

1 AIM

This document aims to clearly define the relationships between Cy.Pag. S.p.A. (hereinafter Cy.Pag.) and the Supplier, in order to ensure realization and supply of products meeting provided specifications thus consolidating a good relationship between the parties.

2 SCOPE

This document applies to all orders issued by Cy.Pag., except in the event a specific written contract governing supply terms and conditions of particular goods or services has been signed between the Parties.

3 ACCOUNTABILITY AND AUTHORITY

Below Cy.Pag corporate references for the various aspects concerning supply:

FUNCTION	COMPETENCE ISSUES
TECHNICAL DEPARTMENT (TD) technical@cypag.com	Technical documentation and any change requests
PURCHASING DEPARTMENT (PD) purchase@cypag.com	Planning and monitoring of deliveries delay notice
	Any problems concerning the management of orders and, in particular, any issue related to deliveries (side-documents concerning shipment e.g. delivery note, shipping errors)
QUALITY CONTROL (QC) quality@cypag.com	Returns of goods and non-compliance

4 QUALIFICATION AND MONITORING OF SUPPLIERS

Cy.Pag. adopts an assessment system as well as a regular basis monitoring of its Suppliers based on objective criteria and measurable parameters, leading each year to list its "qualified suppliers".

The Purchasing Department is authorized to issue purchasing orders exclusively to Suppliers who have been listed as qualified suppliers (with the exception of first orders issued against new potential suppliers).

4.1 Environment and Safety Requirements

The Supplier who intends to deal with Cy.Pag. must comply with all mandatory legal requirements on health and safety in work places as well as with environmental protection regulations. Compliance with these legal requirements may be subject to audit by Cy.Pag.

4.2 Responsible sourcing of minerals and metals

The Supplier who intends to deal with Cy.Pag. must comply with laws and regulations regarding Conflict Minerals, specifically the *Dodd-Frank Wall Street Reform and Consumer Protection Act* and the *EU Regulation 821/2017* entered into force on 01/01/2021.

4.3 Auditing at suppliers headquarters

Cy.Pag. has the right to carry out, with its own personnel or by independent auditing companies appointed to act on its behalf, audits at the Supplier headquarters.

In time due, Cy.Pag. Quality Manager will agree with the person in charge for the Supplier a plan as well as audit objectives; occasionally, Cy.Pag customers may participate in auditing.

Auditing may concern:

- checking accuracy of all manufacturing processes (process/system audits)
- conformity of manufactured products (product audit)
- compliance with the legal requirements regarding health and safety at work places as well as environmental protection regulations (legal compliance audits)

During the above mentioned audits, the Supplier shall make available for inspection all applicable records.

4.4 Requirements for obtaining the "Supply Approval"

When issuing an order, Suppliers of products and materials for production of their products, at:

- Start up manufacturing of an article previously never realized
- Start up manufacturing of a modified article compared to what has been previously approved
- Need to correct non-compliance of previously approved products/materials and/or already included in series production
- Introduction of process changes

may be required to follow a procedure for samples submission; in any case, the Supplier shall always visually identify the first batch with the words "Supply subject to approval" (such caption must be mentioned also on shipment document).

The outcome of the supply assessment will be disclosed to the Supplier by sending a "Quality Report."

In the event the outcome of the supply has not been notified, the Supplier must ask Cy.Pag. for official notification, prior to acceptance of any further order for the articles included in the supply being subjected to approval.

Any supply following changes as well as modifications which have not been previously notified and approved by Cy.Pag. will not be accepted and will be shipped back to the Supplier at its own charges.

4.5 Periodic monitoring of supplies

All products purchased are subjected to input control, according to statistical procedure.

The level of acceptable quality of the supply is determined by the features/functionality of the product, in relation to what stated by Cy.Pag. in the relevant related technical drawings and specifications.

Cy.Pag. decides how many pieces are to be considered for a standard sample as well as how many defective parts are allowed in the supply for a batch to be deemed acceptable. The batch having a higher defect ratio compared to what is deemed acceptable, will be returned to the Supplier, according to paragraph 4.6.1.

4.5.1 Free Pass

Provided the Supplier has been regarded as reliable since a sufficient lapse of time, Cy.Pag. has the right to check a limited number of received batches only, adopting the "skip-lot sampling procedures" provided by UNI-ISO 2859, thus granting the product Free Pass status.

4.6 Non-Conformity Management

The Supplier will be informed about any problems occurred as far as the supply is concerned by means of Non-Conformity Report (8D). The issuance of an 8D always involves:

- Invoice payment to be frozen
- Free pass status removal for the product involved
- Cy.Pag. personnel reclaim/selection charges incurred to be paid by Supplier (only under the circumstances the Supplier could not promptly carry out such actions, if required)
- Return to the Supplier of all waste components (or the entire batch, in the cases referred to paragraph 4.5)
- 8D input in the Supplier Assessment file

The Supplier who receives an 8D is required to return it filled in for the parts of his concern (within 10 days) and to take all necessary corrective measures and actions. Each time Cy.Pag. will assess the effectiveness of the corrective measures taken by the Supplier.

The issuance of Form 8D, not satisfactory corrective measures, the failure to return the form despite repeated reminders, will result in downgrading and possible exclusion from the List of Qualifies Suppliers (with consequential order blocking for the future).

4.6.1 Goods return Procedure

When required by Cy.Pag., the Supplier shall arrange the withdrawal of non-conforming material as well as of material exceeding the quantity ordered no later than 10 days from the date of receipt of warning. After the expiration of such a notice, Cy.Pag. will arrange shipment of the goods to the Supplier, all costs will be borne by the Supplier.

5 OPERATIONS OF SUPPLY CONTRACT / ORDER

5.1 Offer Request

Orders can be anticipated by a Request for Quotation.

The supplier is required to respond within a maximum of three (3) working days from the date of acknowledge receipt; Supplier shall transmit to PD its commercial offer, stamped and signed by the person in charge.

5.2 Purchasing Order

The Supplier is given all relevant purchasing data by PD, via a written order. The Supplier shall only accept orders received in writing. For the purposes of these General Conditions, shall be deemed made on writing written communications exchanged between the Parties by letter, fax, email or any other form of written business correspondence.

5.2.1 Drawings and Specifications

By accepting the order, the Supplier implicitly declares he has in his possession all the necessary technical documentation (drawings, technical specifications, reference standards, etc), updated to the documentation review mentioned in the order.

General Supply Conditions

Any differences found between the documents in its possession and the ones mentioned in the order, shall be communicated promptly to Cy.Pag. Technical Department which will be sending the correct documentation.

5.2.2 Prices

The prices indicated in the order are considered fixed and unchanged until complete fulfillment of the order. Any price change must be notified by the Supplier and, in any case, will be considered valid and binding by Cy.Pag. only if accepted on writing.

Any price increase due to raw material increases to be communicated and agreed with Cy.Pag., Such increases will not affect any pending and/or current order.

The currency shown in the order is the same currency of payment. Prices are not subjected to any form of review in relation to exchange rates fluctuations.

5.2.3 Payment Terms

Payment terms are specified in the order or in the purchasing contract. Payment is subjected to invoice double checking.

5.3 Order Confirmation

The Supplier must send to Cy.Pag. (within 3 working days from receipt of order) a written order confirmation.

In no otherwise stated, after 3 working days from order, Cy.Pag deems the order agreed according to the specified conditions.

Any change proposed by the Supplier, having regard to what initially ordered by Cy.Pag., will not be accepted unless Cy.Pag. Purchasing Department reviews the order on writing accordingly.

5.4 Changes to the Order

Cy.Pag., in any exceptional situations (e.g. urgencies, rescheduling production, customers changes requirements, etc.) has the right to require the Supplier to amend orders which may have already been confirmed (as far as change of delivery date, change in quantity, etc).

Having regard to what previously confirmed, should any change be proposed by the Supplier, Cy.Pag. Purchasing Department must be informed in time due about such a proposed change. The Supplier shall considered these changes accepted only when to the PD formal confirmation is received.

5.5 Manufacturing Requirements

Raw materials, manufacturing processes and the finished product delivered to Cy.Pag. must be in compliance with drawings and relevant specifications, including rules and regulations on safety and on environmental protection applicable as far as toxic, hazardous or harmful materials.

The Supplier must follow appropriate record procedure and maintain appropriate records to give evidence (at least):

- the set manufacturing cycle
- whether the product complies with the applicable requirements (chemical/physical/performance/ aesthetic)
- the implementation and outcome of the checks carried out
- the identification of those responsible for the release of the finished product

5.5.1 Technical Tolerances

Technical drawings of each piece report for all dimensions the indication of tolerances to be considered. Should these tolerances be not explicitly listed, reference is made to table (fig.1) on drawing.

Dimesioni Lineari (mm)		Dim.Angolari (mm)		Tolleranze geometriche		
da 0 a 6	+0.10/-0.10	Fino a 10	1°		0.15 (SCOSTAMENTO MAX RISPETTO AD ASSE INDICATO "A")	
da 6 a 30	+0.20/-0.20	da 10 a 50	30'			0.15 (SCOSTAMENTO MAX RISPETTO AD ASSE INDICATO "A")
da 30 a 120	+0.30/-0.30	da 50 a 120	20'			
da 120 a 400	+0.50/-0.50	da 120 a 400	10'			
da 400 a 1000	+0.80/-0.80	Oltre 400	5'			
da 1000 a 2000	+1.20/-1.20	scost.limite campo lunghezze lato più corto dell'angolo				

Fig.1

For edges that are not explicitly quoted, reference is made to following annotation (fig.2) as ISO 13715.

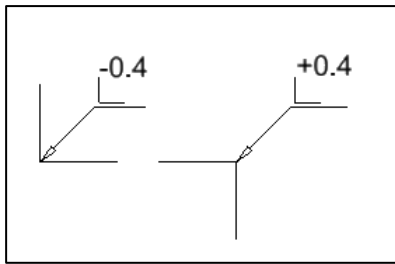


Fig. 2

- External edges: maximum radius 0.4, flashes must be removed
- Internal edges: maximum radius 0.4, undercut groove not required

Exceptions to the above are the seal housings machined as undercut, that must be made with R0.2 internal edges (example fig.3).

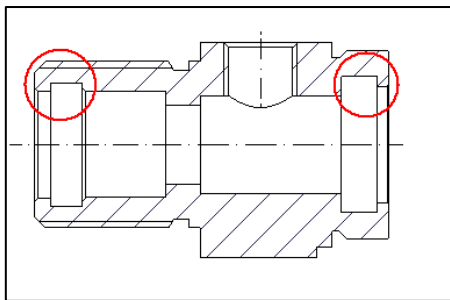


Fig. 3

5.5.2 Visual Characteristics

Cy.pag. in addition to the technical-functional requirements of the product takes into consideration its the visual quality. Surfaces of the products delivered must be homogeneous, free of imperfections and defects that, although not affecting the piece features, may affect the appearance of the final product: burrs and other cutting waste, scrapes, scratches, dents, chips, porosity, stains or halos, coating defects.

Should the Supplier find out inappropriateness of the products to be delivered to Cy.Pag, he must immediately notify QC, who, in accordance with TD, will consider whether to authorize shipment with benefit of further evaluation of the pieces. Each time delivery is being arranged, Supplier must ensure that non-compliant products are properly identified within the supply with the aim of preventing its unintended use by Cy.Pag without prior QC double checking.

5.5.3 Controls and Tests

The Supplier has the right to carry out all necessary checks and inspections to ensure compliance of the order to the given specifications. Whenever necessary, a specific double checking plan will be agreed with the Supplier, such a double checking is mandatory as far as supply is concerned.

The Supplier, upon Cy.Pag. request, must ensure access to records relating to calibrations, verification, maintenance of systems and measuring equipment.

5.5.4 Identification and Traceability of products

The Supplier shall take appropriate measures to ensure appropriate identification of the products during all stages of the manufacturing process and their traceability after delivery to Cy.Pag.

The traceability system must ensure (through the maintenance of appropriate records) that it is always possible to go back to all the basic information relating to the product and its manufacturing process, including the following elements:

- data on the raw materials used (type, batch, supplier, testing, chemical and physical characteristics, certificates, etc)
- process steps / operations
- approved machining parameters for the full production
- checks carried out at startup, during and at the end of the manufacturing process and its results
- manager who approved the finished product for shipment to Cy.Pag.

5.6 Delivery Requirements

5.6.1 Shipment and Destination

The Supplier must check the Order to make sure shipment requirements and consignment are met. Unless otherwise specifically mentioned in the purchasing Order, shipment is to be made "Delivered Duty Paid" (according to INCOTERMS 2010). Transfer of risk concerning the Supplies shall pass to Buyer at the time of delivery, according to the terms of delivery applied.

General Supply Conditions

5.6.2 Delivery

The Supplier shall undertake to fulfill 100% the date agreed with Cy.Pag. for delivery of the materials, that is to be considered MANDATORY. Any change or amendment from the agreed date of delivery will affect the assessment of the Supplier as far as his being listed in the List of Qualified suppliers is concerned (thus banning orders for the future).

5.6.3 Delivery Quantity

The Supplier is required to manufacture and delivery specific quantities of materials as required.

Cy.Pag. does NOT accept deviation from these amounts. Excess quantities will be shipped back to Supplier at his own charges and will have consequences on the assessment of the Supplier as far as his being listed in the List of Qualified Suppliers is concerned (thus blocking orders for the future).

5.6.4 Terms of delivery, packaging and identification

All materials must be delivered to destination with adequate packaging having considered the type of load, weight and shipment, with the aim of ensuring easy loading and unloading operations (the ISO 11228 fixed at 25 Kg maximum weight lifted by a person) as well as proper protection of the products during all shipping phases and related operations.

Each packaging unit must be individually identified by means of appropriate systems (adhesive labels, tags, etc) clearly legible and not removable, bearing at least the following information:

- Logo and name of the Supplier
- Cy.Pag Product Code
- quantity amount
- batch number
- date of production/delivery and/or design review (whether applicable)
- whether applicable "Supply subject to approval" (See Section 4.4)

The pallets used for packaging must be standard EUR pallets (up to 600 kg weight).

Inside the pallets, the different products/materials must be packaged and identified separately and, inside the packaging, arranged and protected in order to prevent any damage due to shock or friction.

Packaging conditions are considered applicable to shipment of pieces to and from outsourcing treatments.

Supplies subjected to late delivery must be marked with a special RED sticker to allow immediate identification by the Cy.Pag staff upon receipt of goods.

Packages which do not comply with the above conditions will penalize the Supplier as far as his being listed in the List of qualified suppliers is concerned (thus blocking orders for the future).

5.6.5 Side-shipment Documentation

All supplies must be accompanied by:

- the shipping document (according to the regulations set at paragraph 5.6.5.2)
- certificates of the material (whether applicable)
- declaration of compliance with specific regulations and laws (e.g. 3.1 Test Certificate as required by UNI EN 10204 - where required)
- material/substance safety data sheet (whether applicable)

Documents concerning the shipment:

- they must always be delivered together with the materials
- if related to tests/trials carried out by other organizations (eg. Independent testing laboratories), they must be delivered in their original format (including the institution logo)
- they must be written in Italian and/or English

In case of missing documents, incomplete or non-compliant, the order will be considered pending and the Supplier shall not proceed with the invoicing. The receipt of the documentation which does not comply will penalize the Supplier as far as his being listed in the List of Qualified Suppliers is concerned (thus blocking orders for the future).

5.6.5.1 Compliance Statement

Cy.Pag. has the right to require the Supplier to issue the Declaration of Conformity of the products supplied to the requirements set by EU Directives, to cite but a few examples: environmental friendliness, recycling, toxicity, etc.

Cy.Pag. has the right to claim against the Supplier in the case of material not in compliance with the Directives for which compliance was declared.

5.6.5.2 Shipment Document

Delivery note related to material, in addition to content provided by law, for each given code must compulsorily mention the following:

- Reference to Cy.Pag order number
- Cy.Pag Product Code
- Whether applicable "Balance"
- Whether applicable "Supply subjected to approval" (See Section 4.4)

Delivery note possibly incompatible with above specified will lead to a Non Conformity Report (See point 4.6)

6 CONFIDENTIALITY AGREEMENT

In compliance with applicable legal requirements regarding confidentiality of information (DGLS of 30/06/03, No. 196 - "Code regarding the protection of personal data" and subsequent amendments), the Supplier has an obligation to ensure, through the adoption of appropriate security measures, protection and confidentiality of any data and/or information acquired during business relationship with Cy.Pag. and stored on any media type and format, including contracts, drawings, specifications sheets, standards, tables, projects, computer programs, documents of the Quality System and all other technical specification and/or the registration document/data processing.

Cy.Pag. authorizes the Supplier to manage and use information in accordance with the appropriate procedures aim to carrying out the supply, with the commitment not to disclose it to third parties or reproduce, by any means, or use them for different purposes, without the prior written consent of Cy.Pag. Director General.

Cy.Pag. has the right to view (through audit and/or other effective measures) data/information/documents of his property stored at any location of the Supplier, in order to verify the proper management and request, if necessary, corrective actions as to boost their security and confidentiality. Cy.Pag. has the right to ask the Supplier compensation for any damages determined by unauthorized use of the information in his hands.

The Supplier declares to have read and accepted the above General Conditions of Supply.

Name / Business name: _____

Registered Office: _____

Name of signatory: _____

Date: _____

Signature: _____