials and outsourced work.

This document shall be considered an integral part of any purchase order issued by MPC, and acceptance of the PO implies acceptance of all specifications listed hereunder.

This document is supplemented by dedicated specifications for the following types of supply:

- □ Commercial Products = commercially available products in the supplier's catalogue; this specification excludes electrical and electronic components such as transducers, drives, control systems, brakes or chemicals (see corresponding specifications)
- □ **Assembled Products** = products sent under purchased materials or outsourced work accounts assembled based on technical specifications and/or a design supplied by MPC
- □ **Moulded Products** = products manufactured by moulding or casting of aluminium, cast iron, plastic etc.
- □ Machining products, including under outsourced work account = work involving machining and/or processing based on technical specifications and/or a design supplied by MPC, or supplied by MPC itself for outsourced work and not under purchase account
- □ Wound products, including under outsourced work account = work involving winding based on technical specifications and/or a design supplied by MPC, or supplied by MPC itself for outsourced work and not under purchase account
- □ **Electronic/Electromechanical Products** = electrical/electronic products such as transducers, actuators, drives, control systems and brakes.
- □ **Chemicals** = chemical products such as adhesives, paints, release agents and other products used in the various company processes.
- **Bespoke purchased products** = MPC reserves the right to create dedicated specifications for the purchase of a given product, to be supplied on the basis of technical specifications and/or drawings from MPC

The dedicated specifications for the above supplies will be provided based on the supply in question and shall also be considered an integral part of all purchase orders issued by MPC.

1. **DOCUMENTATION**

1.1. Outsourced work/purchase order:

Orders issued by MPC must be checked in their entirety and **confirmed in writing**; any modifications must be communicated to the Purchasing Department within three working days of the issue date of the order. After this date, the order shall be considered as accepted and confirmed, and any modification shall be subject to acceptance by MPC's purchasing department.

1.2. **Delivery Documents:**

Delivery of materials shall be accompanied by transport documents enabling the identification of the product and its purchase order; therefore, the following must be specified:

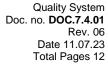
- Item description
- MPC item code
- MPC order date and number
- Any "free pass material" note (see section 4.6)

1.3. **Subcontractors:**

When required, suppliers may make use of subcontracting if authorised by MPC in advance; said authorisation must be in writing and does not relieve the supplier from their responsibilities both in terms of quality and compliance with delivery schedules.

1.4. Confidentiality:

All documents provided to the supplier by MPC (drawings, orders etc.) are confidential and may not be forwarded to third parties for any reason without prior written authorisation from the document owner. Any data





inferred during the execution of supplies, orders received and any other communication between the supplier and MPC shall similarly be considered confidential.

DELIVERY

2.1. **Transport**:

Supplies are normally delivered carriage paid to MPC premises, unless agreed otherwise. The supplier may choose the most suitable carrier or transport type.

2.2. Packaging:

Products weighing less than 15 kg may be delivered in boxes. For deliveries of weighing more than 15 kg, goods shall be packed in boxes on 80×120 cm pallets, in such a way that the material is completely contained on the pallet. Containers must never exceed a maximum weight of 1000 kg.

2.3. Specific Packaging:

MPC reserves the right to define dedicated packaging specifications based on needs and requirements.

2.4. **Costs**:

The product price shall include the cost of packaging and protection in accordance with the above points. If this is not the case, the supplier must notify the purchasing department of this in writing.

2.5. Packaging owned by MPC:

If containers owned by MPC are used, these will always be supplied with corresponding outsourced work transport document; when used, they must therefore be returned with a transport document specifying the type of container used. Such containers must only be used with MPC materials; broken or damaged containers must be returned with notification and not used for transport. Containers must not be used that are unsuitable for the material to be transported, or that exceed the maximum transportable weight (1000 kg for metal cases and 40 kg for plastic cases).

2.6. **Protections:**

It is the supplier's responsibility to ensure that the supplied material is protected and delivered in perfect condition; It must therefore be protected from dirt, oxidation and rust during transport. The material must also be packaged to avoid damage during transport.

2.7. Identification:

If a single shipment contains several products, these must be packaged in such a way that they cannot be mixed up, and the following data shall be provided on a tag, label or other suitable marking system:

- Item description
- MPC Code
- Number of pieces
- Barcode
- Any reference lot number
- Note reading "free pass material", where applicable

Any rejected or unworked pieces must be packaged separately and clearly marked REJECT or NOT PROCESSED.

2.8. Samples:

Any pieces requested as samples must be kept separate and marked as above with the text **SAMPLES**. Any order of these materials is subject to approval and validation of the samples received; therefore confirmation shall be required by MPC for any subsequent production order. The sample must be completed with the specific **Production Part Approval Process** (PPAP) documentation, provided by MPC.



2.9. **Delivery Dates:**

Agreed delivery dates MUST be respected; any late or early deliveries must be notified in advance to the Purchasing Department in order to allow a new delivery date to be agreed. Partial deliveries must be avoided, as these will not be accepted unless specifically agreed. For delays exceeding 5 working days from the date of delivery specified on the order, MPC reserves the right to request compensation for damages from the supplier. Deliveries will not be accepted in the last three working days of each month unless specifically agreed with the Purchasing Department; failure to comply with this will lead to 30 days being added to the payment term for the supply order in question.

3. TECHNICAL SPECIFICATIONS

3.1. **General Specifications**:

- All components supplied must comply with the technical specifications provided by MPC in the form of drawings, technical specifications or other relevant documentation, and must pass any checks and testing indicated by these.
- All components must be supplied with suitable installation and operating instructions, essential for ensuring the safety of persons and property, as well as the correct product operation.

3.2. **Safety**:

The supplier shall guarantee the materials produced comply with safety and accident prevention regulations in force at the time of delivery of the goods in Italy.

3.3. **Personnel:**

Where necessary, the supplier must demonstrate their personnel is able to undertake activities requiring professional qualifications, such as welding etc.

3.4. Special Processes Qualification:

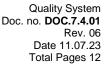
Where required, the supplier must demonstrate qualification of their processes classified as special, for example welding, painting processes, gluing etc.

3.5. Reference Standards:

The supplier must guarantee the materials produced comply with the European Directives and reference standards specified at the time the order is placed; it is the supplier's responsibility to check the validity and correct version of the reference standards and directives.

MPC complies with the following directives, regulations and laws (this list is not exhaustive and does not relieve the supplier of the requirement to check applicability):

- Directive 2014/35/EU, known as the Low Voltage Directive
- Directive 2014/30/EU, known as the Electromagnetic Compatibility Directive
- Directive 2006/42/EC, known as the Machinery Directive
- Directive 2011/65/EU, known as RoHS II
- **Directive 2015/863/EU** commonly known as *RoHS 3*, which integrates the above-mentioned *RoHS II Directive*.
- Regulation (EC) no. 1907/2006, known as REACH
- MAPCEIP (Measures for Administration of the Pollution Control of Electronic Information Products), known as RoHS II China
- Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, known as Conflict Minerals Free
- Regulation (EC) No. 428 /2009, known as the *Dual Use* regulation
- Regulation (EU) No 2017/821, commonly known as Conflict Mineral Free Europe.





Unless expressly agreed with or authorised by MPC in writing, the supplied products must comply with these requirements; suppliers must send (where specified) MPC a copy of the declaration of conformity for the products and keep this copy updated with all modifications.

3.6. Chemical Substances:

Suppliers must guarantee that any products sold to MPC do not contain chemicals that are prohibited in Europe. Any toxic and/or harmful substances present must be communicated to MPC in advance via a specific MSDS drafted in accordance with the relevant directives, which must be kept up to date under the supplier's responsibility. In particular, the supplier must send a copy of its position with regard to **REACH** (previously specified in section 3.5.). In particular, the supplier shall provide a copy of their position regarding the **Reach Regulation** (mentioned in paragraph 3.5). The supplier shall ensure compliance with the regulation and its updates (expected every 6 months) regarding the list of "Substances of Very High Concern - SVHC" (here is the link: https://echa.europa.eu/en/candidate-list-table). If no communication is received, silence will be considered as consent to the respective updates mandated by the regulation.

3.7. Conflict Mineral Free:

Suppliers must specify their position with regard to the use of any materials mined in countries located in "Conflict Zones"; this includes the Democratic Republic of the Congo (DRC) and bordering countries (previously specified in section 3.5.).

3.8. RoHS II China:

The RoHS II China directive differs from the European directive in that it removes <u>all</u> exemptions and exclusions present in the European directive 2011/65/EU. The supplier must provide notification if they are applying any exemptions, and if so, which, in addition to a declaration of conformity with the European directive.

3.9. Laws, Directives, Standards:

The supplier commits to comply by new laws, directives, and/or standards that become mandatory after the date of signing this document, especially those concerning workplace safety and environmental sustainability.

3.10. **Documentation**:

For products purchased from a catalogue stating their technical specifications, the documentation in our possession must be kept up to date at all times and we must receive new catalogues or technical data sheets should the supplier make any changes to the product specifications.

3.11. **Changes**:

Upon receiving the order, the supplier must check that they have the drawing of the part to be produced in their possession, comparing the modification index specified on the order with that on the drawing and/or the relevant documentation; in the event of any discrepancies, they should contact MPC's Purchasing Department. In the event that a drawing is modified when an order is already in progress, or if the supplier is in possession of material that has already been worked to specifications no longer up to date, it must immediately notify MPC's Purchasing Department in order to define how the materials will be processed.

4. INSPECTIONS AND CERTIFICATIONS

4.1. **The supplier**: it is the supplier's responsibility to deliver fault-free products and therefore, unless otherwise specified, must, carry out all inspections on incoming goods, during production and on the finished product as necessary in order to prevent potential non-Conformities



4.2. **MPC** may perform the following, at its discretion:

- Audits for supplier qualification, which must take place within fifteen working days of the request, unless
 otherwise agreed.
- Audits following detection of a non-Conformity, which must take place within two working days of the request, unless otherwise agreed.
- Audits of the supplier or subcontracted supplier processes, including with the presence of MPC customers
- *Inspections* of materials delivered by the supplier in accordance with the specifications requested by our Quality Control department according to the established inspection plans.

4.3. Acceptance Inspections Status:

MPC may, at its discretion, decide not to perform any inspections on incoming goods, notifying the supplier accordingly when the order is issued.

The supplier must provide evidence of this, specifying it in the delivery documents (see section 1.2) and on the packaging (see section 2.7)

4.4. Inspection Form:

Where required, the goods must be delivered complete with inspection documentation certifying the inspections performed in accordance with the agreements made also in relation to the provisions of section 2.7.

4.5. Non-Conformities:

Should nonconforming parts be detected during processing, the supplier must retain them unless agreements to the contrary are made at the time. For work performed under an outsourced work account in which a fault is found on an unworked part, this nonconformity must immediately be notified to MPC and the parts returned labelled RETURNED REJECTS FROM ORIGIN. On the other hand, if the work performed is found faulty, the material must be returned labelled RETURNED REJECTS FROM PROCESSING

4.6. System Certifications:

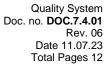
MPC favours certified suppliers, in particular:

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- OHSAS 18001 or ISO 45001 Workplace Health and Safety Management System
- Implementation of an MOG 231 (organisation and management model pursuant to Italian Legislative Decree 231/2001)

Although the above are not binding requirements, they carry significant weight in the assessments detailed in section 4.2.

5. **231 CLAUSE**

The company/freelancer/consultant hereby declares that they are aware of the content of Italian Legislative Decree 231/2001, and agrees to refrain from conduct falling under the types of alleged/potential offences specified in the same decree (whether or not such an offence was actually committed or can be prosecuted), and that they have read the company's Code of Ethics, available at www.motorpowerco.com. Failure of the





company/freelancer/consultant to meet this commitment shall be considered a serious breach by the parties and reason for termination of the contract for breach of contract pursuant to article 1453 of the Italian civil code and will allow the company to terminate it with immediate effect.

6. TOOLS and MOULDS

6.1. Approval of moulds/dies:

The production of all new mould/die parts, associated tools or any extraordinary maintenance (see 5.5) requires a number of sample parts (as agreed) to be sent for inspection by our Quality Control Department. The mould/die may only be used for normal production after written approval has been granted. The sample parts shall be delivered as described in point 2.6-2.7-2.8.

6.2. Ownership of Moulds:

Moulds/dies and associated tools remain the property of MPC and may not be used, even partially, for work not expressly requested by their owner. MPC reserves the right to inspect and, withdraw any tools that are the company's property.

6.3. **Identification**:

Moulds/dies and tools must be identified with a label indicating "Property of MPC S.r.l.", followed by the code of the part associated with the mould/die or tool. If tools relating to use of the moulds/dies are present, they must be identified with a label indicating "Property of MPC S.r.l.". These labels must be engraved and indelibly marked, on a clearly visible part of the moulds.

6.4. Storage:

The moulds/dies and other tools must be stored in a suitable manner in clearly defined areas, protected from the weather and from falling or other potential damage, and available for inspection by MPC. Tools must also be stored in a clean condition, ready for any further work.

6.5. **Maintenance**:

MPC must be informed without delay and agree to extraordinary maintenance involving work on the structure of the mould. MPC must be informed without delay of damage resulting from negligence, inexperience or any other supplier error so that parties can agree on the way to resolve it, which shall be entirely at the expense of the supplier. Any extraordinary maintenance will require the approval of samples pursuant to the provisions outlined in point 6.1.

7. WARRANTY and RETURNS

7.1. The supplier:

shall guarantee that the materials produced comply with the agreed technical specifications and this specification document.

7.2. The product shall be found faulty:

if it fails to comply with the drawings, technical specifications and/or the contents of this specification document and shall thereby be classed as **NONCONFORMING**. In this case, MPC may return the material to the supplier, agreeing on the work necessary to correct the supplied goods. Any compensation linked to faults shall be agreed between the parties and may be reason for termination of the contract or the order.



7.3. **Timeframes**:

MPC shall notify the supplier of non-Conforming/faulty products by issuing its non-Conformity report, which is the official document in use at MPC to report non-Conformities to suppliers. This report may be issued at any time during the warranty period agreed with the supplier. This period shall be no less than 12 months from the date of delivery of the goods, unless otherwise agreed.

7.4. Management of Returns of Non-Conforming/Faulty Materials

Materials returned to the supplier in the event of non-Conformities (with the issue of a non-Conformity report) must comply with the following provisions, on the basis of the decisions agreed upon:

- Return for credit = the supplier shall credit the exact amount for the number of pieces returned, plus
 any penalties/costs incurred for the ENTIRE management of the specified nonconformity, specifying
 the number of the nonconformity and the transport document number issued by MPC in the
 accounting records.
- Return for replacement = the supplier shall replace (and NOT repair) the exact number of pieces
 returned, specifying the number of the nonconformity and the transport document number issued by
 MPC itself in the return transport document to MPC, naturally complying with the general rules
 outlined in this specification document; MPC reserves the right to charge penalties/costs incurred for
 the ENTIRE management of the nonconformity.
- Return for rework = the supplier shall rework the exact number of pieces returned, specifying the number of the nonconformity and the transport document number issued by MPC itself in the return transport document to MPC, naturally complying with the general rules outlined in this specification document; MPC reserves the right to charge penalties/costs incurred for the ENTIRE management of the nonconformity.

All transport costs (from and to MPC) shall be entirely borne by the supplier.

7.5. Response to Non-Conformities:

As specified in the non-Conformity report sent, the supplier shall:

- respond rapidly (within 8 working hours of receipt) to the findings detailed in the non-Conformity report
- provide a written response outlining the measures adopted and actions taken to resolve the non-Conformity, using 8D methodology if possible, within 5 working days of the NC report being issued.

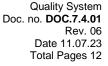
If the above responses are not forthcoming, MPC reserves the right to suspend any ongoing payments and to cancel any current orders without penalty or other measures.

8. SUPPLIER QUALITY ASSESSMENT

MPC makes continual assessments of supplier quality performance, regarding:

- complying with delivery schedules
- · the level of conformity of products delivered
- compliance with agreed conditions, including this specification document and specific agreements.

MPC reviews supplier performance on a regular basis (with regard to the points outlined above in addition to other aspects, such as pricing and/or the level of collaboration received) and assesses any actions and/or activities together with the supplier, reserving the right to apply the provisions of section 4.2. MPC reserves the right to send each supplier a regular report outlining their situation and any requests for activities to be performed or improvements to be made.





9. GENERAL SUPPLIER ASSESSMENT

MPC believes the relationships with its suppliers go beyond purely economic aspects, and so finds it is necessary to assess suppliers from the point of view of risk management when beginning or continuing a working relationship together. In order to do this, during the audits per section 4.2 – as well as at other times – MPC reserves the right to assess the supplier from the point of view of its:

- Financial situation
- Shareholders
- Corporate social responsibility
- · Workplace health and safety
- Environmental record
- Any other information considered necessary.

Any information received will be considered confidential, and subject to specific written agreements, if necessary. It is important to note that the collection and knowledge of the above information is considered a high priority by MPC and is given particular consideration in the assessments outlined in this chapter and chapter 6.

10. **REPAIRS**

Whenever any repair work is necessary, *namely anything NOT COVERED BY THE WARRANTY*, reference must be made to the specific document that may be provided as an annex to this specification document.

MARKING

Should the supplied product require specific marking, reference must be made to the documentation pertaining to the defined commercial agreements.

12. PHASE-OUT OF

Commercial products/products purchased to specifications:

Whenever the supplier plans to phase out products supplied to MPC, they must:

• Inform the purchasing department about their decision in writing with at least 12 months' notice and agree on the phase-out provisions (availability of spare parts, interchangeability etc.)

13. **ENVIRONMENT**

MPC places great focus on environmental issues, and therefore promotes certain recommendations in this regard.

- Full compliance with applicable environmental legislation
- Waste sorting, recycling and reduction
- Correct disposal of any toxic or hazardous waste, in compliance with applicable standards and legislation.
- Use of recycled and/or recyclable materials where possible, and reduction of the use of substances harmful to the environment.
- Energy-saving measures.
- General reduction of the environmental impact of company activities and processes.
- Introduction of an environmental management system within the organisation.
- When accessing MPC production sites, comply with the instructions displayed at each entrance.
- Optimise transport by aiming to minimise the number of trips to MPC sites.
- Keep vehicles in good mechanical condition in order to minimise atmospheric emissions (exhaust) and leakage of fuel, oils etc.
- Waste generated by materials supplied by MPC must be disposed of in accordance with applicable legislation.



14. SAFETY

MPC places great focus on safety matters, and therefore promotes certain recommendations in this regard. Company regulations must be complied with when accessing production sites, which include the following provisions:

- Registering when entering the company
- Reading the document outlining the risk present and signing for acceptance
- Complying with provisions relating to personal protective equipment, where applicable

15. INDUSTRIAL AND COMMERCIAL PROPERTY

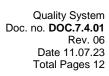
Suppliers commit to indemnify and hold harmless the purchaser for perpetuity against any and all claims by owners or licensees of patents, licences, designs, models, trademarks or anything else relating to the supplies, materials, systems, procedures and measures used in fulfilling the order, and are obliged to obtain at their own efforts and expense all permissions, licences or authorisations necessary, as well as paying all expenses required for the corresponding rights, claims and compensation, having taken this into account when accepting the order. Suppliers are therefore obliged to provide for defence against any legal action, without prejudice to the right of MPC to claim damages and any expenses which it has been forced to incur for such reasons.

Any parts of the supply which the purchaser should be forced to replace or modify following claims in relation to the contents of this article shall be replaced or modified at the earliest possible date.

16. DECLARATION OF PREFERENTIAL ORIGIN

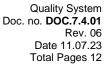
In relation to the material ordered and/or the work performed, we must be provided with a declaration of preferential origin pursuant to Council Regulation (EC) No 1617/2006 of 24 October 2006 amending Council Regulation (EC) No 1207/2001 of 11 June 2001 (on procedures to facilitate the issue of movement certificates EUR.1, the making-out of invoice declarations and forms EUR.2 and the issue of certain approved exporter authorisations under the provisions governing preferential trade between the European Community and certain countries and repealing Regulation (EEC) No 3351/83).

This must be sent at the beginning of each calendar year to update our archives; whenever new codes are created during the calendar year, whether for work performed or goods purchased, it must be sent to us with the first delivery made, and if it is not forthcoming the supplier may also be held responsible for any sanctions imposed. For further information, contact the MPC Purchasing Department.





17. A	NNEXES
17.1.	Example declaration of preferential origin.
17.2.	
17.3.	
17.4.	-
unpleasar in writing	iore signing and applying your company stamp, please carefully read the above in order to avoid potentiant future misunderstandings; any situations which you do not feel you can accept must be communicated strictly to the MPC Purchasing Department.
	eturn the documentation in question signed for approval of its contents and any annexes. We thank you in for your co-operation and remain at your disposal should you require any further clarifications.
Castelnov	o Sotto, Italy; date:
	Motor Power Company s.r.l. Mauro Bacdi Rurdhasing Manager Motor Power Company s.r.l. Gianni Furlani Quality, Environment and Safety Manager
	Supplier's stamp and signature for Acceptance





SUPPLIER NAME

(to print on headed paper)

Long-term supplier's declaration for products having preferential originating status

(According to Implementing Regulation No. 2447/15 of the new Union Customs Code - Annex 22-16)

I, the undersigned, declare tha	t the goods described below:	
which are regularly supplied to	······································	
originate in	(if of EU origin, indicate the re-	ference country)
and satisfy the rules of origin g	overning preferential trade wit	h:
CENTRAL AFRICA (CM) – Count Country ESA (KM, MG, MU, SC,	ry MID AMERICA (CR, SV, GT, H . ZW) – FJ – PG – GE – GH – JO -	Z, DM, DO, GD, GY, JM, KN, LC, VC, SR, TT) – Country IN, NI, PA) – XC – CL –PS – CO – EC – PE – KR – CI – EG - - IS– FO – IL – XK – LB – MK – MA – XL – MX – MD – MI – RS – SY – Country SPG – ZA – CH (+LI) – TN – TR – UA
JP Japan (A □; B □; C1 □ C2	□ C3 □ C4 □; D□; E□)	
I declare that:		
No cumulation applied Cumulation applied with	h:	
This declaration is valid for all s	shipments of these products dis	spatched:
	from	to
I undertake to inform	immediately if this declar	ation is no longer valid.
I undertake to make available t	to the customs authorities any	further supporting documents needed.
Place and date		Name and function of the person signing

DECLARATION OF PREFERENTIAL ORIGIN - JAPAN: In relation to the correct compilation indicate, as appropriate, one or more of the following codes:



- "A" for product wholly obtained
- "B" for product made exclusively from materials of EU origin
- "C" for product made starting from non-originating materials in compliance with the rules envisaged in Annex 3-B), with the following extra information on the specific prescription per product type effectively applied to the product;
- "1" for a change of tariff classification rule;
- "2" for a maximum value of non-originating materials or a minimum regional value content rule;
- "3" for a specific production process rule; or
- "4" in case of application of the provisions of Section 3 of Appendix 3-B-1 (inherent to some vehicles and parts thereof)
- "D" for application of accumulation
- "E" if the tolerance rule is applied

(SIGNATURE AND COMPANY STAMP)