



## GENERAL CONDITIONS OF PURCHASE FOR GOODS AND SERVICES

### 1. General information

**1.1** These general conditions of purchase (hereinafter the "Conditions") constitute an integral part of all orders issued by Philip Morris Manufacturing & Technology Bologna S.p.A. (hereinafter the "Purchaser" or the "Client") regarding current and future supplies of goods (hereinafter "Supply of Goods") and/or services (hereinafter "Services") (hereinafter jointly "Supply") resulting from the acceptance by the Purchaser of an offer (hereinafter the "Offer") made by the person or company providing the Goods and Services (hereinafter the "Supplier") (the Purchaser and the Supplier are hereinafter collectively defined as the "Parties").

**1.2** The Conditions will remain in force until they are modified and/or departed from by a contract in writing resulting from negotiations between the Parties and signed by the latter. No change, exception, further condition or note departing from these Conditions shall have any effect between the Parties, except those specifically approved in writing by the Purchaser, also in the purchase order (hereinafter the "Order").

**1.3** The signature of the Conditions by the Supplier involves the application of these Conditions and the express waiver of any conditions of its own, whether considered individually or as a whole.

**1.4** The acceptance and payment, even partial, of the Supply by the Purchaser shall not constitute recognition and/or acceptance of any different conditions set by the Supplier.

**1.5** In case of conflict between what is contained in the Offer and what is written in one of the articles of the Conditions, what is contained in the Conditions shall prevail and therefore be applicable.

### 2. Formation of the Contract

**2.1** These Conditions shall govern the Supply relationship arising from the Supplier's Offer which is accepted either in writing by the Purchaser or by placing the Order (Conditions, Order and Offer shall hereinafter be jointly termed the "Contract"). These Conditions shall come into force as from the date they are signed by the Supplier.

**2.2** Any changes to the Order and/or the Conditions will be valid and binding only upon written acceptance by the Purchaser.

### 3. Procedures for the performance of the Supply

**3.1** Without prejudice to the provisions of articles 1 and 2 above, the Supply must be performed in accordance with the time, modalities and places specified in the Offer approved by the Purchaser in writing or through the placement of the Order. The times for performing the Order must be regarded as essential pursuant to and in accordance with article 1457 of the Italian Civil Code.

**3.2** The Supplier guarantees that it will perform the services covered by the Order on time and with the professional diligence required by the nature of the activity, in accordance with applicable laws. The Supplier also guarantees that the Goods delivered will conform with the contents of the Order and will have the features established therein, as well as those features that are essential for their intended use, and are free from flaws and/or defects due to incorrect design, production, processing, conservation, assembly and packaging or to the materials used, that are known and/or knowable by the Supplier, that would diminish their value and/or render them unsuitable, even in part, for their intended use. In this regard, the deadline for reporting flaws or defects shall in any event commence from the date of discovery, as required by the relevant Italian legislation in force. Finally, the Supplier also guarantees that the Goods covered by the Order will comply with any European Union regulations that may apply to them.

**3.3** The Supplier guarantees that it possesses and will maintain in force for the duration of the Contract, all authorizations, licenses, and anything else required by law and/or regulations for the performance of the Supply; upon request of the Purchaser, the Supplier shall deliver a copy of the authorizations and permits necessary to perform the Supply.

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Società sottoposta all'attività di direzione e coordinamento di Philip Morris International Inc. ai sensi dell'articolo 2497-bis del codice civile



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**3.4** The Supplier shall be solely responsible for submitting any documentation required in accordance with applicable laws in connection with the performance of the Supply to the competent authorities; it shall submit such documentation to the competent authorities at its own care and expense, providing a copy to the Purchaser at the same time. The Supplier shall also provide the Purchaser with the necessary assistance to comply with any document registrations and/or submissions required by the competent authorities.

**3.5** The Supply does not provide any exclusivity; it is therefore expressly understood that the Purchaser retains the right to make use of others for the Supply of Goods and/or Services similar to those covered by the Contract. Purchaser, in addition, makes no commitment to the Supplier in relation to:

(i) award of a minimum number of orders; or

(ii) a time-based division, over the period in which the Contract is valid, as to the number of Orders covered by the Service.

**3.6** If the Purchaser is not satisfied with the performance of the activity and/or Services as set out in the Contract by the Supplier, it shall give written notice of the reasons for its dissatisfaction to the Supplier, in which case the Parties will agree on the ways to improve the activity as set out in the Contract which they consider most opportune, which shall under no circumstances lead to any economic burden or additional cost to the Purchaser.

**3.7** The Supplier is and shall remain an independent contractor; it shall therefore undertake to avoid all conduct which may lead third parties to believe that a relationship of agency, employment, representation or other business relationship exists with the Purchaser other than that covered by the Contract and by the Conditions. Consequently, the Supplier is not authorized to act on behalf of the Purchaser, to assume obligations binding upon the latter, or to send correspondence on behalf of or in the name of the Purchaser.

**3.8** The Supplier shall not initiate or participate in any action or conduct tending to injure, bring into disrepute, ridicule, damage or destroy the goodwill of the Purchaser or of its affiliates or their respective businesses.

**3.9** The Supplier shall not, without the prior express written approval of the Purchaser, use the name of the Supplier or that of any of its affiliates or any trade name, trademark or service mark or brand imagery belonging to Purchaser and/or its affiliates in any press release, any form of advertising, or any of its business communications (internal or external) except those necessary to the supply of the Activity.

**3.10** Should the Supplier be contacted by third parties, including any newspapers, concerning the Supplier's activities in relation to the Purchaser, the Supplier and/or its Personnel shall make no comment and immediately notify the Purchaser of the third party contact. In the event of an assignment to interact with third parties (whether these are private or public officials) in the name of and/or on behalf of the Purchaser, the Supplier itself will notify the third party involved, in accordance with the uses and practices of the belonging category.

**3.11** In case of mandate to interact with third parties (including private ones, Government Officials or public employees charged with a public service) in the name and on behalf of the Client, the Supplier ensures that it shall give evidence of it to the third party concerned, in accordance with the traditions and practice of its professional association or category, and in any case in line with the principles of PMI 31-C that declares it has received by the Client.

**3.12** The Supplier, pursuant to and in accordance with article 1381 of the Italian Civil Code, undertakes to ensure that the provisions of articles 3.8, 3.9, 3.10 and 3.11 above are observed by its Personnel (hereinafter "Personnel").

**3.13** All drawings, documents and other specific material delivered by the Supplier to the Purchaser under the Contract, become the sole and exclusive property of the Purchaser, which will be the sole owner of such material and, therefore, the only one to have the right to reproduce and use it for the reasons which it considers opportune and/or necessary. This clause does not apply where such drawings, documents and other material are already subject to intellectual/industrial property mechanisms in favor of the Supplier.

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**3.14** The Supplier, in carrying out the Activity, acknowledges that from now on it may deal with other “Philip Morris International” companies and other third parties which carry out, on behalf of the Purchaser, activities connected and/or additional to the supply of Goods and Services; by all means, what is covered by the Contract is also applicable to dealings between the Supplier and third parties, towards which the Supplier is committed to collaborate in good faith for the correct execution of the Supply of Goods and Services.

**3.15** In case the Supply relates to an information technology service, software development or maintenance or more generally IT and/or highly confidential Client data, the Supplier shall implement appropriate technical and organizational security measures to: (i) ensure the resilience of the Services; and (ii) protect the Client’s Confidential Information and personal data.

The Supplier’s security measures shall include, but not be limited to:

- a) the ability to ensure the ongoing confidentiality, integrity, availability and resilience of the Supplier processing systems and Services;
- b) the ability to promptly restore the availability and access to the Services, Client Confidential Information and Client Personal Data in the event of a physical or technical incident;
- c) a process for regularly testing, assessing, and evaluating the effectiveness of the Supplier’s security policies, processes and the technical and organizational security measures outlined in this clause; and
- d) the pseudonymization and encryption of Client Personal Data, where appropriate and upon Client’s request.

In the event of any unauthorized access, loss or physical and/or technical incident impacting the Services, Client Confidential Information and/or Client Personal Data, then the Supplier shall promptly notify the Client at [soc@pmi.com](mailto:soc@pmi.com) and provide the Client with all reasonable assistance.

The Supplier undertakes to maintain the above requirements throughout the period of validity of the Contract, otherwise the Contract shall be terminated.

The Client reserves the right, whenever it considers it appropriate, to implement controls aimed at ascertaining that the Supplier meets the above security requirements. This control can be carried out in a timely manner, at the very offices of the Supplier, who hereby undertakes to ensure access to its own premises to persons acting on behalf of the Client, whose names shall be communicated in advance to the Supplier itself from time to time.

**3.16** In case that local, regional, national or supranational provisions should enter into force, making it impossible the total or partial execution of the Supply of Goods and Services, or the total or partial continuation of it according to the agreed terms and conditions, or the above provisions should impose the total or partial deferral of it, the Parties undertake to re-negotiate in good faith the terms, conditions and timing for the carrying out of the Supply of Goods and Services, considering the total termination of the Contract as a last option to pursue only in case of no other solution that is less extreme than the above and reasonably viable. In case of termination of the contract, the Client shall be entitled to the refund of the already paid fee, if any, referred to the portion of the Supply not received. Neither Party shall have the right to compensation for any damages suffered because of the early termination of the Contract.

#### **4. Personnel**

**4.1** In performing the Supply, the Supplier shall act through an independent business organization, with management at its own risk, in absolute autonomy and independence as regards procedures and performance criteria, using its Personnel or personnel of subcontractors authorized pursuant to the following article 13, without constraints on time, territory, stability, subordination and/or hierarchical and disciplinary dependence towards the Purchaser, but in any case specially trained and qualified for the fulfillment of the Supply.

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**4.2** The Personnel shall perform the Supply covered by the Order and will report directly to the person in charge designated by the Supplier who, in turn, will have a counterpart in the project who shall be designated by the Purchaser.

**4.3** The Supplier guarantees that the Personnel performing the Supply have the necessary professional standing and skills and valid and appropriate documentation to conduct the activity. Upon written request of the Purchaser, appropriate documentation shall be provided by the Supplier as proof of the performance of the commissioned activity. The Supplier also guarantees that the Personnel will be able to comply with the standards of conduct requested by the Purchaser or in use at its facilities.

**4.4** The Supplier, by signing the Contract, guarantees that it has fulfilled and shall continue to fulfill all obligations stemming from existing legislation on employment, social security (INPS) and Accident Insurance (INAIL) with regard to the relationship between the Supplier and its personnel. The Supplier also guarantees that the Personnel are and will continue to be covered by the legal treatment and expected salary level set by the National Collective Labor Agreement which applies to the relevant sector, supplemented by local agreements, if any. In this respect the Supplier undertakes to hold the Purchaser harmless from any loss arising from alleged and/or assessed breaches of the legislation in force, which might even indirectly burden the Purchaser. The Supplier also guarantees that the provisions of this paragraph are complied with by any third-party companies (including companies belonging to the same group) used in the execution of the Supply of Good and Services, in relation to their personnel.

**4.5** In case of access to the Purchaser's facilities, the Supplier guarantees that the Personnel carrying out the Contract, will observe, in addition to all current and applicable legal regulations, the safety provisions and performance procedures in force at the Purchaser's facilities, holding the latter harmless from any responsibility for the safety and security of Goods used by the Supplier for the performance of the Supply at the Purchaser's premises. Moreover, if the performance of the Contract requires the Personnel to access computers, systems or other equipment of the Purchaser, the Supplier shall ensure that Personnel comply with the Purchaser's provisions and regulations governing access to said Goods or instrumentation.

**4.6** The Supplier also guarantees that the provisions in paragraphs 2, 3, 4 and 5 of this article are observed by any subcontractors used in performance of the Contract.

**4.7** If the Purchaser is not satisfied with the performance of the Supply by the Supplier, it shall give written notice of the reasons for its dissatisfaction to the Supplier, in which case the Parties will agree on the ways to improve the Supply which they consider most opportune, including the possible replacement of the person(s) responsible for the Supply, which shall under no circumstances lead to any economic burden or additional cost to the Purchaser.

## **5. Prices and terms of payment**

**5.1** The consideration for the Supply is that which is stated in the Order sent by the Purchaser (hereinafter the "Consideration").

**5.2** Unless otherwise specified in each Order, payment will be made no later than 120 (one hundred twenty) days from the receipt of invoice by bank transfer using the banking coordinates provided in advance by the Supplier and in any case shown on the invoice. In the case of the provision of Services and where appropriate, considering the agreed activity, the Purchaser reserves the right to ask for the dispatch of time sheets on the work undertaken, which must be approved for the purposes of the payment.

**5.3** The Parties agree that the Consideration as set out in the first paragraph of this article has been agreed between them as being all-inclusive and, therefore, includes all the contents, services and everything else necessary for the current provision of the Supply, as well as the Supplier's margin and overheads, including those arising from the compliance with the laws, regulations, standards, specifications, regulations issued by the competent authorities, as well as acquisition of permits and authorizations from the local authorities needed to perform the Supply. The Purchaser will reimburse the Supplier for expenses which are not included in the aforementioned Consideration and which have been reasonably incurred in order to perform

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the Supply, only if authorized in writing by the Purchaser and if accompanied by the related supporting documents.

**5.4** Invoices must contain the name of the bank to which payment is to be made and the IBAN (International Bank Account Number).

**5.5** In any case, the payment of the consideration is subordinate to complying with the respect of the principle of regular salary, social security and tax payments by the Supplier and any subcontractors used in compliance with the legal provisions in force. The Purchaser will, therefore, have the right to ask, at any time, for documentation to show such payments or suitable substitute statements. Should the Supplier:

(i) not supply the aforementioned documentation/statements; or

(ii) violate the aforementioned obligation for regular salary, social security and tax payments, the Purchaser, without the requirement of any further communication, may suspend payment of the Consideration, which it will withhold as a guarantee; this guarantee withholding will no longer be necessary only on due fulfillment of the obligations envisaged by this paragraph.

It is also expressly agreed that should the Supplier:

(iii) not supply the documentation/statements that may be requested by the Purchaser pursuant to this paragraph within 15 days; or

(iv) following verification of any violation and/or irregularity regarding the aforementioned salary, social security and tax obligations, not rectify this violation and/or irregularity promptly and in any case within and not beyond 15 days from the verification of the violation/irregularity and in any case within the timeframes that might be requested by the Purchaser in this regard;

the Purchaser will have the right to terminate the Contract pursuant to article 1456 of the Italian Civil Code, without prejudice to compensation for the damage suffered following the Supplier's conduct.

## **6. Audit**

**6.1** The Supplier undertakes to maintain precise and detailed reporting on its books and records relating to the supply provided to the Purchaser, including the data regarding the number of days involved in the performance of the Services (where significant), the costs and expenses incurred by the Supplier either directly or through any authorized sub-contractors used in performance of the Contract and the relevant supporting documents, all for a period of not less than five years from the expiration or termination of the Contract for any reason, or if longer, for the applicable retention period required by law.

**6.2** The Purchaser shall have the right to examine, also by means of its agents, subject to due notice and in accordance with methods to be agreed, all accounting information concerning the consideration charged and the costs and expenses incurred by Supplier in connection with the Contract and the consideration and expenses of any subcontractors used in performance of the Contract.

**6.3** In order to verify the respect by the Supplier of the security and protection standards for information and data supplied by the Purchaser as well as conformity with the provisions of the relevant laws (such as by way of example, those to protect the environment and those on occupational health and safety), the Purchaser itself will have the right to carry out audit checks making use of its own personnel or third parties, subject to due notice and agreement with the Supplier, agreeing with the latter, on the basis of the findings from the checks, any due corrective action.

## **7. Order changes**

**7.1** The supply should include only what is expressly requested by the Purchaser in the Order; no changes can be made to the Order by the Supplier, without the prior written authorization of the Purchaser.

**7.2** The Purchaser reserves the right to change the content of the Order at any time as regards the conditions, the type, the quality and quantity of the requested Goods and/or Services, by providing the Supplier with notice within 7 days before the agreed delivery date or the start of work by the Supplier in the event of Supply of Services. In that case, the Parties shall negotiate in good faith new consideration and terms of

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delivery and the Supplier will only be entitled to the payments of expenses incurred and specifically documented relating to the previous Order.

**7.3** In the case of the Supply of Services, at any time, and for any reason, the Purchaser shall have the right to suspend or cancel the Order, notifying the Supplier in writing at least 15 days before the agreed date of the commencement of activities or after the same supply of Services has commenced. Where notification of the above suspension or cancellation takes place before the commencement of the Services by the Supplier, the Purchaser will be held liable exclusively for the payment of expenses relating to such Services specifically documented and incurred by the Supplier. In the event that notification of the above suspension or cancellation occurs after the commencement of the Services, the Purchaser will be required to pay only those works already carried out and any costs relating to the Services incurred and documented by the Supplier, without additional costs and/or charges for the Purchaser.

**7.4** In case of Supply of Goods, at any time, and for any reason, the Purchaser shall have the right to suspend or cancel the Order, notifying the Supplier in writing. Where notification of the above suspension or cancellation takes place before the commencement of the production of the Goods requested in the Order, the Purchaser will be held liable exclusively for the payment of expenses relating to this Order specifically documented and incurred by the Supplier. In the event, however, that notification of the above suspension or cancellation occurs after the commencement of the production of the Goods requested in the Order, the Purchaser will be required to pay for the Goods already manufactured and to repay any costs specifically incurred and documented by the Supplier relating to this Order for the remaining Goods.

**7.5** No other amount, not even by way of damages, lost profits or benefits, may be requested by the Supplier in the event of suspension or cancellation of the Order.

## **8. Representations and Warranties of the Supplier**

**8.1** The Supplier guarantees that its services, computer software and/or equipment used in the performance of the Supply do not infringe any patent, copyright and/or intellectual property rights of third parties.

**8.2** In the performance of the Supply, the Supplier guarantees that it will not use or install on computers owned or used by the Purchaser any software that contains viruses, is code-protected or any other program that can be used for improper and unauthorized access that can damage, modify, delete, deactivate, or disable any hardware, software or data of the Purchaser.

**8.3** The Supplier declares that it does not and shall not for the duration of the Contract have any conflict of interest which could compromise its ability to fulfill its contractual obligations, or which might pose obvious difficulties in the performance of the Supply.

**8.4** Without prejudice to any communication made in writing to the Client before concluding the Contract, the Supplier represents and guarantees that neither its legal representatives nor any of its special Prosecutors or members of the Board of Directors is a Government Official or persons in charge of a Public Service (for the purpose of the current Contract an officer or employee of a government, or a person in charge of a Public Service shall mean the individuals identified under Articles 357 and 358 of Criminal Code, included officers, employees of the government or an entity owned or controlled by a government or a public international organization; a political party or official thereof; a candidate for political office; or a person acting in an official capacity for or on behalf of any of the foregoing). Should one of the cases envisaged by this paragraph occur during the term of this Contract, the Supplier shall promptly inform The Client in writing of this circumstance so that the latter may take all appropriate measures and actions required by applicable laws and/or by its internal policies.

**8.5** The Supplier guarantees in addition that:

(i) in execution of the Contract, it will comply with all applicable laws on the prevention and repression of corruption, including without limitation the laws concerning the illegal trafficking of influence and corruption among private individuals. In the event that the Contract is for the purpose of interacting with Government Officials or Persons in charge of a Public Service in the name and/or on behalf of the Client,

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the Supplier undertakes to respect the PMI Global Anti-Corruption Policy and related Standards that declares it has received by the Client and to follow at least once a year a training course on Anti-Corruption and Whistleblowing, which will be provided by the Client's Legal Department;

(ii) it shall not authorize, offer, promise or give any payments or anything else of value, through any means whatsoever, i) to any Government Official or person in charge of a Public Service, or to any other person with the knowledge that all or any portion of the thing of value with offered, promised or given to a Government Official or to a person in charge of a Public Service for the purpose of influencing official action or retain business or secure any improper advantage, or to reward such an act; or ii) to any person (whether or not a Government Official or a person in charge of a Public Service) to influence that person to act in breach of a duty of good faith, impartiality or trust, or to reward such an act. This includes a prohibition on offering or making "facilitation" payments (small payments to Government Officials to expedite or secure the performance of routine government action, i.e., actions that are ordinarily and commonly performed).

(iii) it shall not give or promise make a gift or political contribution in cash or kind to, or any benefits to a Government Official or to a person in charge of a Public service, nor shall it entertain, any Government Official or a person in charge of a Public Service, nor give any political contributions without the prior written approval of The Client, and that all such approved gifts, entertainment and contributions will be accurately reported in its records and will not be reimbursed by the Client without having received the necessary approvals from the Client.

(iv) will not behave in any illegal, unethical or improper manner regarding the performance of this project.

**8.6** The Supplier guarantees it shall not use, directly or indirectly, any part of any payment received from the Client:

(i) for any purpose that would constitute a violation of the law of any country where the Supply is performed or whose laws may apply to either of the parties or to their respective affiliates; or

(ii) in order to procure an improper benefit from any Government Official, person in charge of a Public Service or other person on behalf of the Client or for any illegal, unethical or improper purpose, whether or not in connection with this Contract.

**8.7** The Supplier guarantees that in regard to its legal representatives, special Prosecutors or members of the Board of Directors no criminal sentence has been issued which has become irrevocable or sentence issued which has become definitive, or a judgment imposing the penalty requested pursuant to article 444 of the Penal Procedure Code, nor is any proceeding pending for:

(i) serious crimes to the harm of the State or community which impact on professional morality;

(ii) crimes of involvement in a criminal organization, corruption, fraud or money-laundering;

(iii) serious infractions of the laws on workplace safety and environmental protection and any other obligation arising from employment relationships with personnel;

(iv) other violations which are in any case penalized pursuant to Legislative Decree 231/2001.

Should, while the Contract is in force, one of the aforementioned sentences be given or any proceedings are pending for the situations as set out in points (i), (ii), (iii) and (iv) in regard to its legal representatives, special Prosecutors or members of the Board of Directors the Supplier agrees to promptly inform the Client in writing of this circumstance so that the latter may take the expedients and actions required by the applicable law and/or by its internal policies.

**8.8** The Supplier guarantees that it shall not create or maintain any fund or hidden resource for any purpose related to the performance of the Contract.

**8.9** The Supplier guarantees that it will respect the following policies and codes of conduct of The Client:

(i) Code of Conduct of Philip Morris International; (ii) Organization, Management and Control Model and from the Code of Conduct adopted by The Client pursuant to Legislative Decree 231/01, all of them available on the web site of the Client in "Documenti Legali" section; as well as (iii) any other policies received by the Client and related to the Service.

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**8.10** The Supplier shall, in an accurate and timely manner and at its own expense, (i) submit to public authorities all the reports that may be required by applicable laws regarding the activities carried out by the Supplier on behalf of the Client, and immediately after the submission, it shall send to the Client copies of the above reports; (ii) at the request of the Client, it shall provide the Client with regular reports detailing the activities carried out pursuant to the current Contract, and any other information, as well as all necessary assistance to enable the Client to comply with registration and reporting requirements. In case that, during the execution of the Supply, any meetings with Government Officials or persons in charge of a Public Service should take place on behalf of the Client, the Supplier undertakes to prepare and send to the Client, within 48 (forty-eight) hours from the meeting, some drafts showing: date of the meeting, place of the meeting and participants to the meeting. In addition, for each participant it shall be specified: first and last name, professional position, body/company for which he/she works, together with a summary of what has been discussed in the meeting.

**8.11** The Supplier, pursuant to and in accordance with article 1381 of the Italian Civil Code, undertakes to ensure that the provisions of this article are observed by its Personnel, as well as by any subcontractors used and their personnel.

**8.12** The Supplier declares that it is aware that the representations and guarantees in the above paragraphs constitute an integral part of the Contract, compliance with which by the same is an essential condition for the achievement of full performance of its contractual obligations towards the Purchaser as per the Contract.

**8.13** The guarantees agreed upon here are not in lieu of legal guarantees for defects and deformities of the Services and/or Goods supplied; in particular the Purchaser retains, in each case, the legal grounds, title and right to advance other requests, such as, but not limited to, compensation for damages, lower prices or termination of the Contract, on account of the non-conformity of the goods and/or Services supplied.

**8.14** The Supplier acknowledges the receipt of, and agrees to implement and comply with, PMI's Responsible Sourcing Principles ("RSP") in all of the work rendered to the Client. The current version of the RSP is located here: <https://www.pmi.com/resources/docs/default-source/pmi-sustainability/responsible-sourcing-principles.pdf>

**8.15** If the Client becomes aware of any violation by the Supplier of the RSP, the Client will notify the Supplier and the Supplier must investigate all such violations, implement appropriate remedial steps and notify the Client, in writing, of all relevant efforts in this regard. Should such violations persist, the Client shall have the right to terminate, according to Article 1456 of the Civil Code, this Agreement, and/or any transactional documents (including Purchase Orders) that exist under it, with immediate effect.

## **9. Delivery and return of Goods**

**9.1** All deliveries must be made according to the time, manner and places specified in the Order by the Purchaser or approved by the same later in writing. The times for delivery commence from the date stated in the Order and must be regarded as essential pursuant to and in accordance with article 1457 of the Italian Civil Code.

**9.2** Delivery will be deemed complete upon completion of the unloading of goods at the Purchaser's premises, or at a different place which the latter has indicated to the Supplier.

**9.3** Unless other provisions have been agreed to in writing between the Parties, ownership of the goods and/or property covered by the Contract and any associated risks and responsibilities will be transferred from the Supplier to the Purchaser at the time of delivery.

**9.4** All costs and expenses relating to the shipping, package and transport of the goods covered by the Order are to be borne by the Supplier.

**9.5** A copy of the waybill or equivalent document must physically accompany the goods. This document must contain the details of the Order (number, date and location of order) to which it relates.

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**9.6** The remission of goods to the carrier or the shipper does not release the Supplier from the delivery obligation.

**9.7** Goods that are defective or otherwise not in accordance with the agreed specifications will be rejected and made available to the Supplier, the cost of which shall be borne by the Supplier.

#### **10. Guarantee of good functioning in the case of Supply of Goods**

**10.1** The Supplier guarantees that the Goods supplied comply with the technical specifications agreed upon and are suitable for the purpose for which they are supplied. The Supplier guarantees that the Goods supplied are free from defects in materials and workmanship.

**10.2** The Supplier agrees to repair and/or replace at its own care and expense any defective supply or defective parts with new and original replacement parts.

**10.3** The Parties will agree from time to time reasonable terms to repair and/or replace the defective goods. Transport costs required for the replacement and/or repair of defective Goods and/or parts shall be borne by the Supplier.

**10.4** The warranty period of the Goods covered by the Order is equal to 12 (twelve) months, or a longer period that may be required by applicable laws, and shall commence from the date of acceptance of the supply.

**10.5** In the event of repair and/or replacement of the Good, the warranty period will be automatically extended to take into account the period of time during which the good was not available to the Purchaser.

**10.6** The warranty shall not apply if the defect is caused by natural attrition, inexperience or negligence of the Purchaser.

**10.7** In case the defective parts cannot be replaced, the Order shall be deemed cancelled and the Supplier will be liable to pay damages.

**10.8** The deadline for reporting flaws and/or defects of the goods is fixed at 8 (eight) days after the date of discovery.

#### **11. Workplace safety and environmental protection**

**11.1** The activities that the Supplier shall perform as per the Contract will be performed in full compliance with current standards of health and safety in the workplace. In particular, reference is made to Legislative Decree 81/2008 and subsequent amendments and modifications thereto (hereinafter "Legislative Decree 81/2008"), which the Supplier, by signing the Contract, declares that it is aware of and agrees to comply with in the performance of the Contract.

**11.2** The Supplier is responsible for implementing safety measures in relation to the activities covered by the Contract and guarantees to respect the same by implementing all procedures designed to prevent accidents at work and to use all precautions to ensure the safety of Personnel. The Supplier will hold the Purchaser harmless from any civil and criminal liability, also with regard to third parties, arising from any breach of the provisions contained in Legislative Decree 81/2008.

**11.3** The Supplier agrees to send the Purchaser, following a written request of the latter, documentation certifying the completion of the training on safety and health in the workplace provided to the Personnel involved in the Supply, in compliance with the aforementioned Legislative Decree 81/2008.

**11.4** The Supplier also guarantees respect of relevant laws regarding environmental protection and to agree to annul or at least minimize the negative effects of its activities on man and the environment. The Supplier guarantees that it is aware of the fact that the Purchaser has adopted and certified an integrated management system for health, safety and the environment which conforms to the international requirements of OHSAS 18001 and ISO 14001. Therefore, the Supplier, compatibly with its own possibilities, agrees to provide the Supply respecting also whatever may be requested by the Purchaser in order to comply with certification laws.

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**11.5** It is expressly agreed that any communication from the Supplier to the Purchaser that relates to providing safety and prevention and work procedures, should always be made in writing and sent via e-mail to the safety manager of the Purchaser.

## **12. Withdrawal**

**12.1** The Purchaser shall be entitled to unilaterally terminate the Contract at any time and for any reason by giving written notice 30 (thirty) days beforehand to the Supplier by means of registered letter with return receipt or certified email, without granting to the Supplier in any way compensation for damages, lost profits or payment for withdrawal.

**12.2** The Purchaser shall furthermore be entitled to unilaterally terminate the Contract at any time and for any reason by giving written notice 10 (ten) days beforehand to the Supplier by means of registered letter with return receipt or certified email, without granting to the Supplier in any way compensation for damages, lost profits or payment for withdrawal, for the following reasons:

(i) a bankruptcy petition is presented or an insolvency procedure is started by the Supplier, as envisaged by the law in force;

(ii) in carrying out the Contract, the Supplier violates the applicable law in force on the prevention and repression of corruption, including, by way of example, the laws regarding the illegal trafficking of influence and corruption among private individuals;

(iii) there is a change in the Supplier's shareholding structure which causes a change in the corporate control of the Supplier or its group and the new subject or group which exercises control is a competitor of the Purchaser.

**12.3** In all cases where the Purchaser exercises its right of withdrawal conferred under this article, the same undertakes to pay compensation to the Supplier for the work and/or supplies provided until the effective date of withdrawal, with the express exclusion of whatever may be demanded by way of damages, lost profits or payment for withdrawal.

**12.4** In any event, the Supplier undertakes to conclude, before the date of termination of the relationship, all operations whose performance falls within the effective date of termination, in accordance with the levels specified here, ensuring that the Personnel during this period have the same professional characteristics and number of those employed up until the notice of withdrawal.

**12.5** Withdrawal from, termination or the natural expiration of the Contract will have no effect as to the obligations that the Supplier has assumed and which it is expressly required to fulfill even after withdrawal from or expiration of this Contract.

## **13. Termination**

**13.1** Without prejudice to the provisions of article 12 above, the Purchaser may terminate the Contract by written notice to the Supplier to be sent by registered letter with return receipt or certified email, if the Supplier breaches any of its obligations as per the Contract and the breach is not remedied within 15 (fifteen) days after the receipt of such written notification from the Purchaser, wherein the breach is reported.

**13.2** According to and for the purposes of article 1456 of the Italian Civil Code, the Contract will be deemed automatically terminated should the Supplier violate even one of the following obligations and the Purchaser sends notice, by registered letter with return receipt or certified email, listing the specific breach of the obligation and a statement that the Contract has been automatically terminated:

- paragraphs 2, 3, 8, 9, 10 and 11 of article 3 (Procedures for the performance of the Supply);
- paragraphs 4 and 5 of article 4 (Personnel);
- paragraphs 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11 of article 8 (Representations and Warranties of the Supplier);
- article 9 (Delivery and return of Goods);

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- article 10 (Guarantee of good functioning);
- article 11 (Workplace safety and environmental protection);
- article 14 (Indemnity);
- article 17 (Processing personal data, necessary for the execution of the Contract)
- article 18 (Confidentiality);
- article 20 (Use of logos and trademarks)

**13.3** In cases of termination referred to in this article, the Supplier shall only be entitled to the payment of the consideration for the Services and/or Supplies of Goods actually performed until the effective date of the termination, without prejudice to the right of the Purchaser to compensation for any damages it might have suffered as a result of this breach.

**13.4** In any event, the Supplier undertakes to conclude, before the date of termination of the relationship, all operations whose performance falls within the effective date of termination, in accordance with the levels specified here, ensuring that the Personnel during this period have the same professional characteristics and number of those employed up until the notice of withdrawal.

#### **14. Indemnity**

**14.1** The Supplier undertakes to reimburse, indemnify and hold harmless, during the term of this Contract and after its termination, the Client, its directors, employees, collaborators, consultants as well as any legal entity which controls it or is controlled by the Client against any claim, demand, action, claim for damages or compensation, civil or administrative investigations or proceedings, or other investigations initiated and brought by anyone both in Italy and abroad (including authorities and public bodies), relating to the activity carried out directly by the Supplier or by any possible subcontractors, undertaking as of now to intervene - if necessary or appropriate - even out of court and also to bear the cost of related expenses, relating to or resulting from:

(i) any violation of current or potential future patent rights, trademarks, trade secrets or intellectual property rights arising from, or otherwise in connection with the activity undertaken in the performance of this Contract, included the activities carried out by any possible subcontractors involved in the execution of this Contract.;

(ii) non-performance of the guarantee obligations under this Contract;

(iii) Failure of the Supplier or any possible subcontractors to comply with national, Community and international applicable legislation, having the status of laws, regulations, laws of the European Community, administrative regulations ruling the modes of service delivery as provided for in this Contract or the procedure for the achievement of the required licenses and authorizations to provide the above Activity;

(iv) any actions, claims and/or demands related to this Contract, brought by its subcontractors and/or the latter' subcontractors, or by any companies which control the Supplier or are controlled by it or linked to the Supplier, or belong to the same corporate group of the Supplier;

(v) any breaches by the Supplier or any of its subcontractors – regarding competition law – in processing personal data and using information systems;

(vi) any breaches by the Supplier or any of its subcontractors of laws regarding health and safety in the workplace and/or procedures developed and laid down by the Client, including violations for which its personnel and/or any subcontractors can be held responsible;

(vii) any action, claim and/or demand brought by its own Personnel or by that of the authorized subcontractors that can possibly be used in execution of this Contract, for whatever reason, title and/or cause, including for instance the possibility of claims for personal injury, for qualification of the relationship, fees and/or benefits provided by incentive plans, damage to persons and/or property, data loss caused by its Personnel, as well as claims by the competent authorities for deductions, allowances or other

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taxes or payments or sanctions imposed for legal violations due to conduct and/or omissions of the Supplier; and the payment of legal costs, otherwise arising or resulting from the above claims, actions, demands and/or from their possible acceptance;

(viii) violation of the Supplier or of any subcontractors of the obligations regarding environmental law and waste disposal.

**14.2** In case the Supplier should be informed about any events that could reasonably give rise to any Client's responsibility in the execution of this Contract, within the following 5 (five) working days, the Supplier shall provide the Client with written notice (hereinafter the "Claim"), appropriately specifying the reasons and the amount of the claim.

**14.3** The Client will be entitled to participate in the defense of any claims. In any case, the Supplier shall duly and correctly defend any claims and shall abstain from any actions that might prejudice the defense of the Client's interests under this Contract.

**15. Prohibition on subcontracting, transfer of the Contract and credit**

**15.1** The Contract may not be transferred and may not be subcontracted either in whole or in part, by the Supplier to any third party, "third party" meaning also participated and/or controlled and/or affiliated companies or through instruments such as lease of the company and/or transfer and/or merger or otherwise, without the prior written consent of the Purchaser.

**15.2** If approved in writing and in advance by the Purchaser, the Supplier may use third-party subcontractors that shall be selected and appointed on the basis of convenience and financial reliability criteria as well as of permanence of these requirements during the period of their use by the Supplier.

**15.3** Except in the case of an express waiver in writing by the Purchaser, the Supplier, for subcontracts the value of which is equal to or greater than € 15,000, shall select the subcontractors through an analysis and comparison of the conditions and terms offered by a minimum number of three potential subcontractors. Where required, the Supplier shall provide evidence of the presence of these criteria of convenience and reliability and of the above comparison of 3 different offers; the Supplier will also notify to the Purchaser the terms and conditions under which the selected subcontractors will provide support to the Supplier within the Contract.

**15.4** Even if subcontracting is authorized in writing and in advance by the Purchaser, the Supplier shall be responsible towards the Purchaser for the choice; the Supplier shall be the sole subject responsible for the execution of the Order towards the Purchaser and holds the Purchaser harmless against any claim that might be raised by any subcontracting companies or by their personnel. The Supplier also guarantees that the contents of the Conditions are respected by any subcontractors used in carrying out the Contract, also by including specific clauses in the related contractual documentation.

**15.5** Where not expressly authorized in writing by the Purchaser, pursuant to article 1260, second paragraph, of the Italian Civil Code, it is impossible to transfer for whatever grounds and/or reason any receivable due to the Supplier under the Contract, with the consequent responsibility of the Supplier in regard to the Purchaser for every violation of the aforementioned agreement. The possibility is also excluded for the Supplier to confer mandates on third parties to receive payment for any invoice as set out in the Contract or, in any case, to use other forms of delegation for collection.

**15.6** The Supplier shall not be entitled in any way to offset amounts owed by the Purchaser or other companies of the group to which the Purchaser belongs with any sums that the Supplier owes the Purchaser.

**15.7** Any derogation of the above paragraphs must be expressly authorized in writing by the Purchaser.

**16. Intellectual Property in the case of the Supply of Services**

The Parties agree that if during the performance of the Services a product that has been designed, built or created is considered an intellectual work, the Purchaser shall acquire full and exclusive ownership of this work. Subject to the sole payment of the consideration for the Services, the Purchaser shall acquire, at no additional cost, the full and exclusive right to use, including economically, anything that is produced,

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arranged, organized and/or designed by the Supplier in the performance of Services, including all materials, projects and related technical documentation and drawings.

#### **17. Processing personal data, necessary for the execution of the Contract**

**17.1** Each of the Parties acknowledges that, as a result of this contractual relationship, the other Party will have access to its personal data.

**17.2** The Parties respectively declare that they have been informed about the use of personal data that must be processed during the period of and for the purposes of executing the Contract, and give their consent to the processing and transmission of the data collected and processed in connection with this Contract, in so far as this processing and transmission are necessary for the performance of the Contract and also in accordance with the principles set out in the 2016/679 EU Regulation on the *“protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation)”*.

**17.3** Should the performance of the Contract require the processing of personal data for which the Purchaser acts as Controller, the Supplier shall be appointed as Data Processor of the Purchaser's personal data. To this respect, the Supplier shall undertake to sign the Exhibit denominated “Appointment of Data Processor” of this Contract, which will be sent out to the Supplier duly filled in. Should the Supplier not sign the aforementioned Exhibit, its provisions will nevertheless be effective starting from the execution of the Supply and/or of the Service of the Contract. The Supplier declares that in the execution of the Contract there will be no transfer of personal data outside the European Economic Area ("EEA"). If this is not the case, the Supplier undertakes to inform the Client in advance so that the Data Transfer Agreement that will be provided by the Client can be signed, without which any transfer outside the EEA is prohibited.

#### **18. Confidentiality**

**18.1** For the duration of the Contract and after its termination, the Supplier undertakes:

- (i) not to dispose or disclose, directly or indirectly, any and all information and/or data concerning or relating to the business and affairs of the Purchaser or the companies belonging to the same group, or relating to or concerning any other person or entity, of which it has become aware, even occasionally, as a result of the Contract, also according to the effects of the rules laid down by Legislative Decree 196/2003;
- (ii) not to use for itself or for third parties, either directly or through a third party, information, data and/or documents supplied by the Purchaser or of which it has otherwise become aware, even occasionally, as a result of the Supply;
- (iii) not to commercially exploit the documents, files and software products that are supplied by or are the property of the Purchaser and not to make a copy of these materials without the prior written permission of the Purchaser.

**18.2** The Supplier, pursuant to and in accordance with article 1381 of the Italian Civil Code, undertakes to ensure that the provisions of this article are observed by its Personnel.

**18.3** The Purchaser shall have the right, in the event of unauthorized disclosure of any information and/or documentation, to protect its rights in civil and criminal cases according to law.

**18.4** This article shall not apply where information is already in the public domain; alternatively, where disclosure of confidential information is either necessary or required by law, for example, in order to comply with a provision of the Judicial or Administrative Authority, this shall be promptly communicated to the Purchaser, so that the Purchaser may cooperate by providing an answer to the aforementioned request and/or limit the divulgation of confidential information, as indicated above and in accordance with the written suggestions of the Purchaser's legal counsel, and in order to adopt the necessary measures aimed at the processing of confidential information.

#### **19. Return**

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**19.1** Upon expiration of the Contract or its termination for any reason whatsoever, the Supplier shall return to the Purchaser all materials and copies received from the Purchaser for the performance of the Contract or which it has otherwise come into possession of by way of the Contract.

**19.2** If requested by the Purchaser, the Supplier guarantees and undertakes, in the last month of the Contract period or for at least a comparable period in the event of termination, withdrawal or cessation of the Contract for whatever reason, to work together, consult and cooperate with the Purchaser and with each new supplier of similar Goods and/or Services or those connected with those of the Contract in order to permit and favor any handover of deliveries, including providing the new supplier in a timely manner with all the information necessary to enable it to start doing business for the benefit of the Purchaser by the date of termination, for any reason, of this Contract, all without charge, reimbursement or consideration being requested from the Purchaser.

## **20. Use of logos and trademarks**

**20.1** Nothing in this Contract grants the Supplier any rights on any product, brand and/or logo, whether registered or unregistered, on names, symbols, colors and images, patterns, and distinctive colors, tools, styles, symbols, which in any way distinguish the brand and/or logo "Philip Morris" or any other trademark and/or logo on products sold by any company of the Philip Morris Group.

**20.2** The Supplier therefore undertakes not to use any company name or business name which is the same or confusingly similar with the logos and/or trademarks of the Philip Morris Group or which is likely to cause confusion or deceive third parties.

**20.3** The Supplier agrees to indemnify the Purchaser for any claim for damages filed against the same originating from the use of these logos and/or trademarks in a manner inappropriate to that specified in the Contract.

## **21. Corporate social responsibility**

**21.1** Besides what is envisaged in these Conditions (where applicable), the Supplier, should it, in the supply covered by the Contract, use companies or workers located abroad, agrees in any case to:

- (i) communicate and disseminate the information regarding occupational health and safety, the environment and social responsibility to its internal and external contacts;
- (ii) promote the use of advanced technologies to obtain excellence in protecting the health of workers, safety in the workplace and protection of the environment;
- (iii) use resources responsibly with the aim of achieving suitable development which respects the environment and the rights of future generations;
- (iv) assess the risks of injuries or professional illnesses so as to eliminate or reduce them, complying as a minimum with the existing legislations in the various countries;
- (v) not to use child and/or forced labor;
- (vi) oppose the use of any form of physical or mental coercion, corporal punishment and verbal abuse;
- (vii) respect the laws and industrial standards on working hours;
- (viii) guarantee that the salaries correspond at least to the legal standards or to the minimum industrial standards and are sufficient to satisfy the primary needs of personnel;
- (ix) establish and keep active the procedures needed to assess and select, if necessary, subcontractors on the basis of their commitment in the field of social and environmental responsibility;
- (x) involve all the levels of the organization and all the personnel in guaranteeing respect of the provisions of this article.

**20.2** The Supplier guarantees that the provisions of this article are observed by any subcontractors used in carrying out the Contract.

**20.3** Given a request from the Purchaser, the Supplier agrees to prove compliance with the provisions in this article.

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## **22. Applicable Law and Jurisdiction**

**22.1** The Contract is governed by Italian law.

**22.2** For any dispute arising between the Parties concerning the interpretation, validity, performance or termination of the Contract, the Court of Rome shall have exclusive jurisdiction.

## **23. Information and Correspondence**

The Supplier must place the number for the Order received on all correspondence or documents.

## **24. Penalties**

Without prejudice to what is otherwise agreed in writing between the Parties, should the Supplier not perform or delay the performance of the Services and/or supplies of Goods as set out in the Order as well as of the repair and/or replacement as provided in previous article 10, unless expressly envisaged in articles 12 and 13 above of these Conditions, the Purchaser shall have the right to apply at its discretion a contractual penalty, for each day of delay, amounting to 1% of the gross amount of the Supply for which performance has been delayed. The above is without prejudice to the right of the Purchaser to further damage compensation.

## **25. Termination of the Contract**

**25.1** In the event of termination of the Contract for any reason, the Supplier must immediately: i) stop using the brands, names, logos, and trademarks of the Purchaser or of its affiliates the Supplier has eventually been granted permission to use; ii) return to the Purchaser all of the material as well as any copies of the same, which it has received from the Purchaser itself for the purpose of undertaking the Activity or which it has obtained while carrying out the Activity itself.

**25.2** Should an early termination of the Contract occur, the Purchaser reserves the right to request that the Supplier continue to perform the Activity that is necessary to complete the projects that are ongoing at Termination for the time necessary to allow a definite transfer of the related tasks to any other contractors.

## **26. Miscellaneous**

**26.1** Should one provision or one part of the Contract be considered invalid or not executable, the remaining provisions will in any case be valid and effective, and the Parties undertake to negotiate in good faith a valid substitute provision which is as close as possible to the intention of the Parties underlying the conclusion of the Contract.

**26.2** Acquiescence in a case of non-compliance with the Contract will not represent prior acquiescence to subsequent similar or different cases of non-compliance. No change to this Contract will be valid unless it is expressly approved by the Parties and it is made in writing.

**26.3** The Parties reciprocally note that the body of the Contract expresses their negotiating positions and is a complete manifestation of the agreements in regard to and following the negotiations between the Parties themselves and that therefore, the resulting obligations herein are the result of these negotiations.

**26.4** Each Party agrees to provide the approvals, acceptances, agreements or similar activities which may be requested pursuant to the Contract without delay or unreasonable refusal.

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### **The Supplier**

Philip Morris Manufacturing & Technology Bologna S.p.A.

SEDE LEGALE: PIAZZA BELGIOIOSO, 2 - 20121 Milano, ITALIA

SEDI SECONDARIE: VIA FRATELLI ROSSELLI, 4 - 40069 Zola Predosa (BO), ITALIA; VIA GIACOMO VENTURI, 1 località Crespellano - 40053 Valsamoggia (BO), ITALIA.

T: +39 (051) 351 76 11, F: +39 (051) 752 424, W: [www.pmi.com](http://www.pmi.com)

CAPITALE SOCIALE EURO 186.000 INT. VERS. – Iscr. Reg. Imprese Milano Nr. 00737070151 – C.F./P.I.: 00737070151 - VAT Nr: IT-00737070151

Società sottoposta all'attività di direzione e coordinamento di Philip Morris International Inc. ai sensi dell'articolo 2497-bis del codice civile



PHILIP MORRIS  
MANUFACTURING & TECHNOLOGY  
BOLOGNA S.p.A.

\_\_\_\_\_  
(Date/Place)

According to and for the purposes of article 1341 of the Italian Civil Code, the Supplier declares to have carefully read all the clauses contained in the Conditions and to approve and accept them all explicitly, with particular reference to those contained in the following articles and/or paragraphs of these Conditions:

- paragraphs 4, 5 and 6 of article 4 (Personnel);
- paragraphs 2, 3 and 5 of article 5 (Prices and terms of payment);
- paragraphs 1, 2 and 3 of article 6 (Audit);
- paragraphs 2, 3, 4 and 5 of article 7 (Order changes);
- paragraphs 10 and 11 of article 8 (Representations and Warranties of the Supplier);
- paragraph 7 of article 10 (Guarantee of good functioning);
- paragraph 2 of article 11 (Workplace safety and environmental protection);
- paragraphs 1, 2, 3, 4 and 5 of article 12 (Withdrawal);
- paragraphs 1, 2 and 3 of article 13 (Termination);
- article 14 (Indemnity);
- paragraphs 1, 2, 3, 4, 5, 6 and 7 of article 15 (Prohibition on subcontracting, transfer of the Contract and credit);
- article 16 (Intellectual property);
- paragraphs 1 and 2 of article 22 (Applicable law and jurisdiction);
- article 24 (Penalties).

\_\_\_\_\_  
(Date/Place)

\_\_\_\_\_  
The Supplier (Stamp and Signature)

## EXHIBIT A – SUPPLIER’S OFFER

***[THIS ANNEX MUST BE PREPARED BY THE SUPPLIER BUT REVIEWED BY  
THE CLIENT]***

Philip Morris Manufacturing & Technology Bologna S.p.A.

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