



General Specifications for External Supplies

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1. Object of conditions

This document sets out the general conditions governing the supply of raw materials, semi-finished and finished products to FAI FILTRI S.r.l. The conditions apply in all cases unless explicitly excluded in the order by FAI FILTRI S.r.l., and may be integrated by additional special conditions.

All general and special conditions are deemed to have been acknowledged and accepted by the Supplier, and are an essential and integral part of the order.

2. Generalities

2.1. Contractual relations

Contractual relations comprise:

- The request for a quotation
- Supplier's quotation
- Order from FAI FILTRI S.r.l.
- Order acknowledgement by the Supplier

and are governed by these general conditions and any special conditions specified by FAI FILTRI S.r.l. in the order, as well as the general and specific technical regulations set out in paragraph 3 below.

2.2. Order and order acknowledgement

After FAI FILTRI S.r.l. has sent the order, managed with review index, the Supplier has four working days to acknowledge the order, unless FAI FILTRI S.r.l. has waived this obligation. If it is not possible to meet the deadline for acknowledging the order, the Supplier shall immediately give written notification explaining the reasons. With the order acknowledgement, the Supplier implicitly states that he is in possession of all the technical documentation (drawings, technical specifications, relevant regulations, etc.) required, up-to-date to the review index specified in the order. If the Supplier wishes to modify the contents of the order issued by FAI FILTRI S.r.l. or the technical documentation pertaining to the order, notification shall be given to FAI FILTRI S.r.l. within four days, with prior, separate notification of the order acknowledgement. The only exception is a change to the delivery date, which the Supplier may specify, if different from the date requested, on the order acknowledgement.

After examining the notifications received, FAI FILTRI S.r.l. shall, where necessary and deemed appropriate, modify and reissue a revised order with the pertinent technical documentation. After the order acknowledgement, or, in any case, failing this and other type of communication, four days after the issue of the order, any clause added by the Supplier to the invoices, remarks, correspondence, delivery notes, in conflict with, or different from, the general conditions enshrined herein, the special conditions or documentation relating to the order, shall be deemed "unwritten".

Even where FAI FILTRI S.r.l. does not receive an order acknowledgement signed by the Supplier, or other type of communication relating to the order, it shall be deemed to have been tacitly acknowledged four days after its issue. Execution of the order by the Supplier shall in all cases be deemed as tacit acceptance of these general conditions and of any special conditions specified in the order, and the Agreement shall be deemed to have been entered into three days after delivery of the goods ordered unless FAI FILTRI S.r.l. indicates disagreement.

2.3. Withdrawal from the Agreement and discontinuing working relations

If circumstances arise such that it appears likely the Supplier will not be able to meet its ongoing contractual obligations, or of bankruptcy or a creditors arrangement or other type of controlled administration of the Supplier, or if the Supplier is under liquidation or its business is being wound up, FAI FILTRI S.r.l. may withdraw from the Agreement without penalty or charge simply by written notification of withdrawal.

Should the Supplier wish to discontinue its working relations with FAI FILTRI S.r.l., the Supplier shall guarantee continuity of service and delivery at the general conditions then applicable for the following six months from the date of notification of the wish to discontinue the working relationship, in order to give FAI FILTRI S.r.l. the necessary time to find an alternative supplier. Should the Supplier fail to comply with this obligation, FAI FILTRI S.r.l. shall have the right to sue the Supplier for all the damages arising from its failure to comply, including for lost production and the loss of clients.

During the above-mentioned period of six months, the quantities in the orders of FAI FILTRI S.r.l., for each separate item, must not exceed the average monthly consumption calculated on the basis of the previous twelve months supplies, unless those quantities are explicitly accepted by the Supplier.

2.4. Confidentiality

The Supplier shall not disclose technical, commercial or other information about the products and methods of FAI FILTRI S.r.l. which comes into its possession in the course of the provision of the supply. The Supplier shall be bound by confidentiality for no less than three years after termination of business relations with FAI FILTRI S.r.l.

2.5. Subcontracting

The Supplier may use subcontractors for the execution of the order received. The Supplier remains the sole interlocutor of FAI FILTRI S.r.l., and is solely responsible in this regard for the compliance of the supply.

2.6. Validity of conditions

Any behaviour by either of the contracting parties departing from the conditions specified, even if repeated over time, shall not prejudice the right of the other party to enforce the application of the conditions at any time.

3. Technical information

3.1. Intellectual property

Technical information (meaning any type of information or documentation of a technical nature, as well as models and/or samples) demonstrably the exclusive property of FAI FILTRI S.r.l., which it may divulge or place at the disposal of the Supplier for the purposes of design, development and/or production of any detail, related prototypes or equipment, shall be used solely for the purpose of carrying out the orders received from FAI FILTRI S.r.l.

In relation to this information, even after termination of business relations, for no more than three years after their termination, the Supplier shall:

- a. keep it on file in the best possible condition, ensuring it is not divulged to third parties and return it to FAI FILTRI S.r.l. whenever requested
- b. mark it as the property of FAI FILTRI S.r.l. if FAI FILTRI S.r.l. has not already done so
- c. not reproduce, copy, transmit it or divulge its contents to third parties except within the limits authorized in writing by FAI FILTRI S.r.l.
- d. not apply for patents or other private industrial rights which, if obtained, shall be made over free of charge for the exclusive use of FAI FILTRI S.r.l., whenever requested
- e. not produce or commission production of and/or supply third parties, for whatever reason, directly or indirectly, with any details of drawings or products for production purposes, as derived from the technical information provided by, or belonging to, FAI FILTRI S.r.l.
- f. ensure compliance with these conditions and its obligations by all third parties with which the Supplier works
- g. maintain and ensure maintenance of confidentiality in relation to the know-how of FAI FILTRI S.r.l., which has come into the Supplier's possession as a result of working relations with FAI FILTRI S.r.l.

3.2. Technical definition of supplies

The goods specified in the order and part of the intellectual property of FAI FILTRI S.r.l. include, among other things:

- drawings and/or samples of FAI FILTRI S.r.l.
- technical specifications and/or conditions of FAI FILTRI S.r.l.
- national, European and international regulations
- moulds and/or models

In the event of a discrepancy between the above mentioned documents, the priority is determined by the order stated above.

The drawings, technical specifications and conditions of FAI FILTRI S.r.l. have a unique code; each code for a managed document is associated with a review index. Codes and review indices are specified in the order from FAI FILTRI S.r.l. Where regulations are specified these are

the current editions of the regulations valid at the order date.

The supplies of standard (national, European, international technical standards) and/or commercial items may be defined technically merely by the descriptions set out in the order from FAI FILTRI S.r.l.

3.3. Dissemination and examination of technical documents

FAI FILTRI S.r.l. shall provide the Supplier with all the technical documentation required to carry out the order, whether this is for the production of the item or for processing/transformation.

Since the specifications and regulations are protected by copyright, they shall not be divulged by FAI FILTRI S.r.l.: the Supplier must obtain access itself to the regulations referred to in the documentation, from the regulatory bodies concerned.

The complete set of technical documents with the specified review index, directly referenced in the order from FAI FILTRI S.r.l., or referenced by other documents (such as drawings that cite technical specifications or conditions), constitutes the technical definition of the supply.

Instruments for disseminating the documents are defined solely unilaterally by FAI FILTRI S.r.l., as are the formats and supports for the information.

The Supplier shall examine all the documents, requesting any that may be missing, and point out any irregularities: by accepting the order, the Supplier declares to be in possession of all information necessary to carry out the commission, in terms of completeness and consistency of the specifications.

4. Models, moulds and specific equipment

4.1. Management of the equipment

The equipment (models, moulds, specific equipment, gauges, control instruments, etc.) which FAI FILTRI S.r.l. places at the disposal of the Supplier for the purposes of carrying out the order, or which the Supplier has manufactured at the expense of FAI FILTRI S.r.l., are and remain the exclusive property of FAI FILTRI S.r.l. The

Supplier is liable for loss, theft, destruction or damage to this equipment.

In relation to the above-mentioned equipment, the Supplier shall:

- a. register and mark it as the property of FAI FILTRI S.r.l.
- b. take out sufficient insurance against fire, theft, acts of vandalism, natural calamities, manhandling and other risks of loss or damage; by prior agreement with FAI FILTRI S.r.l. the insurance cover may be limited to the risk of fire, although in this case the Supplier shall continue to be liable for the other risks, even if not insured
- c. keep them clean and safe and use them only with great care, carrying out routine maintenance at the Supplier's expense
- d. promptly notify FAI FILTRI S.r.l. of the need for any extraordinary maintenance, replacement or repairs, and FAI FILTRI S.r.l. shall decide what action to take and when. Such actions shall be carried out at the expense of FAI FILTRI S.r.l., unless they were caused through the fault of the Supplier, in which case they shall be at the Supplier's expense
- e. not move equipment away from the Supplier's premises, except where authorized to do so on a case by case basis
- f. allow appointees of FAI FILTRI S.r.l., after the authorization of the Supplier (which may be denied only if motivated and expressed within a week of receiving notification of the visit) to inspect the equipment during normal working hours, to ascertain how it is stored and used, and its state of repair
- g. not allow third parties to use the equipment, hand it over to third parties or use the equipment as any kind of guarantee
- h. not use the equipment or allow the equipment to be used to carry out orders from anyone other than FAI FILTRI S.r.l., even after termination of the provision of the supply of goods to FAI FILTRI S.r.l., and/or to produce or supply to third parties, directly or indirectly, any details of items for which the equipment was used.

The Supplier shall check the efficiency of the equipment and its suitability for production purposes, in compliance with the specifications of the drawings and/or relevant

technical regulations. Any irregularities or defects of the equipment handed over shall be promptly notified to FAI FILTRI S.r.l. in writing.

The Supplier shall be responsible for any waste material resulting from the failure to comply with the above-mentioned obligations.

4.2. Definition of equipment and carrying out modifications

For the equipment constructed for FAI FILTRI S.r.l. the Supplier shall:

- a. whenever requested, provide FAI FILTRI S.r.l. with drawings and detailed technical specifications, unless otherwise agreed between the parties
- b. agree with FAI FILTRI S.r.l. the type of material to be used for the construction of moulds and sundry equipment. In any case, the Supplier shall guarantee the capability to produce a certain number of detailed items, which shall be specified in the order of the equipment, without making claims for the costs of repairs, replacements and/or maintenance
- c. any modification shall be agreed with, and authorized in writing by, FAI FILTRI S.r.l. before commencement of the work; if requested to do so, the Supplier shall provide up-to-date drawings and technical specifications, unless otherwise agreed between the parties
- d. guarantee a minimum duration (in number of items which can be produced) before requesting any extraordinary maintenance work

5. In-process and consigned materials

The provisions laid down in point 4.1 also apply to FAI FILTRI S.r.l. materials, made available by it to the Supplier or for the execution of the order.

The Supplier shall check to see that the material is suitable for the required production or transformation purposes; in the event of irregularities or defects of the materials, the Supplier shall promptly notify FAI FILTRI S.r.l. in writing.

6. Reliability, quality, control

FAI FILTRI S.r.l. assesses the Supplier performance from the commencement of business relations and regularly

throughout their course, and may terminate these relations for reasons of unreliability (including economic) of the Supplier and/or the quality of the products supplied.

6.1. Supplier's equipment, production and control processes

The Supplier shall adopt equipment and proper production and control processes to ensure that the items included in the supply are at all times of good quality, compliant with the technical specifications. Specifically, the Supplier shall, at its own expense, adopt all the instrumentation required for the construction and control of the items included in the order. This instrumentation shall be available for inspection by FAI FILTRI S.r.l.

6.2. Certificate of "quality and compliance"; self-monitoring regimen

At the request of FAI FILTRI S.r.l. the Supplier shall issue a certificate of "quality and compliance" for the material supplied. The contents of this certificate shall be agreed in advance between FAI FILTRI S.r.l. and the Supplier on the basis of the type of product manufactured or transformation carried out (self-monitoring regimen).

6.3. Modifying items and production processes

No modification may be made by the Supplier on the production of items, unless authorized in writing. The Supplier is required to report the technical innovations it intends to introduce, which can improve the quality and/or features of the material ordered, as well as any technological innovations that might apply to the quality of the item being produced.

7. Compliance with EU directives and regulations

In its relations with FAI FILTRI S.r.l., the Supplier shall comply with all current statutory requirements; specifically, the Supplier shall comply with EU regulations and all its Directives, as enshrined in Italian law.

7.1. REACH Regulation no. 1907/2006

With reference to REACH Regulation no. 1907/2006, concerning the Registering, Evaluation, Authorization and

Restrictions of Chemical Substances, which came into force on 1 June 2007, FAI FILTRI S.r.l. has adopted the policies set out below.

In compliance with section 59 of the Regulation a "Candidate List of Substances of Very High Concern" (SVHC) is updated regularly on the ECHA (European chemicals Agency) website:

<https://echa.europa.eu/candidate-list-table>

FAI FILTRI S.r.l. requires Suppliers of items, according to the definition set out in the Regulation, to ensure that SVHC substances contained in the item are no more than 0.1 % in weight.

The Supplier shall routinely check for official updates of the list of SVHC substances. If a new substance is added to the list which is contained in one or more item on order, in quantities above 0.1% in weight, the Supplier shall immediately notify FAI FILTRI S.r.l. of the fact, in writing, and recommend how to remove the substance(s) from the item.

7.2. RoHS 2 Directive (2011/65/EU)

With reference to Directive 2011/65/EU, also known as RoHS 2, on the restricted use of certain hazardous substances in electrical and electronic equipment, which came into force on 21 July 2011, FAI FILTRI S.r.l. has adopted the policy set out below.

FAI FILTRI S.r.l. requires items supplied, even if not subject to RoHS 2, to comply with the restrictions under the above mentioned Directive.

These restrictions, which according to the Directive apply to "homogeneous materials" comprising the items supplied, also apply to additional or supplementary materials which are part of the transformation process commissioned from the Supplier for sub-contracted items.

8. Sampling for approval

Before beginning the supply of a new item, or after modifying an existing item, where FAI FILTRI S.r.l. issues an order for samples, the Supplier shall submit a set number of detailed items, complete with certificates related to the raw materials used and the dimension controls, which FAI

FILTRI S.r.l. may or may not approve for the subsequent supplies as it sees fit.

In no case is the Supplier authorized to begin the new mass production of materials ordered before receiving approval in writing of the samples supplied, unless otherwise agreed with FAI FILTRI S.r.l.

If approval is given conditionally, the Supplier shall carry out the recommended corrective actions before producing the first batch.

9. Transfer of materials on behalf of FAI FILTRI S.r.l.

Materials purchased by FAI FILTRI S.r.l. directly from one Supplier and to be delivered to another Supplier, with whom FAI FILTRI S.r.l. also has an Agreement, may be transferred only if so specified in the order or in another communication from FAI FILTRI S.r.l.

The Supplier delivering the material shall issue a delivery note (hereafter, for brevity's sake, called a D.N.) specifying as the recipient the other FAI FILTRI S.r.l. Supplier, to whom the material is being sent. The document shall specify: "goods sold to FAI FILTRI S.r.l. on consignment which we are delivering to you at its instruction and on its behalf for processing and/or to be held on consignment". Copy of the D.N., signed off for the goods received, shall be promptly sent to FAI FILTRI S.r.l.

10. Non-transferable orders and payables

Orders and/or their acknowledgement shall not be transferred by the Supplier even in part.

The payable arising from the order shall not be made over or delegated to a third party in any form.

11. Supervision of the Supplier

At any point in the production cycle, FAI FILTRI S.r.l. may send its appointees and representatives of its clients to inspect the premises of the Supplier, following consent by the Supplier (which shall give the reason for denying access and shall notify its denial within a week of receiving notification of the inspection), for the purposes of ensuring the quality of the product and good workmanship.

These inspections may be followed by subsequent controls by FAI FILTRI S.r.l. and shall not be construed as

acceptance of the items inspected, which may be rejected if deemed unsuitable after further analysis by FAI FILTRI S.r.l.

The Supplier shall cooperate with the inspectors sent by FAI FILTRI S.r.l., and shall provide all the control equipment required, up-to-date drawings, any models, moulds and/or tools used, provided this not compromise the confidentiality of the know-how of the Supplier.

In the event that the Supplier, authorized by FAI FILTRI S.r.l., uses a sub-contractor of any kind, it shall ensure that sub-contractors are able to provide quality products that meet the requirements of the drawings and specifications of FAI FILTRI S.r.l.

FAI FILTRI S.r.l. shall have the right, as stipulated in paragraph 3.1.f, to ask the Supplier to carry out specific control actions (supervision, the provision of samples for approval) over third parties with whom the Supplier cooperates, and may prohibit the Supplier from working with a third party where it is not deemed suitable for the type of work to be carried out, irrespective of prior authorizations. The Supplier is liable for any waste or further machining work which may be necessary and FAI FILTRI S.r.l. shall not have any formal relations with third parties in relation to commissioning, verification or supervision.

12. Acceptance and warranty

12.1. Acceptance of material

Supplies are accepted by FAI FILTRI S.r.l. only after it has verified the exact quantity and quality required. In no cases shall delivery, the signature of the D.N. and payment of the goods be construed as acceptance of the goods, which shall be the responsibility of the competent departments of FAI FILTRI S.r.l. The time required to carry out goods-in controls and for any objections raised by the Supplier the evaluation by FAI FILTRI S.r.l. personnel, which causes a lengthy stay of the materials on the premises of the latter, shall not be deemed a tacit acceptance of the goods delivered. After agreement, the Supplier may send its personnel to the premises of FAI FILTRI S.r.l. in order to see how goods-in controls are carried out.

12.2. Compliance with required quantity

The Supplier guarantees compliance with the quantity of goods ordered and specified on the D.N.

FAI FILTRI S.r.l. shall notify the Supplier of any discrepancy with the quantity ordered within fifteen working days of delivery or else shall notify the Supplier, within that time frame, that further time is required to check the quantity. If goods-in controls show that the quantity of goods is non-compliant, FAI FILTRI S.r.l. may proceed in one of the following ways, at its discretion:

- accept the quantity delivered and modify subsequent orders accordingly, even if already placed
- within the limits of tolerance agreed in advance in writing, reject the excess goods, which shall be removed from the premises by the Supplier and failing this, shall be kept in the warehouse at the Supplier's expense and at its risk until it is removed by the Supplier
- immediately obtain from the Supplier the missing quantity, which shall be delivered at the expense of the Supplier

12.3. Quality compliance and warranty

If the goods were designed by:

- the Supplier, it shall guarantee that the product is free of structural and all other faults and/or defects; in addition, the Supplier shall guarantee that the material was not manufactured in breach of copyright or licensing agreements, and shall assure FAI FILTRI S.r.l. of its freedom and right to use and market the materials in Italy and abroad.
- FAI FILTRI S.r.l. or one of its clients, the Supplier shall guarantee that the product has no faults and/or defects due to machining error and/or improper materials and complies with the agreed specifications.

When reporting to the Supplier faults and defects of the materials delivered, FAI FILTRI S.r.l. shall not be bound by the terms of sections 1495 and 1667 of the Italian Civil Code.

All supplies shall be accompanied by the declaration of the Supplier that the goods delivered are free of any faults and defects, and hence FAI FILTRI S.r.l. may report faults and defects, even where they are evident to the naked

eye, at any time after receipt of the goods, even where the goods have already been put into the production cycle or been incorporated in the products of FAI FILTRI S.r.l.

Where verification and commissioning reveals quality non-compliances of the goods delivered, FAI FILTRI S.r.l. may take one of the following actions, at its discretion:

- a. reject the defective items or the entire batch at the expense of the Supplier, without requesting the defective goods to be replaced; in this case the order shall be considered to have been completed and the Supplier shall issue a credit note for the rejected materials. At this point, FAI FILTRI S.r.l. may or may not reorder the missing items
- b. ask the Supplier at the Supplier's expense to identify all the defective materials or do so itself at the expense of the Supplier, after notification of this intention
- c. repair the defects at the Supplier's expense, including the costs of disassembling and reassembling parts, as required in the repair work

The repair work may be carried out on the premises of FAI FILTRI S.r.l. or the premises of clients of FAI FILTRI S.r.l.; all the costs arising from the repair work (materials, labour, any transport costs) and the damages incurred due to the defects, including lost production, attributable to the quality non-compliance of the materials, shall be charged to the Supplier.

In the event of FAI FILTRI S.r.l. product defects owing to non-compliance of the material received from the Supplier, failure by FAI FILTRI S.r.l. to report these defects shall not be construed by the Supplier as an admission of partial or joint liability for the damages incurred, which shall remain wholly the liability of the Supplier; hence all expenses incurred for the management of the non-compliance shall be borne by the Supplier.

The Supplier may carry out repairs on the premises of FAI FILTRI S.r.l. only if authorized to do so, on a case by case basis, by the relevant Departments.

FAI FILTRI S.r.l. shall not be liable for the warehousing and storage of any reject materials that are awaiting return to the Supplier.

12.4. Return to the supplier of non-compliant materials

After carrying out its goods-in procedures, FAI FILTRI S.r.l. shall formally notify the Supplier of any non-compliances detected and shall reject that material. Should the Supplier fail within seven days to pick up the rejected materials, FAI FILTRI S.r.l. may arrange for transportation of the materials to the Supplier, charging the costs to the latter.

12.5. Scrapping non-compliant materials

The Supplier shall not market any defective or non-compliant items for which FAI FILTRI S.r.l. has the intellectual property, after rejection and return of the items to the Supplier.

Before scrapping the rejected and returned material, the Supplier shall make it unusable for the purpose for which it was designed.

FAI FILTRI S.r.l. shall have the right to indelibly mark defective material and may inspect and control the scrapping process.

12.6. Reply to Non-Compliance Report

Where specifically requested by FAI FILTRI S.r.l., the Supplier shall give a written reply to the Non-Compliance Report by drawing up an ACAP Plan (Corrective Actions, Preventive Actions). This approach aims to eliminate the causes that generated the Non-Compliance and prevent the same problems from occurring for future supplies.

13. Procurement of the material by the Supplier

13.1. Procurement of material

Except for "in-process" orders, the Supplier carried out its own procurement for the material required to carry out orders, in the quantities and with the quality agreed.

13.2. Documentation of material used

FAI FILTRI S.r.l. may require the Supplier, where specified in the order, to provide documentation concerning the quality of the material used (certificates of analysis, tests relating to mechanical, electrical and chemical/physical

features, etc.) which shall accompany the goods. Failing this, the goods may be rejected.

14. Packaging of the material and supply conditions

The packaging and/or special protection provided for the materials delivered shall be suitable for the type of transport and for quick and easy loading /unloading operations, without damage to the material itself and without allowing natural deterioration before or during warehousing.

The packaging shall allow partial sampling of the material contained, without the risk of the remaining content being adversely affected by the atmosphere, or damaged by handling.

The Supplier is liable for the proper packaging and protection of the materials.

All materials shall reach FAI FILTRI S.r.l. clean, without burrs or other residues from machining, and without blisters / porosity. Materials which may rust easily or be corroded by the atmosphere or contact with other objects shall be suitably protected, if necessary by sealing in vacuum sachets or containers with regulated atmospheres. The use of any protective substances and/or substances that leave a greasy residue shall be authorized in advance in writing by FAI FILTRI S.r.l. Protective substances that are difficult to remove, or prevent easy handling or which may be dangerous to health are forbidden.

Depending on the materials supplied, a formal Agreement may be stipulated by FAI FILTRI S.r.l. and the Supplier, specifying packaging conditions, the management of transport equipment and the temporal and environmental limits within which the material shall retain its initial properties.

The materials shall reach FAI FILTRI S.r.l. by groupage, that is each loading unit shall correspond to a pack (container, pallet, crate, box, etc.). Generally, materials shall be delivered in wooden caissons or on pallets, to enable unloading and handling with fork-lift trucks.

Each pack delivered shall enable:

- unambiguous identification of the goods, specifying the sender, recipient, FAI FILTRI S.r.l.

code or registration number, and the quantity of materials contained

- easy checking of the quantity: each container shall be recyclable and shall be marked with the "tare" value, unless specifically waived by FAI FILTRI S.r.l.
- rational stacking of the containers with easy and rapid handling

15. Delivery of the goods

15.1. Liability

The goods shall always be delivered to the warehouse of FAI FILTRI S.r.l. or other destination specified in the order. Unless otherwise specified, the goods travel at the risk of the Supplier until the destination. The risk passes to FAI FILTRI S.r.l. solely upon delivery at the specified destination. If the goods are to be handed over to a carrier of, or carrier appointed by, FAI FILTRI S.r.l. the risk passes to FAI FILTRI S.r.l. at the moment when the goods are handed over to the carrier.

15.2. Delivery terms

The delivery terms specified in the order by FAI FILTRI S.r.l. are approximate. For programmed orders, updates may be given for precise delivery dates and/or quantities any time after the first delivery.

In the event of failure by the Supplier, partially or otherwise, and for whatever reason (including the non-acceptance of the goods) to meet the delivery dates, which, pursuant to section 1457 of the Italian Civil Code, are essential terms of the Agreement, FAI FILTRI S.r.l. may take one of the following actions, at its discretion:

- a. maintain the order, notifying the Supplier within three days of the delivery deadline, applying a penalty of 2% (two percent) of the value of the material not delivered for each week of the delay, up to a maximum of 10% (ten percent), subject to compensation for any further damages incurred
- b. consider the entire order cancelled pursuant to section 1457 paragraph 2 of the Italian Civil Code
- c. obtain the supplies elsewhere (including in cases other than those specified in section 1516 of the Italian Civil Code), charging the Supplier with the additional cost, without prejudice to any further damages incurred.

For orders involving the transformation of material supplied on consignment by FAI FILTRI S.r.l., compliance with the delivery deadline will be based on the moment the material was sent to the Supplier and the time agreed to carry out the work ordered.

16. Prices

16.1. Invariability of prices

Unless otherwise specified, the prices established in the order are fixed and invariable until the order has been complied with in full, excluding uncertainty as specified in section 1469 of the Italian Civil Code and the charges involved as specified in section 1664 of the Italian Civil Code.

16.2. Application of price variations

Any price variations, including those arising from changes in the manufacturing process, shall be notified in advance by the Supplier and shall be valid and binding on FAI FILTRI S.r.l. only if accepted and confirmed by FAI FILTRI S.r.l..

Any increase in price reflecting increases in the costs of raw materials shall be notified and agreed with FAI FILTRI S.r.l. at least three months in advance; according to the type of material, this notice period may be modified by a formal agreement between the Supplier and FAI FILTRI S.r.l. These increases may be applied to ongoing orders only if the notice period has been complied with and the new prices have been explicitly accepted by FAI FILTRI S.r.l. During the notice period, the delivery terms and agreed conditions shall not be modified.

17. Delivery notes (D.N.), invoices and payments

17.1. Delivery notes (D.N.)

The materials dispatched or delivered shall be accompanied by a delivery note (D.N.), which shall specify:

- the date of the transaction, i.e. the date of delivery or dispatch of the goods
- a sequential number for the D.N. on issue

- details of the seller (name/company name, address or domicile, VAT number, FAI FILTRI S.r.l. code number, as specified on the order)
- details of the transferee (name/company name, address or domicile)
- details of the haulage company, if appointed
- the nature, quality and quantity (in numbers) of the goods being transported. In addition to the obligatory data, the following shall also be specified: the FAI FILTRI S.r.l. code and product description, reference to the order(s) from FAI FILTRI S.r.l., reason for the transportation (on consignment, for repair, crude returns, etc.)
- the date of dispatch or delivery of the goods, if this is after the document is filled in.

17.2. Invoices

Invoices may be for materials ordered with a number of different orders and/or delivered with various D.N.s.

The descriptive part of the invoice shall specify:

- data identifying the seller-issuer and the purchaser, in compliance with current tax and statutory requirements
- the issue date
- a sequential number associated with the calendar year
- a summary of the leading contractual conditions (payment terms, bank details, transport conditions, etc.).

The columns shall be used to specify:

- the quantity of goods sold
- the FAI FILTRI S.r.l. materials code and related description
- the FAI FILTRI S.r.l. order(s) number
- the number(s) and date(s) of the Supplier D.N.(s)
- unit price and total invoice price
- the total taxable amount, the VAT rate and amount of VAT
- any other charges to the purchaser, excluding or exempt of VAT

Invoices for services from the Supplier shall reach FAI FILTRI S.r.l. by the 10th of the month after the issue date; if received after this date, FAI FILTRI S.r.l. may modify the payment terms, at its discretion.

17.3. Payments

FAI FILTRI S.r.l. shall make payments as specified in the relevant portions of the orders to the Supplier, which shall be as shown in the invoice issued to FAI FILTRI S.r.l. They refer to time (in advance, deferred, in instalments, a mixture), the place of payment, currency (Euro, US\$, etc.), and the means of payment (collection order, cash on delivery, bank transfer, etc.).

For failure to comply with the conditions set out in paragraphs 17.1 and 17.2, the date of payment may be postponed by thirty days without notice or notification.

The Supplier shall not issue bank drafts or collection orders for the payment of invoices, if not explicitly and formally agreed with FAI FILTRI S.r.l. In any case, if issued, bank drafts shall not be withdrawn and the Supplier shall be liable for any damage incurred for this non-withdrawal. It is specifically agreed that payables arising from supplies may not be made over and/or delegated to third parties in any form.

In the case of tools, as specified in paragraph 4, payment is conditional on the approval by FAI FILTRI S.r.l. of the items manufactured using these tools. Unless otherwise agreed, the payment terms shall become applicable at the date of approval: this date shall be notified to the Supplier in writing by FAI FILTRI S.r.l.

18. Supplier's liability

In the event of a suit being brought against FAI FILTRI S.r.l. for civil or contractual liability, or to enforce a statutory requirement that may have been breached, as a result of defects, non-compliances or the lack of reliability of items supplied, the Supplier shall hold FAI FILTRI S.r.l. harmless from all liability and shall pay any damages incurred. FAI FILTRI S.r.l. shall notify the Supplier as soon as it discovers that the suit refers to defects, non-compliances or the lack of reliability of items supplied by the Supplier.

19. No advertising

The Supplier shall not, on its own behalf or the behalf of third parties, make any reference in advertisements to the supplies for FAI FILTRI S.r.l.

On a case by case basis, the Senior Management of FAI FILTRI S.r.l. may make an exception to this provision, and in this case a formal agreement shall be stipulated with

the Supplier, who shall comply with its advertising terms and all other conditions.

20. Novation

These specifications are novative. Therefore, pursuant to section 1230 of the Italian Civil Code, they render any previous agreement with individual suppliers null and void.

21. Law court – arbitration

Any dispute over these specifications shall be settled exclusively by the Bergamo Court, Treviglio Division.

The parties agree that any dispute arising over the interpretation, execution, validity or efficacy of the Supply Agreement shall be settled by a sole Arbitrator, appointed by agreement between the parties or, failing such an agreement, by the President of the Bergamo Court. Arbitration shall be by judicial procedure; the reason for the arbitrator's decision may be summarized briefly and the decision shall be communicated to the parties by registered letter with notification of receipt.

ACCEPTED BY

Company name:

Address:

Person with signatory powers:

accepts the above “General Conditions for External Supplies” – Edition: January 2018

Date:

Signature:

Pursuant to section 1341 of the Italian Civil Code, the following articles, as set out above in full, are explicitly approved:

2.2 , 2.3 , 2.5 , 3.3 , 5 , 6 , 7 , 7.1 , 7.2 , 12.2 , 12.3 , 15.2 , 16.1 , 17.3 , 18 , 20 , 21

Date:

Signature: