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# GENERAL PURCHASE CONDITIONS

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30 OTTOBRE 2019  
ORLANDI S.P.A.

# GENERAL PURCHASE CONDITION

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## **1. GENERAL**

With "Orlandi" must be understood **Orlandi S.p.A., VAT n°: IT03524600156 - Registered Office: Via Matteotti 67- Cassano Magnago (VA).**

The production and logistics sites, respectively:

### **Production Site**

Viale XXIV Maggio, 3, 21013 Gallarate VA

### **Logistic Site**

**Strada St. n. 230 Biella, Formigliana, VC 13030**

These General Purchase Conditions (hereinafter the "General Conditions") will apply to all sales of goods and / or service supplies made by the Supplier (as defined below) to Orlandi (as defined below), in execution of Purchase Orders that may be issued from time to time by Orlandi, unless a specific written contract governing the supply terms and conditions of certain goods or services has been signed between the Parties. In this case the provisions of the specific contract will be applied, limited to raw materials, semi-finished products, products, packaging and services, regulated by it. These General Conditions will prevail over any general or particular sales conditions of the Supplier. Any modification or addition to these General Conditions will be valid only in the case of specific written acceptance by Orlandi.

Changes and additions to the General Conditions will be limited to the particular purchase for which they are agreed. The Supplier may not assign or sub-contract the Supply Contract to any third party, in whole or in part, unless expressly authorized in writing by Orlandi and in any case, in the latter hypothesis, he will be responsible for Orlandi for all the activities set out in be from the third party transferee or subcontractor.

## **2. SUPPLY CONTRACTS FINALIZATION / PURCHASE ORDERS**

The Supply Contract is concluded through the issue by Orlandi and the acceptance "order confirmation" by the Supplier of a Purchase Order.

The beginning of the execution of the supply, object of the Purchase Order by the Supplier, constitutes acceptance of the Purchase Order and of these General Conditions by the Supplier, even in the absence of other formalities. The acceptance of the Purchase Order involves the complete and unconditional acceptance of all the conditions therein as well as of these General Conditions.

## **3. MODIFICATIONS AND UPDATES**

The Supplier undertakes to supply Products that meet the defined specifications; Any update or modification on the Products or on the processes for the realization of the products must be previously reported and subsequently shared in writing and in any case must be carried out in compliance with the timing, methods and economic aspects agreed with Orlandi.

## **4. PACKAGING**

The Supplier must deliver the Products with suitable packaging for transport in order to prevent damage and quality problems. In the event that the Products are delivered at the Orlandi plant or at the Formigliana warehouse, they will be accepted with reserve. In the subsequent verification, if it turns out to be damaged in packaging, Orlandi will have the right to refuse the shipment and send it back to the

Supplier, charging any cost. All packaging used for the shipment of materials must be identified in the documents with the following information:

- Supplier Company name
- Shipment Date
- Order number
- The Code, the trade name
- The amount
- The production lot
- The expiration date
- Number of packages.

Every material delivered, must be accompanied by all the documents requested in the order. Any changes in the packaging instructions processed by the suppliers must be agreed with the Quality and Logistics Orlandi. In the case of transport of materials under the ADR / IATA / IMDG regime, all the measures required by the binding regulations must be adopted.

## **5. DELIVERY, DELAYS**

The Supplier is required to deliver the Products according to the quantities, times and places indicated in the purchase order. Partial deliveries are not acceptable, unless otherwise agreed in writing between the Parties. If there are difficulties in complying with the delivery terms, the supplier is obliged to give immediate and preventive communication to Orlandi.

## **6. PRICE, PAYMENT**

The prices shown on orders from Orlandi Purchases are those considered valid for invoicing purposes and any changes or modifications can only be made by the same function. Retroactive changes to the pieces are excluded.

Invoices must be prepared, issued and managed in compliance with the provisions of the law; Orlandi will make the payment in the manner and at the deadline indicated in the Purchase Order, subject to the receipt of the invoices, duly completed, as well as any related type of documentation if required by law. If not previously authorized in writing by Orlandi, the Supplier undertakes not to transfer or transfer to third parties any credit that it can boast towards Orlandi.

## **7. WARRANTIES ON PRODUCTS**

### **7.1 QUANTITATIVE AND QUALITATIVE PRODUCT COMPLIANCE**

The Supplier guarantees the Products quantitative conformity, as indicated in the Purchase Order and as stated on the dispatch note. In the event that there is a quantitative non-conformity of the Products, Orlandi will have the right to:

- a) Accept the tolerances for the quantitatively defined contractual differences;
- b) Orlandi has the right to return the part of the supply that was found to be surplus, with the possibility, if the Supplier does not immediately withdraw it, to return the surplus at the latter's expense and risk, or to charge the same for the stock charges ;

- c) Except as provided in the previous § 6, ask the supplier to provide immediately to the lacking materials, it being understood that any higher costs or expenses (including any extra costs due to logistical requirements) remain the responsibility of the Supplier.
- d) The Supplier is responsible for the quality of the products supplied, even in the event of an inspection carried out by Orlandi, and undertakes to guarantee the materials free from defects and non-conformities found. The Supplier must ensure that the verifications meet the quality requirements in order to guarantee Zero Defects.
- e) Upon the occurrence of critical deadline situations, recurring quality problems, complaints from the end customer), Orlandi has the right to ask the Supplier for specific additional controls, in order to detect problems that have occurred and not detected by the controls put in place by the Supplier during production. The supplier undertakes to carry out all the necessary checks to guarantee the reliability and suitability of the raw materials for the required function and use, as indicated in the technical documentation supplied to Orlandi.

The supplier must have a system that guarantees:

- a) a) The identification of raw materials and semi-finished products in stock in their warehouses;
- b) b) The identification of the progress of the products in relation to the control requirements;
- c) c) The identification of the non-conforming product to avoid its unintended use or delivery;
- d) d) The identification of the finished and approved product in conformity.

The Supplier is required to apply and comply with the FIFO (First In First Out) methodology.

## **7.2 QUALITATIVE SYSTEM COMPLIANCE**

Orlandi hopes that the supplier has a system that allows to identify and unequivocally trace back, for each production lot, the date of manufacture and the checks and tests results to which the products have been subjected and any corrective actions implemented. This requirement also applies to materials and work carried out by subcontractors. It is the responsibility of the supplier to maintain this documentation for a period of 10 years from the date of the last supply.

For supplies relating to the automotive market, the Supplier guarantees to be ISO 9001 certified by an accredited and recognized Certification Body. It is also appreciable that the suppliers structure the quality management system with the aim of complying with the IATF 16949 standard. The suppliers of products not used for the Automotive market, not in possession of this certification must in any case guarantee the application of the fundamental principles of the legislation in question. In this case, the assessment of the supplier will be carried out by means of audits and request for completion of a questionnaire.

In any case, the Supplier undertakes to implement a quality system based on the ISO 14001 standard or in any case to guarantee an environmental protection management and the application of the rules in compliance with the ISO 45000 regulation on safety in the workplaces.

## **8. SUPPLIES CHECK AND NON-CONFORMITY MANAGEMENT**

Orlandi is not obliged to carry out checks on acceptance, except to search for transport damage and visible product defects. The Supplier is therefore totally responsible for the products supplied and undertakes to carry out all the necessary checks to ensure that these are free from manufacturing faults or defects. In any case, Orlandi reserves the right to carry out conformity checks on the products supplied:

- a) At the supplier and / or its subcontractors;

- b) In acceptance, arrivals using sampling plans. If a non-compliant part is detected, the entire lot can be considered as such;

The management of any non-compliant products will be carried out as indicated below.

a) Products whose non-conformity was caused by raw materials or purchasing substances

The Quality department of Orlandi can decide, in agreement with the supplier, to:

- Treat the entire potentially non-compliant batch to be disposed of or return to the supplier, with or without a request for replacement, depending on the needs;
- Give the sampling focused on the remaining containers to be supplied with its own staff or third-party suppliers in its factory at the expense and risk of the supplier; non-conforming products detected during the selection are then returned to the supplier or reprocessed in its own factory or by third-party suppliers at the supplier's expense.

b) Corrective actions Management

Upon detection a non-conformity, Orlandi issues a non-compliance report.

When a non-compliance report is sent, the supplier undertakes to analyze the problem and to send Orlandi a file containing the corrective actions put in place for NOT repeating the problem.

Suppliers that supply raw materials or semi-finished products for the Automotive sector, upon receipt of a non-compliance report, must complete a problem analysis report and write down the corrective actions according to the 8D report standard using the Orlandi module and the specific techniques of the "**Problem solving**".

Unless otherwise requested, the supplier must send to the Quality department:

Conferma del ricevimento del rapporto di non conformità entro 1 giorno lavorativo, indipendentemente dal fatto che gli venga richiesto di elaborare un 8D;

- Evidenza dell'applicazione delle azioni di contenimento effettuate entro 3 giorni lavorativi dal ricevimento del rapporto di non conformità, (4D);
- 8D contenente la pianificazione delle azioni correttive a lungo termine entro 10 giorni lavorativi dal ricevimento del rapporto di non conformità (8D);
- 8D che documenti l'efficacia delle azioni correttive a lungo termine effettuate sul primo lotto successivo alla loro implementazione.

The supplier must analyze all returns and non-compliant products rejected by Orlandi, provide a root cause analysis and take appropriate actions to eliminate them and prevent their recurrence. If the corrective actions are not effective or there are repetitive non-conformities, Orlandi reserves the right to apply containment actions "**escalation processes**" according to the internal procedure, in order to:

- Guarantee supplies compliant with what was agreed;
- Support the supplier for the resolution of quality problems that have caused the non-compliance.

In any case the Products supplied are assisted by the guarantee for defects and again by all, without exception, the guarantees provided for by law. The supplier is required to provide maximum support and the necessary cooperation for a joint analysis in order to determine the causes of the problem and identify the solution.

c) Costs recovery resulting from non-compliance caused by suppliers

The costs deriving from qualitative or logistic non-conformity attributable to the suppliers will be charged to it. These costs may include, but are not limited to:

- Non-compliance management costs;
- Costs of non-conforming products or processes that have generated non-compliance;
- Managing cost of non-compliant products such as selections, tests, rework, handling, transport;
- Any costs charged by Orlandi's customers for the management of non-compliance, such as, but not limited to, selections, tests, reworking, handling, transport;

a) Exceptional authorization to supply products not in compliance (request for derogation)

The supplier will not deliver the goods on which detects non-compliance with the requirements specified without obtaining formal authorization from Quality. The authorization to supply non-compliant products

must be received in writing by Orlandi. Any induced costs resulting from the non-conformity will be charged to the supplier.

Each product container accepted in derogation must be appropriately identified with a sign bearing the wording Accepted Material Derogation. Furthermore, the products accepted in derogation must be indicated in the transport document (DDT). This is not applicable in case of non-conformities regarding safety features or subject to legislative, approval or mandatory restrictions for which no derogation can be granted. The parties agree that if Orlandi disputes the supply for any reason or cause, it may suspend the related payment until the dispute has been resolved satisfactorily for them.

## **9. SUPPLIERS ASSESSMENT AND MONITORING (AUTOMOTIVE MARKET)**

The potential supplier must first provide certain documents and / or declarations of conformity by responding to a specific request aimed at collecting in a structured manner information on the company, on the product and / or service supplied.

Depending on the answers and once the qualification activities are completed, Orlandi decides whether the potential new supplier can be included in the list of suppliers and decides whether to send an offer request to the potential supplier. Orlandi Quality identifies qualified suppliers annually and, if the supplier does not reach the minimum score of 60%, Quality will offer Purchases a recovery plan. Relevant document for the purposes of the Purchase Order is the specific technical supply relating to the material to which Purchases and Suppliers must refer in the procurement phase. The Supplier undertakes to supply Products that comply with the Technical Specification; any update or modification on the Products will be carried out in compliance with the timing, methods and economic aspects agreed in writing with Orlandi. The supplier must guarantee the availability and updating of the technical documentation. The supplier must prepare and keep up to date all the documentation necessary to guarantee and prove the conformity of the products to the required requirements. These documents must be promptly made available upon request.

## **10. QUALITY AND SERVICE INDEX (AUTOMOTIVE MARKET)**

Orlandi has defined an indicator for the quality of supply. Every 6 months the Automotive supplier will receive a specific performance level for the period in question. If the index is lower than the established minimum, the supplier must prepare a corrective action plan for the return within the established limits.

## **11. SAMPLES APPROVAL SUITABILITY (AUTOMOTIVE MARKET)**

Orlandi considers necessary the samples for approval, if the products have not been purchased by the Supplier. Unless otherwise indicated, the supply of the samples must be accompanied by the PPAP documentation and more specifically:

- PSW - Part Submission Warrant;
- TDS;
- MSDS;
- Analysis Certificate;
- Legislative compliance (if necessary);
- Control Plan;
- Possible reference sample;

At the end of the PPAP phase, the supplier is required to maintain a sample made at the factory using the same definitive methods / equipment and compliant with what was sampled and shared with the PPAP with Orlandi Quality. The Supplier undertakes to comply with:

- A.P.Q.P. (Advanced, Product, Quality Planning): In case of assignment of a new order the supplier in question will have to plan and monitor the product progress and process development activities, which lead to the preparation of the documentation referred to in §11, through an appropriate APQP.

## **12. CHANGE MANAGEMENT**

The supplier must have a system that allows the identification of the product changes on the process.

The supplier shall have:

- Properly identify the first production of modified products;
- Write down the modified batch wording in the transport document (DDT).

This also applies to products entrusted changes to the sub-supply.

### **13. LEGISLATIVE REGULATIONS**

The Supplier shall comply with the laws concerning the treatment of employees, environmental protection, health and safety in the workplace.

All items supplied (materials, semi-finished products, etc.) must comply with the applicable safety and environmental regulations of the receiving country. The supplier must provide evidence of compliance with applicable regulations, in particular for the following standards:

#### **13.1 REGULATION (CE) N°1907/2006 REACH**

Regulation (CE) No. 1907/2006 REACH (Registration, Evaluation, Authorization of Chemicals) concerning the registration, evaluation, authorization and restriction of chemical substances establishes specific duties and obligations for manufacturers, importers and downstream users of substances, as such or as components of preparations or articles (as defined in article 3 of the REACH). The articles suppliers (materials, semi-finished products, components, assembled items, etc.) referable to the REACH regulation, must comply with the relative restrictions required by the standard and provide within the product approval process. The evidence of the registration or notification procedure for the substances contained therein and to communicate information on the possible content of SVHC (Substances of Very High Concern).

#### **13.2 THE MATERIAL SAFETY DATA SHEET**

In accordance with Regulation (EC) No. 1907/2006 REACH and subsequent changes introduced, the supplier must provide, at the same time as the first delivery, the safety data sheets of all the substances and mixtures composing the articles supplied in order to allow their safe use. The safety data sheets must be drafted according to the provisions of the reference standards; non-compliant safety data sheets will not be accepted. If the safety data sheets are updated, the new versions must be automatically and promptly sent.

#### **13.3 CLP REGULATION**

The Regulation (EC) n. 1272/2008 on the classification, labeling and packaging of chemical substances and mixtures (CLP - Classification, Labeling and Packaging), although based on the principles and requirements of Directives 67/548 / EC, concerning dangerous substances, and 1999/45 / CE , on dangerous preparations, takes up the GHS, Global Harmonization System, which promotes a harmonized global classification and labeling process.

This harmonization aims to ensure a high level of protection of human health and the environment, the free circulation of substances, chemical mixtures and articles within the EU, strengthening competitiveness and innovation.

#### **13.4 DETERGENT REGULATIONS**

The detergents Regulation (CE) n.648/2004 harmonizes the control methods to determine the all surfactants biodegradability used in detergents, which concern primary and complete biodegradability. The tests must be carried out in laboratories that meet internationally recognized standards.

Producers must ensure that their products meet the requirements of the regulation, making available to the competent authorities dossiers on test results and a technical data sheet for medical personnel. Information on detergent packs must be legible, visible and indelible, and must contain the manufacturers' contact details and the technical data sheet. The detergents labels sold for public use must provide details on the dosages, recommended for the different types of washing, in a standard washing machine. In recent years, the legislation has been amended to harmonize the rules on limiting the content of phosphates and other phosphorus compounds in laundry detergents and household dishwashers.

### **13.5 DIRECTIVES 2002/95 / CE, 2011/65 / CE E 2002/96 / EC (and subsequent changes introduced)**

The Directive 2002/95 / CE related to the use restriction of certain hazardous substances in electrical and electronic equipment (RoHS, Restriction of Hazardous Substances Directive) and Directive 2002/96 / CE on waste electrical and electronic equipment (WEEE) govern the use of dangerous substances, such as lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls (PBB) and polybrominated diphenyl ether (PBDE) and the recovery and disposal of such equipment waste. The suppliers must provide, during the product approval process, a certification relating to the obligations fulfillment of the deriving from them.

### **13.6 CONFLICT MINERALS**

On August 22, 2012, the United States Securities and Exchange Commission, announced the adoption of the definitive rules regarding "conflict minerals" pursuant to Section 1502 of the Dodd-Frank Regulations Wall Street Reform and Consumer Protection Act ("Conflicts Minerals Rules").

Conflict minerals include gold, columbite-tantalite (coltan), cassiterite, wolframite and their derivatives, currently limited to tantalum, tin and tungsten.

In the event that any Product or component thereof contains any mineral belonging to this category, the Supplier shall immediately notify to Orlandi of this Conflict Mineral in writing and provide all the information necessary to comply with the requirements of the relevant national / international provisions in force in the field of "Conflict Minerals". The obligation to report the use of "Conflict Minerals" will be continuous.

### **13.7 GDPR UE LEGISLATIVE DECREE 679/2016**

Orlandi treats the confidential information of personal data, according to the code regarding the protection of personal data (also commonly known as GDPR code), which rationalizes, simplifies and coordinates in a "Consolidated Act" all the previous provisions relating to the protection of personal data. Suppliers must comply with the relevant restrictions required by the standard.

## **14. EXPORT AND CUSTOMS CONTROL**

The Supplier undertakes to comply the regulations in force and applicable in terms of customs and import / export. The Supplier is required to inform Orlandi of any requirements relating to import / export licenses of Products based on Italian or foreign legislation on export control and customs regulations. At the same time it is required to inform Orlandi of the export control legislation and the customs regulations

in force in the country of origin of the Products. The Supplier must also communicate the following information regarding the Products:

- Country of origin of the Products and related components;
- Product customs tariffs;
- Contact person within the company, available, upon request, to provide additional information.

Upon request, the Supplier will provide in writing any additional data on foreign trade relating to the Products and inform Orlandi of any changes.

## **15. INTELLECTUAL PROPERTY**

Except for different and prior definition and without prejudice to the intellectual property rights of the Supplier, previously communicated to Orlandi, in the event that, in connection with research, design, experimentation or development carried out for a Product, the Supplier realizes inventions, patentable or not, patentable. , will communicate it to Orlandi and at the request of the latter will make available to the same, any documentation and information necessary or useful for its implementation. A free license for intellectual property rights will be automatically granted to Orlandi for the production of the Products (direct and / or through third parties), the sale and use in Italy and abroad. The Supplier represents and guarantees that the Products and the related documentation do not violate any patent, copyright and / or any other intellectual or industrial property rights of third parties and that no legal action is pending or threatened in this regard. The technical information provided by Orlandi remains the property of the same and must be used exclusively for the execution of orders. The supplier must keep the technical documentation and any samples with the utmost care and return them to Orlandi when requested.

## **16. CONTRACT RESOLUTION**

Orlandi may terminate the Supply Contracts and / or Purchase Orders if it has notified the Supplier in writing of the non-fulfillment of the obligations set forth in these General Conditions, the Supply Contract and / or the Purchase Order and the Supplier has no place adequate remedy for this default (provided that it is not an irremediable default) within 30 days from the date of notification. Orlandi reserves the right to terminate in advance any ongoing Supply Contract with the Supplier, should the Supplier be subjected to bankruptcy proceedings, preventive agreement, or other insolvency procedure, or be in default or unable to reasonably fulfill its financial obligations and commercial. The early termination of the Supply Contracts will not entail any responsibility for Orlandi towards the Supplier.

## **17. CONFIDENTIALITY**

The Supplier and Orlandi undertake to keep strictly confidential and not to disclose to third parties, without the consent of the other party, any documentation or information, whether commercial or technical nature, qualified as confidential by the party that has transmitted to the other party in in relation to the Supply Contracts, consequently the receiving party must use the information only for purposes deriving from the execution of the Supply Contract. The Parties undertake not to disclose to third parties, including any subcontractors, the terms and conditions of the Purchase Order or Supply Contracts, except in the event that such disclosure is required by law or is authorized in writing by the owner of the confidential information.

Each Party undertakes to inform the other party, in writing, the occurrence of any event giving rise to the disclosure of confidential information, with a notice of at least 15 (fifteen) days of the date of disclosure.

It is however understood that, even in the event of disclosure, each of the Parties will take all precautions to minimize the adverse effects deriving from the disclosure itself. Each of the Parties undertakes not to reproduce the confidential information of the other party, except for reproductions previously agreed in writing.

#### **18. APPLICABLE LAW AND JURISDICTION**

These Terms shall be governed and interpreted in accordance with Italian law.

For any dispute concerning the General Conditions, Busto Arsizio is the Place of Jurisdiction.

#### **19. SAFEGUARD CLAUSE**

If one or more provisions of these General Conditions and / or the Supply Contract are deemed invalid, illegal or unenforceable, by a court or competent authority, the remaining provisions will remain fully in force and valid within the limits permitted by law and will not be affected, impaired or invalidated, provided that the intention and purpose of the Parties is not materially compromised.

#### **20. LEGISLATIVE DECREE 231/01 AND CONDUCT CODE**

Orlandi has adopted the Code of Conduct containing the principles of corporate ethics in compliance with Legislative Decree No. 231 of 08/06/2001. Orlandi carries out its activity with reference to the provisions of a Code of Ethics for Conduct, made available on its website. The Ethics Code of Behavior is inspired by the principles of compliance with applicable laws, loyalty, fairness and professional rigor in order to preserve the integrity of the company's assets and safeguard their respectability and image, maintaining relations of clarity and transparency with their own shareholders and with economic subjects in general. Orlandi does not entertain business relations with those who do not inspire their activities to the principles underlying the Code; all suppliers are therefore required to accept it expressly and undertake to behave in accordance with the provisions contained therein.

Compliance with and compliance with the rules of this Code of Ethics enters into the general duties of collaboration, correctness and execution of the contractual relationship in good faith, and the relative commitment must be considered an essential part of the contractual obligations, and is also required on the basis of and for the purposes of art. 1175 c.c., 1176, 1337 c.c. and 1375 c.c.