

GENERAL TERMS AND CONDITIONS OF SUPPLY

References

- Procedure PR08 - Procurement

Document Changes

EDITION	DATE	DESCRIPTION OF THE CHANGE
06	02/12/03	Update of the table for PPAP request to the supplier
07	05/03/04	Inserted documentary references regarding the management of product PPAP
08	11/06/04	Paragraph no. 12, update for PPAP level 3 request to suppliers
09	10/01/19	General revision
10	30/07/20	Insertion of specific customer requirements (CSR) for automotive products(paragraph 5)

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1 GENERAL

1.1 General conditions

The objective of this specification is to guarantee the quality of supplies to CDS: it defines CDS's quality expectations with the aim of developing a common working methodology that ensures total quality of supplies.

The contents of this specification are aimed at:

- Integrate the information stated on Purchase Orders without altering the requirements of the orders themselves.
- Identify the guidelines that regulate the relationship between CDS and suppliers regarding product quality and required service for supplies.
- Identify supplier's competencies during the initial phase of supply relationships.

1.2 Applicability

The general purchasing conditions are always applicable to every order unless the order or contract explicitly refers to an exception. All conditions outlined in this specification shall be considered an essential parts of the supply itself; any clauses from the supplier's invoices or correspondence that contradict or add to the agreed and signed conditions will be deemed non-accepted. The order is non-transferable. The supplier agrees to provide materials and services conforming to current legislative requirements. For matters not covered in the general purchasing conditions, the Civil Code norms apply.

1.3 Acceptance

Prompt acceptance of the received order is required. In the absence of acceptance, CDS will consider the execution of the supply as compliant with this specification and any specific conditions expressed in the order.

1.4 Confidentiality

The supplier agrees not to disclose any information or characteristics regarding the products supplied to CDS. In particular, drawings and specifications provided to the supplier cannot be reproduced or communicated to third parties without CDS's authorization.

1.5 Delivery terms

Agreed delivery terms specified in the CDS order or contract are binding and commence from the order issuance date, unless otherwise agreed in writing. In the case of early delivery, CDS reserves the right to return the goods at the supplier's expense. CDS does not accept any storage or shipping charges that have not been agreed in advance.

1.6 Goods delivery

Goods must be delivered, unless otherwise specified, to CDS's premises every business day from 8 AM to 12 PM and from 1 PM to 5 PM. Any exceptions must be agreed in advance.

The products are delivered free of charge to the CDS premises; the signature of the receipt on the transport document by our staff serves only as acknowledgement. Final acceptance is subject to subsequent quality, quantity, and documentary checks. Each delivery must be accompanied by a transport document indicating the order reference, product codes, and date. If specified on the purchase order, every delivery must be accompanied by a quality certificate.

CDS reserves the right to reject materials delivered in excess of the quantity ordered.

1.7 Supply Inspection

Simply delivering goods to our warehouse and to the receiving personnel does not constitute acceptance of the supply. Acceptance is subject to verification of quality and quantity conditions by CDS Quality Assurance Service. Acquired material must meet the requirements of applicable technical documentation and/or specific order conditions. Any instances of non-conformity will be notified to the supplier using appropriate forms. Suppliers are responsible for the conformity of supplies and must maintain quality records. Documentation must be available upon CDS's request and archived for at least 2 years, unless otherwise specified.

1.8 Specific equipment and materials

The equipment (specific equipment, molds, etc.) provided by CDS for order execution remains the exclusive property of CDS. It is expressly agreed that such equipment should only be used for CDS productions. Materials or equipment provided by CDS for processing and/or loan must be properly documented by the supplier in their inventory records, in compliance with applicable laws.

2 QUALIFICATION OF SUPPLIERS

The eligibility of suppliers to supply CDS and be included in the Suppliers List is evaluated based on the following criteria:

2.1 Technical-Production Capacity and Financial Status

The degree and type of assessments required are determined by the Purchasing Department, which evaluates each supplier on the base of information received. If deemed insufficient, further checks may be conducted directly or with the assistance of internal or external entities to verify and examine available information. All suppliers are required to complete an Information Questionnaire provided by the CDS Purchasing Department.

2.2 Suitability of Quality System

The objective is to source materials and services only from suppliers whose Quality and Environmental Management Systems are certified by an accredited Certification Body. Specifically, the supplier must have an applied Quality System with a valid certification according to the UNI EN ISO 9001:2015 standard or higher.

CDS evaluation is based on documentation submitted by the supplier and data gathered during supply inspections. The following provisions apply:

- Suppliers certified by accredited bodies or major customers (e.g., Stellantis, Ford, BMW, etc.) are considered eligible upon submission to the Purchasing Office of a copy of their ISO 9001 / IATF / ISO 14001 Certificate or evaluation report from a major customer confirming conformity of the Quality System. These documents must be resubmitted in case of updates. Automotive-specific suppliers are required at minimum to have ISO 9001 certification.
- Suppliers with a Quality System not yet certified as described above are considered **CONDITIONALLY SUITABLE**; they may still be considered for supply contracts at the discretion of the CDS Purchasing Office, provided they submit for approval a plan detailing the measures they intend to adopt to ensure compliance with CDS's requirements.

2.3 Customer Final Inspection

Upon prior notification by CDS, the final customer or their representative is granted the right to verify that the purchased items conform to specified requirements or production specifications.

3 PRODUCTION PROCESS EVALUATIONS

Supplies must fully comply with the general and specific conditions stated on the purchase order, in accordance with this specification and the technical specifications (or sample parts) provided by CDS to the supplier. CDS reserves the right to assess the supplier's ability to provide a specific product under technical/commercial negotiation through an audit, typically conducted as a preventive measure. If the process audit results in a NON-CONFORMING evaluation or if corrective and/or improvement actions are required on the process, the supplier must submit a written plan to CDS outlining the measures they intend to implement.

4 GENERAL SUPPLY REQUIREMENTS AND CONTROL METHODS

The supplier is required to:

- Manage processes, facilities, personnel, and systems to consistently ensure product conformity to CDS's quality requirements.
- Develop control plans based on the continuous use of Statistical Process Control (SPC) to ensure product quality during production.
- Use statistical methods to demonstrate continuous process capability verification and to improve productivity by analysing product quality.

4.1 Sample approval

Before commencing product delivery, the supplier must submit an initial sample to CDS Quality Office for approval to proceed with the supply.

Sample approval is required in the following cases:

- New product
- Negative approval from previous sampling
- Product specification changes
- Process changes
- Variations in the manufacturing cycle
- Introduction for a new supplier

Samples are not required from suppliers of catalog products.

Any samples, unless otherwise specified, must be submitted to CDS Quality Office complete with:

- Dimensional and visual appearance inspections
- Material conformity declaration
- Documentation proving product conformity to legislative and safety requirements as indicated in the design
- Reference samples as specified by the Quality Office or Technical Office depending on the product.

4.2 Approval for supply

The CDS Quality Office verifies samples in terms of documentation and product. The supply must comply with the provisions stated in the purchase order and supply specification. If necessary, CDS conducts a process verification at the supplier's production site.

The supply approval is provided to the supplier in copy.

4.3 Supply Controls

The quality of delivery is verified upon receipt by CDS based on the following elements: delivery date, shipping documents, quantity, and product quality.

Product quality is typically verified against the following criteria:

- Product characteristics
- Product identification sheet
- Quality and conformity declaration
- Packaging conditions

4.4 Non-Conforming Supply Management

A supply will be deemed NON-CONFORMING and may be rejected if CDS identifies anomalies as per section 4.3. Depending on the severity of the non-conformity, CDS reserves the right to accept materials "under deviation" based on business needs. The non-conformity is notified to the supplier by CDS Quality Office using appropriate forms. Related impacts such as sorting, production stoppages, product rework, loss/use of hours, costs incurred due to delivery delays, changes in delivery schedules, costs for dismantling finished products, and similar will be communicated to the supplier by the Purchasing Office.

The supplier is required to inform CDS immediately upon receiving a non-conformity report about the replacement/sorting or restoration of the non-conforming batch, and within 3 days communicate the causes of non-conformity, corrective actions, and improvement measures using specific forms. Subsequent supplies must be appropriately identified to allow CDS to verify the resolution of reported non-conformities.

4.5 Supply Deviations

The supplier may request a deviation for materials deemed non-conforming to reference specifications. Deviation requests must be directed to the CDS Quality Office, specifying the type and extent of deviation observed in the product, batch size, or timeframe for which a deviation from supply requirements is requested.

5 SPECIFIC SUPPLY REQUIREMENTS FOR AUTOMOTIVE PRODUCTS

Any automotive product must be supplied following the submission of PPAP Level 3, complete with the following documents and attaching 10 sample pieces, unless otherwise specified by CDS:

Product Specifications/Drawings (if not provided by CDS)
Project Change Documents
Customer Engineering Approval, if applicable
Project FMEA, if applicable
Process Flow Chart
Process FMEA
Dimensional Reports
Performance and Material Test Results
Initial Process Study
Measurement Systems Analysis (MSA)
Documentation of Laboratory Qualification
Control Plan
Part Submission Warrant (PSW)
Appearance Approval Report (AAR), if applicable
List of raw material requirements (only for PPAP of raw materials)
Product sampling
Master sample
Control methods
Document of compliance with specific customer requirements

The supplier is responsible for updating the PPAP.

Monitoring of the supplier will be carried out annually by CDS through the quality of the supplied product (ppm) and service (% of late deliveries).

6 MATERIAL IDENTIFICATION AND PRODUCT TRACEABILITY

Each container of material must arrive at CDS with identification including, where applicable

- supplier product code
- CDS product code
- quantity in container
- total quantity
- traceability details (production date, batch number)
- possible derogation number

7 PRODUCT PACKAGING

The supplier shall pack the products in such a way as to avoid damage both during transport and during storage. Unless otherwise contractually agreed, the type of packaging to be used is at the supplier's discretion as long as it complies with legal requirements (e.g. weight).

8 EXCEPTIONS TO THE CONTENT OF THESE SPECIFICATIONS

In the event that the supplier is unable to comply with the requirements of this document, it must submit a written request to the CDS Procurement Department specifying all exceptions.

9 INVOICES

Each invoice must refer to the CDS order, stating its details.

Invoices must be sent to CDS within 5 days from the date of delivery or dispatch of the goods or by the end of the month. In any case, all invoices must be received by CDS by the 5th day of the month following delivery of goods.

10 TERMS OF PAYMENT

Payment for goods and services shall be made in the manner and within the terms indicated on the purchase order.

11 JURISDICTION

All disputes shall fall under the exclusive jurisdiction of the Court of Turin.

Signature CDS Management



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Signature for Supplier Approval

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