

# CBAM COMPLIANCE TERMS

## Background

Regulation (EU) 2023/956 establishes a Carbon Border Adjustment Mechanism (CBAM), which applies within the European Union and provides the obligation for authorized declarants (i.e., either EU importers or indirect customs representatives, depending on who lodges the customs declaration) to purchase CBAM certificates and thereby pay for the emissions embedded in CBAM goods imported in the EU.

The implementation of the CBAM entails the submission by importers of CBAM goods in the European Union of a CBAM declaration to the European Commission. The report must contain information regarding the type and quantity of goods, the country of origin and production facility, the reporting period (i.e. the year of production of the goods), as well as the embedded emissions relating to the products expressed in tons of carbon dioxide equivalent per ton of goods produced.

In this context, non-EU suppliers are required to provide the information necessary to enable such compliance, in particular with regard to the embedded emissions of the goods supplied.

These “CBAM Compliance Terms” set out the obligations of the Supplier vis-à-vis the Buyer in connection with the provision of information and cooperation required for compliance with the CBAM Regulation.

The definitions of the following terms used in this document are set out in Annex 1 of these CBAM Compliance Terms: *Buyer, Supplier, CBAM Regulation, CBAM goods, aggregated CBAM goods category, installation, production process, production route, emissions, direct emissions, PFC emissions, reporting period, information request and competent authority.*

These CBAM Compliance Terms (the “Terms”) constitute an integral and essential part

of any and all requests for quotation, purchase orders, order confirmations, framework agreements, supply agreements, and any other commercial relationship or transaction between the Buyer and the Supplier relating to CBAM Goods (collectively, the "Agreement"), regardless of the form in which such Agreement is concluded.

The Supplier's acceptance of any purchase order, performance of any delivery, or shipment of any CBAM Goods shall constitute its full and unconditional acceptance of these Terms. These Terms shall be deemed incorporated by reference into each Agreement and shall apply to all past, current and future transactions between the parties relating to CBAM Goods, unless otherwise explicitly agreed in writing by both parties.

In the event of any conflict or inconsistency between these Terms and any other terms and conditions of the Supplier (including the Supplier's general terms of sale or any other standard documentation), these Terms shall prevail.

## Incorporation and Order of Precedence

These Terms form an integral and essential part of each request for quotation, offer, purchase order, order confirmation, supply agreement, and shipment relating to CBAM Goods between the Buyer and the Supplier (collectively, the "Agreement").

These Terms shall be deemed automatically incorporated by reference into each Agreement. The Supplier's acceptance of a purchase order (whether express or by conduct, including performance, shipment or delivery) shall constitute its full, unconditional and irrevocable acceptance of these Terms in their entirety.

In the event of any conflict or inconsistency between these Terms and any other contractual document (including but not limited to the Supplier's general terms and conditions of sale, any acknowledgment of order, invoice, or correspondence), these Terms shall prevail and take precedence in all respects.

These Terms shall apply to all CBAM Goods supplied or to be supplied by the Supplier to the Buyer, including Goods supplied prior to the date of first incorporation of these Terms into an Agreement, to the extent that reporting or verification obligations under the CBAM Regulation relate to such Goods.

Any amendment or waiver of these Terms shall only be valid if made in writing and signed



**CTA GROUP®**

**COMMERCIALE TUBI ACCIAIO**  
S.p.A.  
S.p.A. Share Capital € 13.960.000,00  
R.E.A. Torino N. 295073  
Reg. Impr. Uff. TO 179  
Fasc. 179/59  
VAT N. 00505800011

**Head Office and Warehouse**  
Viale Lidice, 40 – 10095 Grugliasco (TO) –  
Italy  
Ph. +39 011 3145 111  
info@ctaspa.com  
ctaspa.com

**Commercial Office and Warehouse**  
20056 GREZZAGO (Milano) – Via Toscana, 7  
Ph. +39 02.920.185  
**International Projects**  
16129 Genova, Viale Brigata Bisagno, 3/4  
**Établissement stable**  
15, rue Traversiere – 75012, Paris (France)  
TVA FR 84 829 312 388

by duly authorised representatives of both parties

## Supplier's representations and warranties

The Supplier represents and warrants that the Supplier has in place a comprehensive system for (i) identifying the production processes and the production routes relating to the production of CBAM goods supplied to the Buyer using the aggregated CBAM goods categories; (ii) monitoring the direct emissions of these production processes and production routes; and (iii) attributing these direct emissions to CBAM goods produced in the installation, in accordance with the requirements set out in the CBAM Regulation and the CBAM Implementing Regulation.

The Supplier warrants that the information used to transmit the data about direct emissions, PFC emissions, waste gas and heat transfer emissions, embedded in the CBAM goods sold to the Buyer, is correct, accurate, complete, and gathered from the Supplier's accounting system and/or other internal documents;

The Supplier warrants that the information used to report data on direct emissions, PFC emissions, waste gas emissions, and heat transfer emissions embedded in the CBAM goods sold to the Buyer refers to the actual production period of those goods;

The Supplier warrants that the data required to calculate and report direct emissions, PFC emissions, waste gas and heat transfer emissions, embedded in the CBAM goods sold to the Buyer has been computed in accordance with the requirements set out in the CBAM Regulation and the CBAM Implementing Regulation;

The Supplier warrants that the data required to calculate and report direct emissions, PFC emissions, waste gas and heat transfer emissions, embedded in the CBAM goods sold to the Buyer, have been subject to verification according to the verification principles set out by Commission Implementing Regulation (EU) 2025/2546 of 10 December 2025 on the application of the principles for

verification of declared embedded emissions pursuant to Regulation (EU) 2023/956, conducted by a CBAM verifier accredited pursuant to Commission Delegated Regulation (EU) 2025/2551 of 20 November 2025 supplementing Regulation (EU) 2023/956.

The representations and warranties set out in this Clause 3 are deemed to be repeated on each date of shipment of CBAM Goods and shall survive the delivery, acceptance, payment, and the termination or expiry of the Agreement. Any breach of these representations shall be deemed a material breach of the Agreement.

## Recording and Storing Information

The Supplier shall put in place a system to:

record all information, documentation, and data relevant for determining embedded direct and indirect emissions of the CBAM goods produced and supplied to the Buyer; and store all such information, documentation, and data for five years from the date of shipment of the CBAM goods.

## Providing Information

The Supplier shall provide the Buyer by 31 January of each year, and for the first reporting year 2026, no later than 10 September 2027, with the following information:

- (i) the total amount of direct emissions embedded in the CBAM goods supplied by the Supplier to the Buyer during the relevant reporting period, based on:
- (ii) CBAM questionnaires or forms correctly filed in order to encompass the information listed in Annex I of CBAM Implementing Regulation related to the CBAM goods provided by the Supplier to the Buyer within the relevant reporting period;
- (iii) monitoring methodology documentation, drafted in English and complete with the elements listed in point A.5 of Annex II to the Implementing

Regulation, explaining the specific calculation carried out by the Supplier to provide the abovementioned data;

- (iv) evidence about the carbon price effectively paid outside the European Union for the reported emissions and the calculation methods used by the Supplier to determine the level of embedded emissions.

At the request of the Buyer, in the event of an audit or requests for clarification from the European Commission or any competent authority, the Supplier shall provide clarifications of the information provided as well as supporting documentation to substantiate said information within 15 days from the Buyer's information requests and cooperate on the review and monitoring of the information, documentation and data. The Supplier's obligations in terms of these CBAM Compliance Terms shall apply for a period of five years from the date of supply of the relevant CBAM goods to the Buyer.

In the event that the Supplier becomes aware of, or discovers any error or deficiency in the information, documentation, and data provided to the Buyer, the Supplier shall (i) notify the Buyer in writing; and (ii) correct such errors or deficiencies within 3 days from the date of discovery. The notification under these CBAM Compliance Terms shall include a detailed description of the error or deficiency and the impact on the information, documentation, and data provided to the Buyer.

In the event that the Supplier decides to carry out any activity that has a significant impact on the calculation of direct and indirect emissions, including but not limited to the sale of CBAM goods, which implies the redefinition of the installation boundaries, and the different allocation of direct emissions, or the installation of combined heat and power units, the Supplier shall notify the Buyer in writing within 10 days from the date of initiation of the activity.

All such information and specifically any personal data provided by the Supplier shall be processed by the Buyer in accordance with the Supplier's data protection rules, as well as all applicable data protection laws and regulations.

## Verification

The Supplier shall, on an annual basis and in any event upon request of the Buyer, provide the Buyer with an audit certificate or verification report issued by an independent third party, in form and substance reasonably satisfactory to the Buyer, attesting the accuracy, completeness and consistency of the information, documentation and data provided by the Supplier for CBAM purposes.

Such audit certificate and/or verification report shall be provided no later than 31 January of each year and, if requested separately by the Buyer, within ten (10) business days from such request.

The Buyer, at its sole discretion, shall be entitled to appoint an independent third party to inspect and audit the Supplier's facilities and production processes, provided that such third party signs a non-disclosure and confidentiality agreement.

The Supplier shall render all necessary assistance to and cooperate with the Buyer and/or its appointed inspector/auditor to facilitate the inspection and/or audit conducted by the Buyer or on its behalf.

## Cooperation

The Supplier shall cooperate with the Buyer to ensure the timely compilation and submission of the CBAM reports to be submitted by 30 September of each year, and for the first time in 2027.

In the event of a request for clarification for the calculations of direct emissions, installation boundaries, PFC or process emissions of the CBAM goods subject to these CBAM Compliance Terms, and/or any other information necessary to comply with CBAM regulations that is directly and/or indirectly related to the Supplier and/or the goods, the Supplier shall provide the Buyer with exhaustive and timely cooperation and responses within 5 days from the date of transmission of the request.

The Supplier shall cooperate with the Buyer fully and within 5 days from the transmission of the request for cooperation, for the purposes of any interactions with the European Commission or a competent authority in relation to the reporting of the direct and indirect emissions embedded in the CBAM goods supplied by the Supplier to the Buyer, the carbon price effectively paid outside the European Union for those emissions, and the calculation methods used by the Supplier to determine the level of embedded emissions.

Failure to comply with clauses 7.2 or 7.3, including, but not limited to, the failure to provide clear, consistent, and comprehensive clarification of the calculations of the embedded emissions and/or failure to provide the Buyer with any additional information requested in order to comply with CBAM regulation and relevant Implementing acts, or the failure to respect the deadlines set out in the aforementioned clauses, shall result in the imposition of a forfeiture penalty of 150 EUR per day of non-compliance, until the clarifications are submitted in a clear, consistent, and comprehensive manner.

## Obligations for the Buyer

The Buyer shall be responsible for accurately identifying the Supplier's goods in its

reports to the authorities under the CBAM regulation;

The Buyer shall be responsible for purchasing and surrendering the necessary CBAM certificates, at its own exclusive expense;

The Buyer shall report the total amount of direct emissions as provided by the Supplier according to Point 4 of these CBAM Compliance Terms;

The Buyer shall inform the Supplier of the request for information and verification or any queries concerning the CBAM reports covering CBAM goods produced by the Supplier within 15 days of the formal notification from the applicable CBAM authority.

## Material Breach and Remedies

Any of the following shall constitute a material breach of the Agreement by the Supplier:

A failure to provide the information required under Clause 5 within the specified deadlines.

The provision of information that is found to be materially inaccurate, incomplete, or misleading.

A failure to cooperate with an audit under Clause 5 or an official inquiry under Clause 6.

A breach of any representation or warranty under Clause 3.

Upon the occurrence of a material breach, the Buyer shall be entitled, without prejudice to its other rights and remedies, to:

Suspend any and all payments due to the Supplier.

Reject the delivery of any CBAM Goods.

Terminate the Agreement or any pending purchase order with immediate effect.

Procure substitute goods from an alternative source and recover from the Supplier any additional costs and expenses incurred.

## Adjustment mechanism based on verified emissions

The Supplier shall declare the embedded emissions of the CBAM goods in accordance



**CTA GROUP®**

COMMERCIALE TUBI ACCIAIO  
S.p.A.  
S.p.A. Share Capital € 13.960.000,00  
R.E.A. Torino N. 295073  
Reg. Impr. Uff. TO 179  
Fasc. 179/59  
VAT N. 00505800011

Head Office and Warehouse  
Viale Lidice, 40 – 10095 Grugliasco (TO) –  
Italy  
Ph. +39 011 3145 111  
info@ctaspa.com  
ctaspa.com

Commercial Office and Warehouse  
20056 GREZZAGO (Milano) – Via Toscana, 7  
Ph. +39 02.920.185  
International Projects  
16129 Genova, Viale Brigata Bisagno, 3/4  
Établissement stable  
15, rue Traversière – 75012, Paris (France)  
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with the CBAM Regulation for the relevant reporting period.

Any increase in CBAM costs resulting from a difference between declared emissions and verified emissions shall be settled between the Buyer and the Supplier accordingly.

Such settlement shall be based on the actual CBAM costs incurred by the Buyer, supported by relevant documentation, including CBAM certificates or equivalent evidence, and shall be reflected through the issuance of debit or credit notes between the Buyer and the Supplier. Any amount due by the Supplier pursuant to a debit note issued under this clause shall be payable within thirty (30) days from the date of its issuance. The Buyer shall be entitled to offset any such amount against any other amounts due to the Supplier under any agreement.

This settlement mechanism shall apply only where the deviation between Declared Emissions and Verified Emissions exceeds 10%.

## Fallback in absence of verified emissions

In the event that the Supplier is unable to provide verified emissions in accordance with the CBAM Regulation, the Supplier shall compensate the Buyer for any additional CBAM costs incurred as a result of the use of default values.

Such compensation shall correspond to the difference between:

- (i) the CBAM costs calculated on the basis of the emissions declared by the Supplier; and
- (ii) the CBAM costs effectively incurred by the Buyer based on applicable default values.

For the avoidance of doubt, this provision shall apply in particular where the Supplier has not implemented, or has only partially implemented, a monitoring system covering the relevant reporting period.

The Buyer shall be entitled to unilaterally recover any amounts due pursuant to these Terms — including additional CBAM costs, penalties, indemnities and any other



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info@ctaspa.com  
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documented losses — through set-off or deduction from any payments due to the Supplier under any agreement, without requiring the prior consent of the Supplier. The Buyer shall notify the Supplier in writing of its intention to exercise such set-off, specifying the amount and the basis thereof, no later than five (5) business days prior to the relevant payment date. The exercise of such set-off right shall be without prejudice to any other rights or remedies available to the Buyer under applicable law or contract.

## Indemnities from the Supplier

The Supplier shall indemnify, defend and hold harmless the Buyer from and against any and all fines and/or penalties imposed by a competent authority on the Buyer, costs of defence and other costs, directly or indirectly, resulting from the Supplier's breach of these CBAM Compliance Terms. Such breaches include, but are not limited to, the incorrect assessment of direct emissions, incorrect determination of installation boundaries, and miscalculations related to PFC emissions, process emissions, waste gas emissions, and heat transfer emissions and/or in case any information necessary to comply with CBAM regulations provided by Supplier is considered wrong, inaccurate, incomplete, false and/or misleading in any way.

The Supplier shall be liable for any direct or indirect, special, incidental or consequential loss or damages of any kind, as a result from the Supplier's negligent or intentional breach of any provision of these CBAM Compliance Terms. Such breaches include, but are not limited to, the incorrect assessment of direct emissions, incorrect determination of installation boundaries, and miscalculations related to PFC emissions, process emissions, waste gas emissions, and heat transfer emissions and/or in case any of information necessary to comply with CBAM regulations provided by the Supplier is determined to be wrong, inaccurate, incomplete, false and/or misleading in any way.

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## Annex: Definitions

For the purposes of these CBAM Compliance Terms:

- “Buyer” means any company or entity belonging to the CTA Group, or any entity acting on its behalf for the purchase of CBAM goods;
- “Supplier” means any legal or natural person supplying, or intending to supply, CBAM goods to the Buyer, including in the context of a request for quotation, purchase order or contractual relationship;
- “CBAM Regulation” means Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing a carbon border adjustment mechanism, as amended;
- “full implementation phase” means the period following 31 December 2025 during which the Buyer is required to purchase CBAM certificates starting from 1 February 2027, submit by 30 September of each year an annual report on the emissions embedded in CBAM goods imported during the preceding year, and surrender by 31 October of each year CBAM certificates corresponding to the emissions embedded in CBAM goods imported during the preceding year;
- “CBAM good(s)” means goods classifying under the Combined Nomenclature (CN) codes listed in Annex I to the CBAM Regulation;
- “aggregated CBAM goods category” means aggregated goods categories for each CBAM good, as defined in Table 1 of Point 2 of Annex I to the CBAM Implementing Regulation;
- “installation” means the stationary technical unit where the production process leading to the production of CBAM goods supplied, or intended to be supplied, to the Buyer is carried out by the Supplier;
- “production process” means the parts of the installation in which chemical or physical processes are carried out by the Supplier to produce CBAM goods under an aggregated CBAM goods category, and its specified system



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boundaries regarding inputs, outputs and corresponding emissions;

- “production route” means a specific technological option used in a production process to produce a CBAM good under an aggregated CBAM goods category;
- “emissions” means the release of greenhouse gases into the atmosphere from the production of goods;
- “direct emissions” means emissions from the production processes of CBAM goods, including emissions from the production of heating and cooling consumed during the production processes and the emissions from the combustion of the relevant fuel used in the production process of CBAM goods;
- “PFC emissions” means emissions of perfluorocarbons resulting from anode effects including fugitive emissions of perfluorocarbons;
- “reporting period” means the period corresponding to the calendar year during which the good was produced and used by the authorised CBAM declarant as reference for the determination of embedded emissions;
- “information request” means a request for the provision of information, data and documentation addressed by the Buyer to the Supplier under Point 4 of these CBAM Compliance Terms;
- “competent authority” means the authority designated by a Member State in accordance with Article 11 of the CBAM Regulation;

For all the other definitions, please refer to the definition provided in the CBAM Regulation, CBAM Implementing Regulation, and any relevant guidance published by the European Commission providing instructions to foreign producers of CBAM goods.