

GENERAL CONDITIONS OF CONTRACT FOR PURCHASE AND SUBCONTRACTING

The following General Purchasing & Supply and sub-contracting Terms and Conditions are the sole terms and conditions regulating orders issued by Lamiflex S.p.A, except in cases where Lamiflex chooses to deviate from these in writing or by means of specific agreements and contracts between the Parties. Supply Specifications, where referred to, form an integral part of these Terms and Conditions.

General clauses

1. The Supplier shall return a duly signed copy of the order in acceptance within 7 (seven) days of receiving, either by fax or mail. The Order shall, in any case, be deemed to have been accepted if the Supplier fails to return it within said deadline.
2. The dates, quantities, places and terms of delivery and/or supply indicated in the order are binding for the Supplier. If the agreed terms and conditions are not respected, Lamiflex can caution the Supplier to fulfil the terms of the agreement and, in the case of serious and repeated breach of contract, Lamiflex may cancel the agreement, while reserving the right to claim damages. In the case of late delivery, Lamiflex may apply to the Supplier a 3% penalty for each week of late delivery after a period of grace (one week) and up to a maximum of 10% the total value of the order. Any early deliveries (i.e. prior to the agreed date) shall only be accepted on the following conditions: 1. All payments shall be effected as foreseen in the order; 2. Lamiflex has sufficient storage space to hold the goods, otherwise the goods may be returned at the Supplier's own cost and risk.
3. The place of delivery is that where the goods and /or services shall be supplied in conformity with the terms and conditions of the order. Shipments shall be accompanied by the relative **transport documents which must include the order number, product codes, the exact destination of goods and the address indicated in the order**. Any items arriving without the necessary wording and/or without the required transport documents will be returned to the sender and be the subject of a Non Conformity note.
4. All goods shall be packaged by the Supplier at its own expense and be fitting to the type of product and transport so as to guarantee the welfare and safety of operators during handling.
5. Each delivery must be accompanied by the documents certifying the quality and conformity of the products supplied (Certificate of Conformity, Chemical Analysis, technical, etc.) as well as any expiration where this is a requirement. For expiring materials, at least three-quarters of maximum service life must be guaranteed, unless otherwise required by the Terms of Delivery.
6. The materials supplied by "Retailers / Distributors" are to be delivered with Certificates of Order Compliance, which ensure the proper storage of materials and a copy of the Manufacturer / Producer Compliance Certificate.
7. The chemicals substances must be supplied with documentation required by Reg. 1907/2006 and subsequent amendments, (REACH) and Reg. 1272/2008 and subsequent amendments, (CLP) or safety data sheets in Italian language.
8. In the case of ceased production by the Supplier of an article in usual supply, the supplier is required to inform Lamiflex with such an advance that allows, if necessary, a provision that can assure to Lamiflex the continuity of its production.
9. The prices indicated in the order are considered fixed until the completion of the supply. Payments will be made in accordance with the Order provided that: a valid invoice has been issued; the supply has been accepted by the quality control according to what's provided in the following section "Clauses relating to quality assurance"; there are no suspended breaches of contract notified to Supplier by Lamiflex. **Payments falling on 31 August and 31 December of each year shall be definitely postponed to the 10th day of the following month**. The accounts receivable arising from the order may not be transferred or sold to third parties.
10. The Supplier shall treat all commercial and technical information made available by Lamiflex as confidential, this being subject to industrial property rights belonging to Lamiflex, including any results obtained while carrying out the order received from Lamiflex. The Supplier shall also be expected to transmit all information and data to Lamiflex, who shall be recognized as the rightful owner of such information and data. The Supplier undertakes to extend these obligations to its own employees and to any subcontractors it may use. All Quality requirements transmitted by Lamiflex, must be fully reported by the Supplier and be seen on the subcontractor. All information and data contained in the order and the pertinent enclosures shall be considered as strictly confidential and may only be used for the purposes foreseen by the order and may not be reported. The order may not be sold by the Supplier to third parties without first obtaining written approval to do so from Lamiflex.
11. If the order is carried out on Lamiflex premises (contract), the Supplier is expected to provide all necessary technical measures during the production process in order to guarantee the welfare and safety of its own workers, in compliance with the laws governing occupational health and safety (Italian Legislative Decree 81/08), including information provided by Lamiflex regarding any risks in the workplace, accident prevention measures and procedures and any adopted emergency measures relative to its own production processes. Lamiflex must be informed about any subcontracts; only those subcontractors authorized by Lamiflex may perform the work indicated in the order and shall assume the same liabilities and obligations as the Supplier when performing the order.
12. Lamiflex may unilaterally withdraw from the order at any time, in whole or in part, informing the Supplier of its intention to do so in writing. Upon receipt of said notification, the Supplier shall immediately interrupt any activities on behalf of Lamiflex, who shall pay the Supplier an adequate sum of money to cover any costs directly incurred by the same as a result of termination. The Supplier shall accept said sum in full settlement and satisfaction of any claim it may forward as the result of termination of the order and shall make every possible effort to reduce the aforementioned direct costs. The sum paid to the Supplier by Lamiflex on account of unilateral termination of the order may not, under any circumstances whatsoever, exceed the agreed price that would have been paid by Lamiflex if the work had been completed in accordance with the order. Lamiflex reserves the right to demand delivery of any goods ready for dispatch and the relevant documents. Lamiflex shall have the right to terminate the order, in whole or in part, informing the Supplier of its intention to do so in writing, with effect from the date on which the Supplier receives said notification, in the following cases:
 - non delivery of the goods and/or services within the agreed delivery terms;
 - non conformity of the goods and/or services with the technical/quality requirements foreseen in the order;
 - breach of the provisions of clauses 2, 5, 7, and of the following section "Clauses relating to the application of the Organizational Management Model" L.D. 231/01"

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- breach of welfare, insurance, health & safety and environmental terms leading to losses or prejudice for Lamiflex;
- the Supplier discontinues its business or starts bankruptcy proceedings, enters receivership, is involved in agreements with creditors or any other winding-up proceedings.

If the order is terminated, Lamiflex shall have the right to claim a refund for all costs, expenses and burdens it may have incurred, included therein those deriving from the procurement of the Supply from third parties; Lamiflex shall also have the right to obtain damages for any further losses incurred as a result of terminating the order.

13. All business relations arising from this agreement are governed and regulated by Italian Law. Any disputes arising from such relations as a result of this agreement shall be decided exclusively by the Bergamo Court of Law, expressly excluding any alternative law courts.

Clauses relating to the application of the Organizational Management Model L.D. 231 / 01

14. The Supplier declares to be aware of the provisions of Legislative Decree 231/2001, and that he acknowledges the provisions of the Code of Ethics of Lamiflex SpA, and he declares to conduct his business in accordance with appropriate procedures, to avoid the occurrence of any illicit facts relevant to pursuance of the said Decree. Any breach or attempt to breach by the Supplier, and any person who works for him, of the code of ethics of Lamiflex S.p.A. or relevant behaviour under the above law, which the Company at any time has become aware of, entitles the Company to terminate the contract for due reason.

Clauses relating to Quality Assurance

15. The Supplier undertakes to guarantee and maintain the level of Standard of quality set at the time of qualification for the entire duration of the supply (including skills, qualifications of people, processes, etc.). Lamiflex reserves the right to introduce a specific Quality Control or Acceptance Test to suit the goods and/or services foreseen in the order.
16. Upon being notified, the Supplier (including sub-contractors, if any) shall recognize the rights of Lamiflex, the Customer or any Surveillance Body to access plants where the goods are manufactured or services are carried out and to view the relative documentation without this relieving the Supplier from its obligations of warranty or constituting acceptance.
17. The Supplier guarantees that the supply shall comply with the specifications indicated in the order and pertinent enclosures and that it is free of faulty materials and/or manufacturing defects, design faults and software errors, where applicable. Before making any changes, the Supplier shall inform Lamiflex. Unless otherwise specified, all supplies must conform to the review of technical documents in force on the order issue date.
18. Should the products fail to respect the Supply Specifications (non conforming products), the Supplier shall immediately inform the Lamiflex Quality Control department, segregate and clearly identify the product as being NC, awaiting written decisions from LQC concerning their approval and subsequent processing.
19. Acceptance of goods and/or services is subject to inspection and/or checks in order to ensure accuracy, suitability and the absence of flaws. Lamiflex shall inform the Supplier of any such problems immediately upon discovery. Any items found to be non-conforming at acceptance and/or during manufacturing shall be replaced entirely at the Supplier's own expense within the term of 10 days from receipt of the goods, even if the corresponding invoice has already been paid. Failure to do so shall give Lamiflex the right to correct the faulty material itself or have it corrected by third parties at the Supplier's expense, reserving the right to claim further damages including losses due to production standstill.
20. Any time that Lamiflex discovers a case of non conformity, it shall immediately inform the Supplier by means of a Non Conformity Report (NCR). The Supplier shall be charged for each NCR. The cost of NC management is €50 and is charged to the third signal in a calendar year.
21. The Supplier acknowledges and agrees that the delivery is not accepted will be deemed never delivered and in this case will be applied step 2.

Additional clauses for Aeronautical Field Suppliers (A)

22. If not certified yet in accordance with EN-AS-JISQ-9100, the Supplier shall take all efforts to acquire this certification.
23. The supplier shall ensure the prevention of any counterfeit parts.
24. Any modification to the organization, process, products or services including changes to the use of sub-contractors or production sites that are involved in the order in progress must be agreed in advance.
25. In the case of subcontracting, the supplier is required to ensure the flow-down of Lamiflex requirements.
26. The supplier is required to keep and make available the supporting documentation for a period of not shorter than five years from the date of delivery.
27. The supplier shall ensure that his employees are aware of:

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their contribution to product and service compliance;
their contribution to product safety;
the importance of ethical behaviour.

Environmental clauses

- 28.** The Supplier is required to satisfy all environmental rules and regulations. Merely by way of example and not limited to this, said rules and regulations may include: the existence of all permits and letters of authorization to carry on the activities in question (e.g. air emissions, discharges, waste management); the existence Fire Safety Certificates if so required, etc.

Concerning the supply of machinery/equipment

- 29.** The Supplier declares, guarantees and certifies that its machinery and equipment conform with EU Directives concerning product safety, including and not limited to Directive 2006/42/EC (Machinery Directive) and subsequent updates.
- 30.** Supplier shall guarantee the availability of spare parts, machinery and equipment for a minimum period of 10 years from the time of purchase of plant. All products shall be supplied under warranty for a minimum period of 12 (twelve) months from the date of delivery or inspection.
- 31.** In order to guarantee the correct use and maintenance of its machinery and equipment, the Supplier shall provide the relevant instruction and maintenance handbook in the Italian language.

These GENERAL CONDITIONS OF PURCHASE CONTRACT AND SUBCONTRACTING are to be considered an integral part of the orders issued by Lamiflex S.p.A.

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