



## GENERAL PURCHASING TERMS AND CONDITIONS

### PR INDUSTRIAL

#### DEFINITIONS

Under these General Purchasing Terms and Conditions (hereinafter, General Terms and Conditions):

**Framework Agreement:** means an agreement for the purchase/supply of Products (without initially determining the quantity) establishing the terms governing the subsequent Purchase Orders made by PR Industrial.

**Supply Contracts:** means the contracts related to the supply of the Products, concluded from time to time between PR Industrial and the Supplier, according to the provisions set forth in art. 2 below.

**Supplier:** means the company identified as “signatory” of the supply contract.

**PR Industrial:** means PR Industrial S.r.l. with registered office in Casole d’Elsa, Località Il Piano

**Purchase Order:** means the request submitted by PR Industrial to the Supplier for the purchase/supply of a specific quantity of Products.

**Parties:** means PR Industrial and the Supplier collectively.

**Product(s):** means the Product(s) sold to PR Industrial by the Supplier as specifically indicated in the Supply Contract.

#### 1. GENERAL PRINCIPLES

PR Industrial agrees to purchase and the Supplier agrees to sell the Products according to the terms and conditions contained herein, being understood that PR Industrial's obligation to purchase the Products will arise at the time PR Industrial issue a Purchase Order or the Parties sign a separate Supply Contract, from time to time.

The Supplier declares to accept these General Terms and Conditions in full, thus waiving any right to apply its own general sales terms and conditions to PR Industrial, wherever reported.

Any amendment or integration to these General Terms and Conditions must be agreed upon in writing between PR Industrial and the Supplier. Therefore, any provision reported by the Supplier in its invoices, notes, offers, correspondence, mails (both in electronic or any other format), or in any other its documents, be contrary or in addition to these General Terms and Conditions, to the Supply Contracts and/or to the Purchase Orders, and not expressly accepted in writing by PR Industrial, will be deemed as invalid.

In the event of conflict or incompatibility between these General Terms and Conditions and the specific undertakings agreed between the Parties upon separate Supply Contracts relating to the purchase and sale of the products, such separate Supply Contracts shall prevail.

## 2. CONCLUSION OF THE SUPPLY CONTRACTS/PURCHASE ORDERS

The Supply Contract is considered concluded: (i) when PR Industrial receives the Purchase Order from the Supplier duly signed for acceptance (Order Confirmation); (ii) with the joint signature of a separate Supply Contract.

In any case, in the absence of an Order Confirmation, the contractual relationship is considered concluded and subject to these General Terms and Conditions by tacit consent after 3 (three) calendar days from the submission of the Purchase Order, or whenever the Supplier starts the execution of the supply.

The acceptance of the Purchase Order entails full and unconditional acceptance of all the conditions set forth therein and these General Terms and Conditions.

#### 3. PACKAGING

The Supplier must deliver the Products in suitable packaging (and according to the requirements of PR Industrial, when specified) in order to prevent any damage or quality problems. All packaging used by the Supplier must be appropriately labelled in accordance with the applicable laws and, in particular, with the Legislative Decree n. 116 of September 3rd 2020 and the regulations referred to therein.

In the event the Products be delivered with damaged or non-suitable packaging, PR Industrial will be entitled to refuse the delivery and return it to the Supplier, at Supplier’s costs and expenses.

#### 4. DELAYED DELIVERY AND PENALTIES

The delivery terms and conditions of the Products are specified in the Order; all Products must therefore be delivered according to the delivery-time and place specified in the Order and they must be accompanied by the relevant transport document (correctly drawn up), indicating the references to the Order number and the item code of the Products ordered by PR Industrial.

The agreed delivery terms are considered mandatory; therefore, delays and/or advance deliveries with respect to the agreed delivery date are not acceptable, unless expressly authorised in writing by PR Industrial.

Moreover, partial deliveries are not acceptable, unless otherwise agreed in writing between the Parties.

At the time of delivery, the Supplier shall provide with all necessary and suitable documentation for the regular use of the Products (such as, but not limited to: instruction, operating, installation and assembly manuals, warranty certificates, etc.). Unless otherwise specified in writing, the Products will be delivered at the entire Supplier’s risks and expenses.

In case of delays, PR Industrial will have the option to:

- 1) require the immediate performance of the Supply Contract, in whole or in part, and/or
- 2) decide on an additional essential performance term; and/or
- 3) outsource the Products ordered from third parties, in whole or in part, at Supplier’s risk and expenses , with the sole obligation for PR Industrial to notify the Supplier of such outsourcing; and/or

- 4) terminate the Supply Contract with immediate effect, in accordance with article 1456 of the Italian Civil Code by giving simple notice of termination to the Supplier, in the event the delay exceeds 15 days the delivery date agreed upon.

Without prejudice to the aforementioned, PR Industrial has the right to apply the Supplier a penalty equal to 2% of the total value of the Products not delivered for each 2 days of delay, within a maximum of 10% of the value of undelivered Products, applicable from time to time to each single delay. Such maximum amount represents an estimate of the damages agreed upon in advance by PR Industrial and the Supplier and does not prejudice PR Industrial's right to claim compensation for any further damage suffered, and in case of exceeding such maximum amount, to terminate the Supply Contract with immediate effect by sending notice of termination to the Supplier.

## **5. ACCEPTANCE OF THE PRODUCTS – WARRANTY FOR DEFECTS**

### Quantity Compliance

The Supplier guarantees the compliance of the quantity of the Products, as indicated on the Purchase Order and declared in the Transport document.

In case non-compliance be detected in the quantity of the Products, PR Industrial shall be entitled:

- a) to accept quantitative differences with the possibility of proportionally compensate the quantities, in excess or defect, of any subsequent Purchase Orders;
- b) to refuse the supply in excess with the possibility to return such excess at Supplier's costs and expenses wherever the Supplier fail to proceed with the immediate collection of the excessing quantities;
- c) to request the Supplier, without prejudice to the provisions of art. 4 above, to immediately deliver the missing Products, provided that any major costs or expenses (including any extra costs deriving to urgent logistics requirements) will be assumed by the Supplier.

### Quality Compliance

The Products must be fully compliant with the technical and functional specifications defined in the Order and/or the technical documentation previously sent to the Supplier.

The Supplier must ensure that it uses the latest version of the technical documentation provided by PR industrial.

No changes may be made to the Products by the Supplier unless previously agreed in writing by PR Industrial.

Unless otherwise agreed in writing, all Products delivered by the Supplier must be covered by a warranty of conformity and good performance valid for a period of no less than 12 (twelve) months after the date of delivery.

If the Products are found to be defective and/or non-compliant with the Purchase Order, also with respect to any of PR Industrial's technical specifications, the Suppliers Quality Department of PR Industrial will promptly notify the Supplier by sending a Non-Compliance Report that includes a description of the defect (s) found and the time spent on the

recovery and management activities of the procedures required by PR Industrial following discovery of the non-compliance; the costs incurred will be charged to the Supplier at an hourly rate of €100.00/h for direct labour cost and €200.00/h for indirect labour cost.

Within 3 days from the submission of the Non-Compliance Report, the Supplier is entitled to reply explaining the reasons for which such defect took place and the corrective actions taken to prevent it from recurring; after the term of 3 (three) days, the non-compliance will be considered as accepted without reserve.

In the event of non-compliant Products, PR Industrial, at its own discretion, will be entitled to:

(a) obtain from the Supplier the immediate repair or replacement of the defective Products, as well as the selection of current stocks (at PR Industrial premises, Supplier premises or in transit between both of them), for the Products concerned or suspected of non-conformity and for other potentially interested similar products;

(b) recover the non-compliance Products with additional labour at Supplier's costs and expenses, based on the undertakings agreed upon between the Parties; that is, proceeding at its own discretion in case the production continuity of PR Industrial be at risk and the agreement with the Supplier has not been reached within a reasonable time;

(c) refuse the Products or the entire batch such Products belong to, without requesting their replacement, terminating the relative Purchase Order by sending written notice to the Supplier; in this case no amount whatsoever will be due by PR Industrial to the Supplier.

Parties agree that, notwithstanding the provision set forth under third subsection of art. 1495 of the Italian Civil Code, the limitation period for claims for damages is 2 years, except in cases of fraudulent erroneous declarations. The limitation period starts at the time the Product is delivered. Whenever the Supplier replace the defective Product, the limitation period for any claim related to the replaced Products, as well as the warranty terms, will be calculated starting from the delivery date of such replaced Product.

Parties agree that whenever PR Industrial claim any issue whatsoever, related to the supply, the payment related to such supply may be withhold until its regularity has been ascertained, either with a specific report signed by both Parties or judicially, with a final judgment; for this reason in the meantime the Supplier will not be able to act for the recovery of the relative credit nor will interest of any kind be applicable on the sums not paid by PR Industrial.

PR Industrial may offset the sums requested from the Supplier by way of compensation for damages with the sums the Supplier owes for the supplies, and this will be possible even if PR Industrial's credit is not certain, liquid and payable.

Any payment made for the supply will in not prejudice in any way PR Industrial's right to request the payment back and obtain a refund, in addition to claiming compensation from the Supplier for the damages suffered, with no exclusions whatsoever.

## **6. INSPECTIONS**

The Supplier agrees to allow PR Industrial, through its own representatives, to access its premises at all times to carry out inspections and visits of Supplier's offices and production plants during normal working hours in order to verify the manufacturing process of the Products, the materials used, as well as the packaging and storage systems.

Such availability access shall be extended to existing and/or potential clients of PR Industrial which representatives will always go together with the clients' representatives.

If, during one of these inspections conducted by PR Industrial staff or representatives, non-compliant material relating to a PR Industrial order, erroneously considered as compliant by the Supplier, is identified, all expenses that will be needed for subsequent inspections aimed at selecting the products and / or verifying their conformity, will be charged to the Supplier in full.

The rights of inspection and/or acceptance of the Products do not imply any waiver by PR Industrial in enforcing any other legal or contractual rights, expressly including the warranty for non-conformity and/or performance defects referred to in article 5, and compensation for the damages incurred.

#### **7. LIABILITY TOWARDS THIRD PARTIES**

Whenever a third Party brings a suit against PR Industrial for civil and/or contractual liability, related to the defects and/or non-reliability of the Products supplied by the Supplier, the Supplier shall hold PR Industrial harmless and compensate all damages arising out of in connection with such deficiency. For this purpose, PR Industrial will promptly inform the Supplier of any third-party claims related to defects, non-conformity or non-reliability of the Products supplied.

The Supplier must provide PR Industrial with evidence of an adequate insurance policy in place, to cover its third party liability and product liability.

#### **8. OWNERSHIP AND TRANSFER OF RISK**

Unless otherwise agreed in writing between the Parties, the transfer of ownership will take place upon delivery of the Products to PR Industrial premises or to any different destination agreed upon by the Parties; whenever the supply of Products be agreed between the Parties under consignment stock, the transfer of ownership will take place at the time the Products be collected from the storage.

Any retention on title claimed by the Supplier under any form whatsoever shall not be accepted.

#### **9. PRODUCT DISCLAIMER CLAUSE AND RECALL CAMPAIGN**

In the event that, at any time, end users, third-parties or Italian, foreign or supranational authorities, claim PR Industrial for a failure to observe the regulations governing the protection of safety, health, environment and/or manufacturing and/or homologation regulations etc. as a result of alleged defects, non-compliance with the regulatory requirements, lack or reliability or safety of the products, the Supplier will be obliged (without prejudice, where applicable, to its liability before the damaged party and the authorities), to hold PR Industrial harmless against the competent authorities and/or the allegedly damaged third party.

In the event a recall campaign take place, by decision of PR Industrial and/or its customers, or following a request from the authorities, a directive or an order, the Supplier shall indemnify and hold PR Industrial harmless from any damages and expenses arising out of in connection with such recall campaign.

#### **10. DURATION OF THE SUPPLY OF SPARE PARTS**

The Supplier undertakes to supply spare parts related to the Products and guarantees the continuity of such supply; in the event the Supplier ceases the manufacturing of the Products, the Supplier undertakes to supply the relative spare parts for a period of not less than ten years as of the date of the last supply, and to find alternative parts in the event the original components be no longer available on the market.

#### **11. INVOICING AND PAYMENT**

The prices indicated on the Purchase Order must be considered fixed and agreed between the Parties; therefore, no price variations based on subsequent cost increases are permitted unless otherwise expressly agreed between the Parties.

The invoices must be issued and managed in compliance with the applicable laws.

Invoices issued by the foreign Suppliers must be sent to PR Industrial in digital format at the following email address:

[accountpayables@pramac.com](mailto:accountpayables@pramac.com).

Please note that in order to guarantee regular payment, the deadlines of 31<sup>st</sup> of August and 31<sup>st</sup> of December of each calendar year must be postponed to 15<sup>th</sup> of September and 15<sup>th</sup> of January respectively.

Payments will be made according to the procedures set forth in the Purchase Order or in the Supply Contract, provided all related documentation required be receipt.

If not previously authorized in writing by PR Industrial, the Supplier undertakes not to transfer or assign to third parties any credit that may be claimed against PR Industrial based on the Supply Contract. It is understood that such assignment may only be authorized under the "*pro solvendo*" clause.

#### **12. ASSIGNMENT OF THE CONTRACT**

PR Industrial may assign any Supply Contract and/or any Purchase Order entered into with the Supplier to its parent company, controlled or subject to joint control subsidiaries.

The Supplier is not permitted to assign or subcontract the Supply Contract, in whole or in part, to third parties unless expressly authorised in writing by PR Industrial and in such a case, the Supplier will be directly responsible before PR Industrial for all the activities implemented by the third-party assignee or subcontractor.

#### **13. TRADEMARKS AND OTHER DISTINCTIVE SIGNS**

The Supplier is not permitted to modify, alter, obscure, remove or otherwise interfere with any trademark or any other distinctive sign of PR Industrial ("Brand") that may be affixed to the Products on the express request of PR industrial itself. The Supplier undertakes not to affix its own brand or any other distinctive sign on the Products supplied on the basis of PR

Industrial's technical specifications without the prior written consent of PR Industrial.

It is therefore agreed that the violation of this prohibition will authorise PR Industrial to refuse the aforementioned supply, terminate the related Purchase Order or Supply Contract, and claim compensation for the damages arising out of in connection therewith.

Any use of the brand, either alone or in combination with the Supplier's brand, cannot under any circumstances be construed as any other license to the Supplier to use the brand; the Supplier shall cease the use of the Brand immediately upon PR industrial request and, in any case, upon the last supply of the Products.

#### **14. INTELLECTUAL PROPERTY**

The Supplier guarantees that the Products and related documentation do not infringe any patent, copyright and/or any other intellectual or industrial property right of any third party and that no legal action is pending or suppose a risk in this regard.

The Supplier undertakes to hold PR Industrial harmless and indemnified from any claim or action made by third parties in this regard that could interfere with the free production, sale or use of the Products (and herewith agrees to bear all costs for any dispute that may arise, both judicial and extrajudicial), as well as any costs or damage incurred by PR Industrial as a consequence of the violation of the present warranty.

PR Industrial will promptly notify the Supplier in writing of any dispute claimed by any third party in relation to the above. If, as a result of a claim, lawsuit or legal proceedings, PR Industrial is warned against selling or using a Product purchased from the Supplier, the Supplier undertakes to guarantee the continuity of the supply to PR Industrial:

- i) either by replacing the product with a product that does not violate the intellectual or industrial property rights of third parties (bearing all the relative expenses) or in any case;
- ii) by guaranteeing PR Industrial the right to sell or use the Product (bearing all the relative expenses),

as will be agreed upon from time to time, in advance, with PR Industrial, without prejudice to any other right or remedy recognised in favour of PR Industrial by these General Terms and Conditions and/or by the applicable laws.

All drawings, descriptions, calculations and any other document made available to the Supplier by PR Industrial, for the purpose of performing the Supply Contract shall remain the property of PR Industrial and shall be conserved with care and kept in a safe place.

Unless otherwise agreed in writing between the Parties, the ownership of all drawings, descriptions, calculations and any other document used by the Supplier in performing the Supply Contract will be the property of PR Industrial at the time of their realization without incurring PR industrial in any obligation to pay the Supplier for the same.

Original copies of all the above documents shall be delivered to PR Industrial as soon as they have been completed.

In the event the research, design, experimentation or development activities, be carried out by the Supplier in the performance of a specific assignment for PR Industrial, the invention or related intellectual property rights, designs and technical results will all be on the exclusive property of PR Industrial.

#### **15. CONFIDENTIALITY**

The Supplier and PR Industrial undertake to keep strictly confidential and not to disclose to third parties, without the prior written consent of the other party, any information or document, irrespective of whether commercial or technical, transmitted from one party to the other in the performance of a Supply Contract. Such information or document must be considered strictly confidential and therefore subject to the obligation of confidentiality.

The Parties undertake to use such confidential information exclusively for the purpose of performing Orders and/or Supply Contracts and to maintain the confidentiality obligation for the subsequent 5 (five) years following the completion of the supplies; Parties also agree not to disclose to third parties, including any subcontractors, the terms and conditions of the Purchase Order and the Supply Contracts, except in the event that such disclosure is required by law or authorised in writing by the owner of the confidential information.

Each party undertakes to notify the other party in writing of the occurrence of any event that provides the disclosure of confidential information, with at least 15 days' notice after the date of such event.

It is however understood that, even in case of disclosure, each of the Parties will take all the precautions necessary to minimize the detrimental effects deriving from the disclosure itself.

#### **16. TERMINATION**

PR Industrial may terminate the Supply Contracts and/or the Purchase Orders upon previous written notification to the Supplier whenever the Supplier fail to fulfil the obligations set forth in these General Terms and Conditions, the Supply Contract or the Purchase Order and, the Supplier has failed to remedy (where is capable to remedy) within 15 days after the date of such notification.

PR Industrial will have the right to immediately terminate any Supply Contract governed by these General Terms and Conditions if the Supplier fails to comply with even one of the following provisions: Delivery (Article 4), Acceptance of Products (Article 5), Brand (Article 15), Intellectual Property (Article 16), Organisation, Management and Control Model (Article 20) and/or Code of Conduct (Article 21). PR Industrial will also have the right to immediately terminate the Supply Contract with the Supplier if:

- a third-party company directly or indirectly acquires the majority shareholding or control of the Supplier company, being understood herewith that the Supplier

must notify PR Industrial within 30 days after the occurrence of such an event;

- the Supplier has gone into liquidation;
- the Supplier is subject to bankruptcy proceedings, agreement among creditors or other insolvency proceedings, or is in default or unable to reasonably fulfil its financial and commercial obligations.

In any case, termination of the Supply Contract will become effective by means of simple written communication of PR Industrial's decision sent to the Supplier, without prejudice to PR Industrial's right to claim compensation for damages. In this regard, PR Industrial will have the right, without the need to take legal action, to withhold any sums accrued in favour of the Supplier as an advance payment against the compensation for damages deriving from the non-fulfilment, also in the case of supplies differing from those not performed or not executed correctly, and the Supplier hereby waives any exceptions in connection to the same.

The performing of early termination of the Supply Contract as a consequence of one of the hypotheses described above will not result in any responsibility on behalf of PR Industrial towards the Supplier.

#### **17. CAUSES OF FORCE MAJEURE**

The Supplier will not be held responsible for any non-fulfilment or delay deriving from force majeure events; force majeure events mean such events and/or circumstances of an exceptional and/or an unpredictable nature such as wars, revolutions, sabotage, epidemics, fires, explosions, earthquakes, floods, national and trade union strikes, impediments due to specific legislative measures or other impediments of equal gravity that are beyond the control of the Parties and of an unpredictable nature.

By way of example but not limited to, delays due to the following shall not be considered causes of force majeure:

- stoppage and/or suspension of the Supplier's activity imposed by the authorities as a result of non-compliance with the Supplier's safety standards;
- the Supplier's delays in outsourcing the materials and/or services;
- delays in deliveries by the Supplier's subcontractors, unless evidence is provided that they have been caused by force majeure;
- strikes limited to the Supplier's establishments and employees, including micro-conflicts, turbulence and protests, as well as participation by the Supplier's employees in strikes of any kind that are not national or related to trade unions.

In the event that the Purchase Order cannot be executed within the scheduled time due to force majeure circumstances, the delivery terms will be considered extended and the new deadline will be established by mutual agreement between the Parties, according to such impediment.

This will be possible provided that the Supplier has promptly informed PR Industrial in writing of the occurrence of force majeure and has taken all measures to limit its effects.

The circumstance of force majeure cannot be invoked if it has occurred after the expiry of the agreed delivery deadline.

If the circumstances of force majeure are such that they cause a delay in delivery which is incompatible with PR Industrial's production requirements (suspension of production), the latter will have the right to outsource the Products from third-party suppliers.

If in the opinion of PR Industrial this provision result to be unfeasible or unreasonably onerous, PR Industrial will have the right to terminate the Supply Contract.

Any responsibility on behalf of PR Industrial is excluded in the event of circumstances beyond its control that prevent the acceptance of incoming deliveries or entail a reduction in the requirements of the Products ordered.

#### **18. APPLICABLE LAW AND COMPETENT COURT**

These General Terms and Conditions will be governed by and interpreted on the basis of the Italian laws. Any disputes arising out of in connection with the interpretation, execution and termination of these General Terms and Conditions, the Purchase Orders or the Supply Contracts, will be referred to the exclusive jurisdiction of the Court of Siena.

#### **19. SEVERABILITY OF THE CLAUSES**

If one or more provisions of these General Terms and Conditions and/or the Supply Contract should be deemed invalid, illegal or irregular by a court or competent authority, the rest of the provisions will still remain in full force and apply within the limits permitted by law, provided that the intention of the Parties not be materially compromised.

#### **20. ORGANISATION, MANAGEMENT AND CONTROL MODEL**

The Supplier declares that it is aware of and has examined the provisions contained in the Organization, Management and Control Model pursuant to Legislative Decree 231/2001 adopted by PR Industrial and available at [www.pramac.com](http://www.pramac.com), and it undertakes to refrain from any kind of behaviour that could in any way constitute an offense contemplated under such Decree.

#### **21. CODE OF CONDUCT**

The Supplier declares that it is aware of and has examined the provisions set forth in the Code of Ethics and in the Code of Conduct for Suppliers adopted by PR Industrial and available at [www.pramac.com](http://www.pramac.com) in which the principles and rules of conduct, that the subsidiary companies and/or companies controlled by Generac Holdings Inc. apply in carrying out their business, are established.

The Supplier is aware that the subsidiary companies and/or companies controlled by Generac Holdings Inc. only enter into commercial relations with suppliers that are compliant in conducting their own business activities, following the aforementioned principles and rules of conduct.

The Supplier is therefore obliged to conduct its business in compliance with the rules and principles analogous to those provided for by the laws of the state (or States) where it operates, with particular reference to corruption, money



laundering and terrorism which envisage Corporate Liability, as well as the principles contained in the Code of Ethics and the Code of Conduct for Suppliers, with the purpose to ensure compliance with appropriate levels of ethics carrying out of its own activities.

The Supplier declares to be aware that PR Industrial will not be able to continue any commercial relationships with Suppliers that fail to comply, in the execution of their own business activities, with the laws of the State (or States) where they operate, the Code of Ethics or the Suppliers' Code of conduct.

## **22. CONFLICT MINERALS**

The Supplier declares and guarantees to PR Industrial that none of the products, parts or materials delivered to PR Industrial will contain so-called "Conflict Minerals". Periodically and to the extent necessary, PR Industrial, including through third parties appointed directly or indirectly by its parent company, may request documents, information and other proofs of the accuracy of the previous declarations and guarantees from the Suppliers, through the use of the Conflict Minerals Reporting Template questionnaire.