

GENERAL PURCHASING TERMS AND CONDITIONS (Rev.1 dated 04.01.2021)

D'AMBRA S.r.l.

Purpose

This document shall be used as a basis for establishing operational relations between D'AMBRA S.r.l. and all its suppliers and is an integral part of the purchase order. Compliance with the requirements of this document shall not relieve the Supplier from the obligation to provide material that fulfils all requirements of the purchase order. This document is not intended to replace any applicable contract or specification requirements. Should any conflicts occur, the order of precedence must be:

1. the contract or purchase order
2. the technical drawing and the specifications indicated in the technical drawing
3. this document

This document applies to all D'AMBRA S.r.l. Suppliers of production materials, parts, machine lubricants and services. It does not apply to Suppliers of office supplies and other articles/services that do not directly contribute to the production of D'AMBRA S.r.l. products

D'AMBRA S.r.l. Suppliers are required to review, understand and comply with the requirements of the contract and this document. This document is an integral part of the purchase order.

1. Supplier Agreement, Liability and Certification

The Supplier is responsible for establishing a Quality System in accordance with this document. The Supplier's Quality System must prevent the shipment of non-compliant products and minimise waste and costs.

The Supplier shall undertake to provide material that complies with the technical specifications, statistical requirements and purchase order requirements as stated in this document and as required by the purchase order.

The Supplier is liable for all materials supplied to D'AMBRA S.r.l., whether they have been manufactured or processed by the Supplier or purchased from a sub-contractor-Supplier (sub-contractor). The Supplier shall provide a corrective action plan in order to correct any non-conformities of the supplied material within the required time as specified in this document.

2. Quality System Requirements

D'AMBRA S.r.l. is required to use ISO 9001 and AS9100 standards when selecting its Supplier base. Below is a summary of the standard requirements, including the specific requirements of D'AMBRA S.r.l., where applicable.

AS9100 requirements are included and intended for aerospace suppliers only. Suppliers must have their own copies of ISO 9001 or AS9100. Surveys carried out by D'AMBRA S.r.l. with regards to its

Suppliers reflect these requirements and are used for the initial qualification of D'AMBRA S.r.l. Suppliers.

2.1 Management Responsibilities

Suppliers must take a continuous process improvement approach as they conduct their business and must continuously improve the effectiveness of their Quality System. The Supplier's Top Management must define its Quality Policy, including its objectives and commitment to Quality. The Supplier must have a documented organisational structure that is deemed appropriate to its needs. Supplier Quality objectives and policies must be clearly understood at all levels within the organisation.

The Supplier must have a continuous Improvement Plan for processes and Quality Systems, the status of which is periodically reviewed and updated.

The Supplier must have a System that can address customer issues and track key events such as quotes, tools, pricing, quality, delivery and engineering issues.

2.2 The Quality System

The Supplier must maintain an effective documented Quality System. The documented Quality System must be defined with documents, procedures and instructions in accordance with ISO 9001/AS9100 or equivalent specifications. Systems that are not currently well-defined must be well-defined in either a procedure or in work instructions, in accordance with this document.

2.3 Contract Review

1. The Supplier must establish and maintain documented procedures for contract review and the co-ordination of these activities.
2. The Supplier has the capacity to fulfil the requirements of the contract, including risk analysis, by identifying any risk factors that could affect the Supplier's capacity to fulfil all contractual requirements.
3. The price is defined, and any discrepancies are resolved prior to shipment.
4. Delivery dates are confirmed within 48 business hours of receipt of the order.
5. The Supplier is in possession of all specifications applicable at the current review level as of the contract date. The customer specifications required and indicated in the purchase order must be promptly requested from the D'AMBRA S.r.l. Purchasing Department

Note: It is the Supplier's responsibility to purchase any necessary industrial specifications.

Any discrepancies or questions must be resolved prior to acceptance of the order or contract. Any changes to and/or reviews of orders or contracts must also be formally verified.

2.3.1 Technical Conflict

In case a conflict of technical terms or conditions associated with a purchase order occurs, the order of precedence is:

1. Any drawings specified in the order, including any published modifications made.
2. Any referenced documents/specifications noted on either the drawing or purchase order
3. Any documents/specifications referenced in any other documents/specifications including this document. The conflict in these secondary documents requires resolutions to be made by the D'AMBRA S.r.l. Purchasing Department with the support of the Supplier.

2.3.2 Verbal Instructions

Decisions made between the Supplier and D'AMBRA S.r.l. personnel shall not be binding for both parties unless written authorisation has been given in either the purchase order or any amendment made to it.

2.4 Document and Data Control Procedure

The Supplier must have a verifiable System and procedures relating to the distribution and updating of drawings, standards, specifications, procedures and work instructions. The System must prevent the use of obsolete documents and ensure that current documents are available and made available for use by all individuals and workspaces that require them.

Specifications and drawings supplied by D'AMBRA S.r.l. strictly remain the property of said Company. Suppliers are not authorised to copy, or in any way to disseminate information that D'AMBRA S.r.l. has provided them with for the purpose of fulfilling specific contractual requirements, without obtaining prior written approval from D'AMBRA S.r.l.

2.5 Purchases

2.5.1 (Sub-tier) Subcontracting

Suppliers must use subcontractors that have been approved by D'AMBRA S.r.l.'s end customer, when applicable. The Supplier shall be responsible for providing the subcontractor with all the order requirements required by D'AMBRA S.r.l. (down to the lowest level) and ensure adhesion to such D'AMBRA S.r.l. reserves the right not to allow any subcontractor to carry out any work.

D'AMBRA S.r.l. reserves the right to assess and monitor any subcontractor: Such action shall not hold the Supplier harmless from its responsibility to ensure the quality of the product or service.

2.5.2 Subcontractor Verification

The Supplier must carry out an inspection of the subcontractor's facilities and capabilities prior to entrusting them with activities. The Supplier should be in possession of a System in order to assess both its sources and subcontractors.

The Supplier must document the methods used to assess a source or subcontractor's capacity and maintain documentation of this assessment process.

The Supplier must have a list of approved sub-suppliers.

The Supplier should have a material/product control system purchased by the subcontractors in order to ensure that all incoming material fulfils physical, chemical, visual, functional and dimensional requirements.

The Supplier must encourage its sub-suppliers to comply with ISO 9001, AS9100 or any other equivalent standards.

The Supplier must plan, implement and monitor processes deemed appropriate to both the organisation and the product, in order to prevent counterfeiting or the suspected use of counterfeit products and to apply them to the materials and services delivered to D'AMBRA S.r.l.

The Supplier must guarantee D'AMBRA S.r.l. the right of access on behalf of the organisation, the customer and the authorities to the applicable facilities and information, at any level of the supply chain.

2.6 Inspection of the Product Supplied to the Customer

The Supplier must establish and maintain documented procedures in order to inspect the verification, storage and maintenance of the product supplied to D'AMBRA S.r.l. or to customers of D'AMBRA S.r.l. Any product that has been damaged or is deemed otherwise unsuitable for use must be registered and reported to the D'AMBRA S.r.l. Purchasing Department for appropriate decisions to be made.

2.7 Process Control

The Supplier must develop and maintain documented procedures, operator instructions, process sheets and production test instructions, as the lack of such documents may adversely affect Quality. The Supplier must notify D'AMBRA S.r.l. of any significant process or amendment made to the design that may affect the suitability, shape or function of the deliverable product including, but not limited to, the change in the manufacturing site, the manufacturing method and/or the material used in the process.

The Supplier must comply with all the requirements of D'AMBRA S.r.l. and/or the requirements of its customers with regards to documents and inspection of special characteristics.

2.7.1 Special Processes

D'AMBRA S.r.l. considers the following processes performed by the Supplier as "special processes":

1. galvanic treatments
2. paint coatings
3. brazing
4. welding

5. heat treatments
6. laser marking and/or engraving

Note: When a special process is used, procedures must be determined by the Supplier in order to verify the accuracy, skills, and special environments required to perform these operations.

2.7.2 Critical Items

D'AMBRA S.r.l. deems as "critical items" components that are critical to the operation of its product. When the "critical item" is reported to the Supplier, D'AMBRA S.r.l. expects the same to pay particular attention to the production, handling and testing of such components.

2.8 Inspection and Testing

2.8.1. Inspection of the Incoming Product

The inspection of the incoming product may include one of the following methods:

1. Inspection and/or testing
2. Second or third-party assessment
3. Assessment of the parts by an accredited contractor or by a test laboratory
4. Subcontractor warranties or certifications

2.8.2. Final Inspection and Tests

The final inspection and tests shall be carried out in accordance with the established processes. Records of all inspection activities shall be maintained in accordance with the Supplier's retention procedures.

The Supplier must ensure that test reports are provided with each shipment, where required.

2.9. Control of Inspection, Measuring and Testing Equipment

The Supplier must use and maintain adequate inspection, measuring and testing equipment to ensure the accuracy of all materials supplied to D'AMBRA S.r.l. The Supplier shall ensure that the inspection and testing environment is appropriate in terms of temperature, humidity, vibration, lighting

and any other factors that may affect the accuracy of the inspection and test results.

2.10. Inspection and Testing Status

The inspection and testing status of the product must be identified by appropriate means, indicating the conformity or non-conformity of the product with respect to the inspections and tests carried out. The identification of the inspection and testing status must be maintained, as defined in a control plan and/or documented procedures, traceable throughout the production process and delivery of the product to D'AMBRA S.r.l. in order to ensure that only the products that have passed the required inspections and tests are shipped.

2.10.1. Quality Plan

When a Quality Plan is required by a customer of D'AMBRA S.r.l. or D'AMBRA S.r.l. itself, the Supplier shall be required to develop a detailed Quality Plan describing the steps envisaged in the production of the part.

The Quality Plan shall be sent to D'AMBRA S.r.l. for approval. D'AMBRA S.r.l. shall obtain approval either from the customer, or internally, if deemed necessary. Once approved, a signed copy of the Quality Plan shall be returned to the Supplier. If the Supplier's process is considered of a proprietary nature, the Supplier can submit the Quality Plan directly to the customer. The Supplier cannot start work until approval has been obtained.

The Supplier is expected to perform work in close adherence to the appropriate review of the approved Quality Plan.

2.10.2. Certificate of Conformity to the Order

A Certificate of Conformity to the order, indicating that the parts meet with all applicable specifications, is required for each shipment. This Certificate must be either signed or stamped by an authorised representative of the company. It must contain at least:

1. The Supplier's name and address,
2. D'AMBRA S.r.l. Part number and review level
3. Purchase order number
4. Quantity shipped
5. Date of shipment
6. Production batch identification
7. Applicable specifications and revision level
8. Whether a Quality Plan requirement is applicable. The correct Quality Plan review must also be indicated on the Certificate.

2.11. Inspection of Non-conforming Material and Counterfeit Parts

The Supplier must establish and maintain a System to ensure that all non-compliant products as well as those suspected of being counterfeit are immediately identified, separated from compliant products and appropriately disposed of. The Supplier should correctly record all non-compliances and relevant provisions. The Supplier must have an internal procedure for the prevention and management of counterfeit parts.

When a Supplier becomes aware that non-conforming or counterfeit material has been sent to D'AMBRA S.r.l., the Supplier must adopt the following procedure:

1. Promptly notify the Quality or Purchasing Department of D'AMBRA S.r.l. that it may have received the said non-conforming or counterfeit material
2. Notify D'AMBRA S.r.l. which corrective actions have been taken.

3. In the event that either D'AMBRA S.r.l. or any customer of D'AMBRA S.r.l. discover that any product or service provided by the Supplier does not meet the acceptance criteria, these latter shall be rejected, and the Supplier shall be held responsible for the correction of all non-conformities.

Lots considered to be either non-compliant or counterfeit by D'AMBRA S.r.l. shall be subject to one or more of the following provisions in concurrence with the Supplier:

1. Lots are returned to the Supplier.
2. Disposal of the lots may be carried out upon D'AMBRA S.r.l. facility premises at the Supplier's expense.
3. D'AMBRA S.r.l. may rework the lot at the Supplier's expense.
4. D'AMBRA S.r.l. may perform a 100% inspection, at the Supplier's expense, returning the faulty products to the Supplier.
5. D'AMBRA S.r.l. may use the products yet shall notify the Supplier of any non-conformities in order for the necessary changes to be made so as to compensate for any flaws/defects.

2.12. Corrective Action

When either D'AMBRA S.r.l. or the Supplier discovers a non-conformity, the Supplier must have established a formal System in order to solve the problem and verify that the solution implemented involved the correction of the non-conformity.

2.13. Handling, Storage and Packaging

The Supplier must establish inspections to ensure that the product has not been damaged in the manufacturing process or during transport to D'AMBRA S.r.l. The Supplier must comply with the special packaging and/or storage requirements that may be included in the specifications or drawings of purchase orders.

2.13.1. Foreign Object Damage (FOD)

The Supplier must implement and document a FOD prevention programme to protect D'AMBRA S.r.l. and its customers' product at all times. Suppliers must establish methods and facilities for the identification, handling and storage of items, protecting them against contamination, corrosion, damage, deterioration and invasion of foreign objects or substances. As regards components, sub-assemblies that are sensitive to foreign object debris and damage, the Supplier must ensure that the items are free of both foreign objects and foreign object damage resulting from Supplier processing. Specific attention should be paid to:

1. Food and drinks
2. Personal objects
3. Proper cleaning of the inner cavities

4. Inspection of tools and small parts
5. Inspection of loose objects

2.13.2. Storage

The Supplier must comply with the special packaging and/or storage requirements that may be included in the purchase order specifications or drawings.

2.13.3. Packing List Documents

Transport documents must be secured in an accessible area on the outside of the box or pallet and must be appropriately protected.

2.13.4. Delivery and Transport

The Supplier shall be responsible for the cost of all shipments made that are not in compliance with the instructions given by D'AMBRA S.r.l. The D'AMBRA S.r.l. Dispatch Department shall notify the preferred transport method. The choice of carrier is based on the destination, size and weight of the shipment. In the event that the chosen carriers do not deliver to the desired destination, call D'AMBRA S.r.l. so that an alternative route can be chosen.

2.14. Quality Records Inspection

The Supplier must establish a documented procedure to define the necessary inspections for the identification, retention, protection, retrieval, retention and availability of the records.

D'AMBRA S.r.l. requires that the quality records relevant to the production of the product are available to be assessed according to the following record retention requirements:

1. FAI (First Article Inspection reports), control plans, tool records, purchase orders and amendments are retained for three calendar years following the last delivery of that product.
2. Quality performance records (e.g. The inspection of check lists and test results) must be retained for ten calendar years following the year in which they were created or for the time required by the customer, whichever is longer.
3. Quality System Internal Audit and Management Review records must be kept for three years.
4. The records must be complete, legible, be able to identify the corresponding product and be easily available. Electronic records can be retained but must be archived and kept in the same way as all "paper-based" records. All records must be stored in such a way as to prevent loss, deterioration or damage throughout the retention period.

2.15. Internal Quality Audits

The Supplier must have a formal documented method to ensure full Quality Assurance of the Management System. The audit verifies the compliance of Quality, Planning activities and results as well as determining the effectiveness of the System.

2.16. Training

The Supplier ensures that people are aware of the relevance and importance of their activities and how they contribute to the achievement of Quality objectives.

The Supplier must establish and maintain a System in order to identify training needs and provide training to all personnel performing Quality-impacting activities.

The Supplier must assess the effectiveness of this training and maintain it in appropriate training and vocational qualification records.

The Supplier shall ensure that its members of personnel are aware of their contribution to the conformity of the product or service.

The Supplier shall ensure that its members of personnel are aware of their contribution to the safety of the product or service.

The Supplier must ensure that its member of personnel are aware of the importance of their ethical behaviour.

2.17. Statistical Techniques and Sampling Plans

If deemed necessary or when D'AMBRA S.r.l. specifies so on the purchase order, SPC (Statistical Process Control) techniques must be used to monitor and control a process and/or part of it. Even when they are not required by the purchase order, Suppliers are strongly encouraged to use SPC techniques as a continuous improvement tool to monitor and control processes. Suppliers must carry out 100% of inspections at all times, unless a specific authorisation has been granted in writing by the D'AMBRA S.r.l. Quality Department.

2.18. Production Part Approval - FAI (First Item Inspection report)

If a First Item Inspection report (FAI) is required, it must be specified on the purchase order.

2.19. Continuous Improvement

D'AMBRA S.r.l. strongly recommends each Supplier to develop and establish a continuous improvement plan including Quality, Delivery and Service.

Other areas of continuous improvement may include:

1. Increasing product availability
2. Increasing cost-competitiveness
3. Improving productivity and process control
4. A more efficient use of resources
5. A reduction of test frequencies
6. Waste elimination
7. Cycle time reduction

8. Customer satisfaction
9. Excessive handling and storage processes

Performance indices should be used to measure progress and effectiveness.

D'AMBRA S.r.l. is committed to supporting its Suppliers, where possible, in their efforts to achieve continuous improvement, and

expects Suppliers to participate in mutually beneficial projects.

The aim of this element is to improve delivery quality and performance as well as to reduce costs.

2.20. Production Capabilities

Suppliers must provide adequate technical resources for the manufacturing of parts. If one of these activities is subcontracted, a tracking and a follow-up system is required.

2.20.1. Preventive Maintenance

All key equipment used throughout the D'AMBRA S.r.l. product manufacturing process must have in place, a documented preventive maintenance plan in order to guarantee an uninterrupted service and to prevent unexpected delays in shipment. The frequency of such maintenance should be based mainly on statistical data,

recommendations and the past history of production equipment.

2.20.2. Tooling

All equipment used in the D'AMBRA S.r.l. Product manufacturing process must be maintained in such conditions as to guarantee the production of quality parts and that a reasonable service life of the tools shall be maintained.

All tools owned by D'AMBRA S.r.l. must be permanently marked or otherwise controlled by means of electronic records, as property of D'AMBRA S.r.l. with a D'AMBRA S.r.l. tool number. Any tools owned by D'AMBRA S.r.l. must only be used to fulfil D'AMBRA S.r.l. orders. All D'AMBRA S.r.l. drawings and tools are considered of a confidential nature and therefore must not be displayed or discussed with anyone unless expressly authorised by D'AMBRA S.r.l.

3. Supplier Qualification

3.1. Approved Supplier Status

D'AMBRA S.r.l. shall create and maintain a list of approved suppliers of materials and production processes.

Suppliers are added to this list when they meet established criteria and maintain an assessment of acceptable performance.

D'AMBRA S.r.l. does not purchase any materials or services related to products from companies that are not specified in the list of approved

Suppliers.

4. Purchase Documents

The Supplier is obliged to obtain all the reference documents regarding the D'AMBRA S.r.l. purchase order, drawing or any other notification.

All documents must be requested through D'AMBRA S.r.l. in order to be sure of the accuracy of the reviews.

D'AMBRA S.r.l. cannot be held responsible for any reason whatsoever for errors and/or omissions deriving from documents to which reference is made but not expressly provided by D'AMBRA S.r.l.

The Supplier is obliged to perform a complete review of the contract.

5. Quality Planning

5.1. Control Plans

D'AMBRA S.r.l. requires a Control Plan for components, processes or materials with critical or significant characteristics. This characteristic is identified either on the drawing or in a specification provided by D'AMBRA S.r.l. The Control Plan should be reviewed and updated as necessary, particularly after any design and process changes have been made or in the event that a non-compliance is produced by the process. Control Plans can represent families of similar items produced by the same process flow. New or revised Control Plans must be approved by the Quality Engineer employed by the D'AMBRA S.r.l. Supplier and/or customer.

A Process Control Plan identifies key process inputs and includes a method for controlling each of them. A Process Plan should include at least the following:

1. Manufacturing methods
2. A control method
3. A method of measurement
4. A reaction plan for out-of-control situations

6. Performance Assessment

6.1. Weighted Point Assessment System

Every 4 months D'AMBRA S.r.l. Carries out a weighted point assessment of its Suppliers. The elements that are taken into consideration include:

1. Product certification
2. Product quality
3. Deliveries
4. Price

6.2. Quality Rating Calculation

This data is also collected using non-compliance data from the incoming inspection and subsequent returns after the customer has encountered a non-compliance.

6.3. Delivery Score Calculation

This assessment indicates the delivery performance of materials and services measured against the agreed time limit for the product.

6.4. Insufficient Classification

If a Supplier is given an “insufficient” classification, it shall receive a correction request from D’AMBRA S.r.l. to meet the minimum parameters. Suppliers that do not meet the parameters shall not be included in the list of qualified Suppliers and new orders cannot be placed with them.

7.0 Non-Disclosure Agreement

The Supplier undertakes not to use or disclose to third parties any data, projects, drawings, technical specifications as well as any other information provided by D’AMBRA S.r.l. including any services regarding any D’AMBRA S.r.l. purchase order.

All information specified on the D’AMBRA S.r.l. purchase order between D’AMBRA S.r.l. and the Supplier is deemed confidential and it is agreed by the Supplier that none of the relevant details shall be either published or disclosed to third parties without obtaining prior written authorisation from D’AMBRA S.r.l.