

## **PURCHASING TERMS AND CONDITIONS**

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### **1. APPLICATION**

Following requirements apply to all the supplied products and complete those defined with the purchase contracts (purchase orders, scheduled orders and purchase contracts).

In particular it applies to:

- Raw materials
- Consumption material
- Manufacturing/account material

As for the services supply is concerned the terms and conditions listed into "Tender and work contract management regulations" apply.

The present document is periodically revised; the actual and update version is the one available on the company website [www.somaschini.com](http://www.somaschini.com)

### **2. PURCHASE ORDERS AND ORDER ACKNOWLEDGEMENTS**

Every purchase order and order acknowledgement such as their changes and integrations must be written and may be sent by mail, fax or e-mail, any exception to the rules of these terms and condition has to be agreed with the Purchasing Department or for what it might concern with the Quality Assurance Department.

The supplier commits itself to send within 5 working days after having received the purchase order the order acknowledgement (for raw material supply) or the purchase contract acceptance (in case manufacturing/account material the purchase contract is to be referred to for all the future scheduled orders) of where any deviation from the purchase order is to be underlined.

In case of no acknowledgement within the above mentioned time is to be held valid what indicated on the purchase order.

### **3. SEGRECY**

The supplier commits itself to treat as confidential all the technical and commercial information that he may be aware of.

### **4. DELIVERY TERMS**

The agreed delivery terms stated on the purchase order are binding; they take effect as from the order issue date and are intended free our warehouse.

In case of ex works the supplier must consider the necessary shipping time.

The delivery punctuality will be one of the criteria used to value the supplier performance level. In case of non compliance with the delivery terms SOMASCHINI optionally reserves the right to:

- 1) Impose a penalty on the supplier of 2% of the amount of the undelivered material for every week on delay with the exception of major damages indemnification caused by the non delivery.
- 2) Impose what stated by clause 23 of present contract, regarding purchase contract rescission and withdrawal.

### **5. NON-ASSIGNABLE ORDER**

The subcontract assignment of the purchase order is not allowed, without written authorization by SOMASCHINI, penalty the contract invalidity .

### **6. PRICES AND PAYMENTS**

The prices, the payment and delivery terms are stated on the purchase order and are binding. Any prices changes from the price indicated on the order are not admitted unless in case of renegotiation and written agreement.

Any other payment terms than those agreed stated on invoice will be not hold as valid and the invoice payment will be made according to what agreed on the purchase order.

### **7. PROPERTY OF DOCUMENTS, SAMPLES, ETC.**

The documents, the samples, and tools provided by SOMASCHINI are his property and can not be copied or reproduced for external use and/or discovered to a third party without a written authorization.

### **8. QUALITY SYSTEM**

The supplier commits itself to a planned and constant compliance to the requirements in accordance with UNI EN ISO 9001 quality standards.

On this purpose he engages itself to carry out within the fixed time the measures required from SOMASCHINI in order to meet the essential requirements as per the above mentioned standards.

The supplier permits SOMASCHINI and his customers to enter his premises for the quality system audits, prior agreement on the times and way of audit carrying out.

## **SOMASCHINI S.p.A.**

## 9. ENVIRONMENTAL REQUIREMENTS

Somaschini commits itself to keep an environmental management system and wants to extend the same commitment to all his suppliers.

The Somaschini product quality depends also on the supply chain all the components are coming from: hence the management of the supplier relationship is essential., starting from the qualification and selection process to monitoring the respect of purchasing terms and conditions including asking the supplier to manage his environmental impacts properly.

Therefore:

- The Supplier commits itself to provide products that are in compliance with the current provisions of the law, the conformity declarations and products operating manual, tooling or equipment supplied, security data sheets in compliance with supply of chemical products;
- The Supplier commits itself to respect all the environmental procedures given by Somaschini and to provide all the documents and authorization required;
- The Supplier commits itself to reduce the environmental impacts related to his activities and if possible to introduce an environmental management system.

## 10. ETHICS AND RESPONSABILITY

Somaschini has approved the Code of Ethics, that applies to directors, employees, project associates, and representatives of the Company; the Company undertakes to ensure suppliers and all external contractors use conduct inspired by the same provisions reported herein.

The Code discipline and regulate the selection of the suppliers and negotiation of the terms and conditions, in order to assure transparency, competition, impartiality, equity, objectivity and correctness.

An update release of the Code of Ethics can be found on the Company web site.

## 11. PRODUCTION CONTROL

The supplier has to draw up, formalize and apply the documentation that states the production cycles and the production plans for all the production process stages.

SOMASCHINI could send to the supplier his own personnel in order to check the compliance with what planned. Times and way of audit must be agreed.

## 12. PROCESS AUDIT

For processes which results can not be established through further tests (i.e.heat treatments, surface coating, welding etc.) the supplier will qualify them and will submit to SOMASCHINI the relative documentation.

The supplier ensures the observance of the procedures defined during the audit together with the monitoring and recording of parameters that will affect the process.

## 13. FIRST SAMPLING

The conditions of first sampling supply of new or modified products, or rather with the introduction of process relevant changes will be stated from time to time within the purchase order or the purchase contract (in case of manufacturing account). On the purchase order or the purchase contract will also be listed the required technical documentation which shall join the first sampling.

The sampling shall meet the supply requirements both for the product quality and the documentation.

## 14. KEY CHARACTERISTICS / SPECIALS

For the key/special characteristics, shown on drawings with the specific symbols, the supplier commits itself to:

- Keep a defectiveness level equal to zero
- Ensure that the Cpk is major that 1,33 (The control must be carried out according to UNI 10993standard)
- Keep the quality assurance documentation for 10 years
- Mark all the concerning documents with apposite symbols
- Carry out the criticality analysis (i.e. FMEA).

## 15. USE AND UPDATING OF TECHNICAL SPECIFICATIONS

The supplier must use for the products manufacturing the drawings and requirements exclusively that SOMASCHINI has sent together with the purchase order marked with the appropriate stamp.

In case of a change of requirements the supplier commits itself to destroy the outdated version.

Any technical specifications drawn up by supplier must be approved by SOMASCHINI before use.

## 16. TOOLING MAINTENANCE

The supplier will keep in good condition and will carry out at his own expenses the ordinary maintenance of the tooling submitted by SOMASCHINI.

Any charge for extraordinary repairing and replacing of tooling must be accepted by SOMASCHINI in writing.

## 17. CERTIFICATION – TRACEABILITY

The supplier will keep the quality recording and the samples that certify the product conformity for at least 10 years from date of issue.

The documents must be traceable with reference to the batch number communicated to SOMASCHINI and put at disposal on demand within five working days.

## 18. MARKING OF PRODUCT

Only the marking which content, shape and position apply to the requirements from SOMASCHINI is accepted.

## **SOMASCHINI S.p.A.**

#### 19. PACKING, SHIPPING AND IDENTIFICATION

The packaging for every delivery must comply with the SOMASCHINI' requirements. In default of instructions the packaging should be suitable to the product and way of transport.

Each case must be labelled with indication of the supplier's name, purchase order number, part number with change index, quantity and production batch.

Any cost for product loss or damage because of defective packaging will be charged to the supplier.

#### 20. QUANTITY DEVIATIONS

The permitted deviation from the ordered quantity allowance will be equal to 0 (zero) +3%.

#### 21. ALLOWANCE AND CONCESSIONS

Should the supplier notice non-conformity to the requirements on products already produced or to be produced, he will not deliver nor produce them until having received a written allowance or concession from SOMASCHINI.

#### 22. NON CONFORMITY RECOGNITION

The supplier ensures that the supplied products are faults and defects free and comply with what agreed and acknowledges that any fault, defect and non compliance could be verified and notified by SOMASCHINI at any time before and after the use in the production, during and after the introduction into the market and during the use of the product.

The supplier agrees that SOMASCHINI will check the delivery batch conformity through statistical sampling method.

#### 23. ACTIONS ON NON CONFORMABLE PRODUCTS

SOMASCHINI has the authority to return, repair or scrap the non conformable products (single pieces or batches) at supplier's expenses, even after the total or partial payment of product.

SOMASCHINI will inform in advance regarding the decision he is going to take by sending a non-conformity report.

It is understood the supplier's acceptance if he will not send an opposite communication within five working days from the report delivery.

#### 24. NON-CONFORMITY ANALYSIS AND CORRECTIVE MEASURES

In case of non-conformity report the supplier commits itself to:

- carry out the analysis on the product and/or on the process in order to discover the non-conformity cause;
- take all the necessary measures in order to solve the non-conformity;
- notify by writing the analysis results and the measures taken;
- identify and certify the first conformable supplies;

#### 25. PURCHASE ORDER RESCISSION AND WITHDRAWAL

SOMASCHINI has the right to withdraw and rescind from the order in case of serious defaults from the supplier such as:

- big delivery delays not due to external causes (strikes, fires, lack of raw material, lack means of conveyance , etc.);
- non compliance with the critical specifics for the product performance and not solved;
- Non-retention and traceability of quality assurance documentation.

#### 26. MANUFACTURER'S LIABILITY

The supplier declares to know and to commit it to observe the community and Italian legislation concerning the manufacturer's liability for damages towards people and things due to his product defects and the general product security (CEE 85/374, 1999/34 CE and 2001/95/CE and similar rules).

Particularly it is guaranteed the observance of the rules stated by the government decree 206/2005 (Consumption Code).

Furthermore the supplies must comply with the requirements provided for by the current security rules regarding the occupation and accident prevention and environment. The supplier will be hold liable for damages to objects or person caused by the non observance of the current rules.

#### 27. CURRENT MANDATORY REQUIREMENTS

The supplier must ensure that the products, processes and services provided comply with the current mandatory requirements applicable in the country of production / provision of the service, in Italy and in the European Union. For this purpose, the supplier must have a management system and a continually update the legal requirements at international, national and local level related to the product / service supplying.

#### 28. COMPETENT COURT

In case of legal disputes the competent court will be Bergamo.

For what not foreseen by the general purchase rules the Civil Code.

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