



## GENERAL TERMS OF SUPPLY AND SUBCONTRACTING

The following Terms of Purchase and Subcontracting are the only governing Terms for the Purchase Orders issued by ITAI S.p.A., except in case of specific exception in written form or specific agreements and contracts signed between the parties. The Supply Specifications, where recalled, are an integral part of these conditions.

### GENERAL CLAUSES

1. Within 7 days from receipt of Order, the Supplier shall send an order confirmation, or render a duly signed copy via fax or mail for acceptance. In the event that the Supplier fails to send a signed copy within the said period, the Order is considered to be tacitly accepted.
2. The dates, quantities, locations and terms of delivery and/or supply in the Order are binding for the Supplier. In case of non-compliance with agreed conditions, ITAI can call the Supplier to fulfill and, in the case of serious and repeated breach, decide to early terminate the contract, without prejudice to compensation for all damages. In case of delayed delivery, ITAI can apply a 3% penalty for each week of delay that exceeds the exemption of one week, up to a maximum of 10% of the total value of the Order. The eventual delivery in advance of the agreed date, unless required by ITAI, will be accepted as long as the payment remains unchanged from the due date.
3. The place of delivery is the place where goods and/or services must be provided in accordance with the provisions of the Order. The shipments must be accompanied by the relevant transport documents in which should appear the Order number, code and quantity of products, destination of the goods to the address called in order. All the parcels that arrive without inscription and/or lacking in Delivery note, will not be accepted and they will be subjected to the emission of nonconformities.
4. The goods must be packed at the expense of the Supplier in a suitable manner and adapted to the type of product and transport in order to ensure the integrity and safety of the operators during handling.
5. The required documents, certifying the quality and conformity of products supplied (Certificate of Conformity, EN 10204 Certificates 3.1, etc.), must be enclosed to the supply, as well as the expiration date, where applicable. For shelf-life materials, they must be guaranteed at least three quarters of the maximum life of the product, unless otherwise agreed.
6. The materials supplied by "Resellers / Distributors" are to be delivered with Certificates of Compliance to the Order, to ensure the proper storage of materials, and a copy of the Manufacturer/Producer Compliance Certificate or EN 10204 Certificates 3.1.
7. The chemicals and -where applicable- the other materials, must be supplied with documentation required by Reg. 1907/2006 and subsequent amendments (REACH) and Reg. 1272/2008 and subsequent amendments (CLP), material safety data sheets in Italian and English language.
8. The prices indicated in the order are considered fixed until the completion of the supply. Payments will be made in accordance with the provisions in the Order provided that: a valid invoice is issued; the supply has been accepted by the quality control according to the "quality assurance clauses"; there is no breach of contract notified to the Supplier by ITAI. The payments expiring on August 31 and December 31 of each year, will be moved without exception to the 10th of the following month. The credit arising from the Order cannot be transferred or assigned to third parties.
9. The Supplier shall keep confidential, as an object of industrial property rights of the latter, all commercial and technical information made available by ITAI, and any results achieved in the execution of the Order received from ITAI, undertaking to transmit them and recognizing the ownership thereof. The same commitments will be extended by the supplier even towards its employees and subcontractors. All Quality requirements transmitted by ITAI, must be fully disclosed by the Supplier and flowed down on the subcontractor. All information and data contained in the Order and its annexes shall be considered strictly confidential and used only for the purposes of the order and will not be disclosed. The Order may not be assigned by the Supplier to third parties without the prior written consent of ITAI.
10. In case of sub-contracted activities to be performed at the premises of ITAI, the Supplier undertakes to carry out all the technical measures in the execution of its activities to ensure the security and safety of their workers, conforming the safety legislation and hygiene at work (D. Lgs. 81/08), as well as about the information provided by ITAI on the risks arising from the work environment, and the measures of prevention and emergency procedures related to its activities. Any subcontracting must be compulsorily communicated to ITAI and will be exclusively authorized to subcontractors previously authorized by ITAI, without affecting all responsibility and obligation of the Supplier in the Order execution.
11. At any time ITAI may unilaterally terminate the Order, in whole or in part, by means of written notification to the Supplier. Upon receipt, the activities covered by the withdrawal must be stopped immediately and ITAI will pay to the Supplier an adequate amount to cover the direct costs incurred by it to its execution due to the withdrawal. The Supplier will accept that amount in full acknowledgment and satisfaction of all claims arising from the withdrawal in question and will make every effort to reduce direct costs referred to above. For no reason the amount paid by ITAI to Supplier for the withdrawal reason can exceed the price that would be paid by ITAI if the work had been completed. Nevertheless ITAI reserves the right to require the delivery of the supply prepared and related documentation.

ITAI will be entitled to terminate all or part of the Order by written notice with effect from the date of its receipt by the Supplier, in the following cases:

- failure to deliver supplies on the agreed delivery dates;
- non-conformity of the supply to the technical and quality requirements in order;
- failure to comply with the provisions of the clauses 2, 5, 7
- violation of the social security rules, insurance, safety, and environmental applicable which result in injury or damage to ITAI;
- the Supplier ceases its activities, and in the event of insolvency, bankruptcy, preventive or any bankruptcy proceedings against him.

In the case of Order resolution, ITAI will be entitled to reimbursement of the costs, expenses and charges incurred including those arising from the procurement of supply from third parties, in addition to compensation for further damages actually suffered as a result of such termination.

12. Every relationship governed here is regulated by the Italian law. Any dispute arising from relations governed here will be referred to the exclusive jurisdiction of the Court of Bergamo, with expressed exclusion of alternative forums.



## GENERAL TERMS OF SUPPLY AND SUBCONTRACTING

### QUALITY ASSURANCE CLAUSES

13. The Supplier shall ensure and maintain the application of the Quality System standard that has been recognized in the qualification for the duration of the order. It is expected, however, that the Supplier makes all efforts to acquire certification in the aerospace sector according to EN-9100-AS-JISQ.
14. Depending on the type of delivery in relation to the Order, ITAI reserves the right to activate a specific quality plan or supply control.
15. Providing reasonable notice, the Supplier shall allow full access to ITAI, its customer and the Supervisory Bodies, to the premises where goods are produced or services are performed, as well as the viewing of relevant certificates and documentations; in any case that does not raise the Supplier from its obligations and warranties or constitute acceptance of the products/services.
16. The supplier guarantees that the Supply complies with the requirements of the Order and its annexes, and that it is free from defects in material and/or workmanship, free from defects in design, free from defects in the software where applicable. Any change must be accepted in writing by ITAI. Unless otherwise specified, all supplies must conform to the latest revision of applicable technical documents and specifications at the date of issue of the Order.
17. The supplier, in case the product fails to meet the required characteristics (non-conforming), must give immediate written notice to ITAI, isolate and identify nonconforming product, pending decisions that will be sent in written form by ITAI for approval and its treatment.
18. Acceptance of the goods and/or services are subject to inspection and/or control in order to verify the lack of vices, accuracy and suitability. Any faults or defects will be communicated to the Supplier at the time of the discovery. Any items that may be non-compliant at the time of acceptance and/or processing, will have to be replaced at Supplier's charge and expense within 10 days from the provision of goods, even if the invoice had already been paid. Otherwise, ITAI will be authorized to carry out directly or through third parties any necessary correction of the defect at the Supplier's expense, subject to the right to act for other damages, including the production stop.
19. Each Not Conformity of the product will be notified to the Supplier with the emission of non-conformities report. The costs resulting from non-compliance will be charged to the supplier.
20. The Supplier acknowledges and agrees that the supplies not accepted will be considered as never delivered and in this case clause 2 will apply.

### ADDITIONAL CLAUSES FOR AERONAUTICAL FIELD SUPPLIERS.

21. The supplier shall ensure the prevention of any counterfeit parts.
22. 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.
23. In the case of subcontracting, the supplier is required to ensure the flow-down of Lamiflex requirements.
24. 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.
25. The supplier shall ensure that his employees are aware of:
  - their contribution to product and service compliance;
  - their contribution to product safety;
  - the importance of ethical behaviour

### ENVIRONMENTAL CLAUSE

26. The compliance to environmental laws is recommended (e.g. the presence of all the authorizations required to perform the activities, air emissions, effluents, and waste management, the presence of CPI if required, etc.)

### MACHINE & TOOLS

27. The Supplier declares, warrants and certifies that machinery/equipment will comply to the EC directive, to the safety of products, including but not limited to Directive 2006/42/EC (Machinery Directive) and subsequent updates.
28. The Supplier guarantees the availability of spare parts of plants, machinery and tools for a minimum period of 10 years after purchase. The supplier guarantees a minimum of 12 months warranty from the date of delivery/testing for the products supplied.
29. In order to ensure proper use and maintenance of machinery/equipment, the Supplier shall provide proper installation/compliance Certificate and the operation and maintenance instruction manual in Italian and English language.

These GENERAL TERMS OF SUPPLY AND SUBCONTRACTING are considered an integral part of the orders issued by ITAI S.p.A.