

Procurement Specifications

(Edition February, 2017)

REVISIONS

Rev.	Date	Description of the amendments	Modified Pages
0	01.09.01	<i>New Edition</i>	
1	20.05.13	<i>Integral Revision</i>	
2	14.02.17	<i>Integrated Sub-Contracting Plan</i>	

Prepared	Approved

INDEX

REVISIONS.....	2
INDEX.....	3
1. SCHEDULE AND DELIVERIES.....	4
2. GOODS PURCHASED BY PURCHASE ORDER.....	4
3. GOODS PURCHASED BY DELIVERY SCHEDULE	4
4. SUB-CONTRACTED GOODS SUPPLIED BY DELIVERY SCHEDULE	6
5. DOCUMENTATION NECESSARY FOR THE DELIVERY	6
6. PACKAGING CONDITIONS AND TRANSPORTATION OF THE GOODS.....	7
7. SPECIFICATIONS REQUESTED BY BREMBO CLIENTS.....	8

1. SCHEDULE AND DELIVERIES

- 1.1. All Goods must be delivered, and will only be accepted, by Brembo if accompanied with the relative Purchase Order or communicated via Delivery Schedule by the Brembo plant Logistics Office.
It being understood that the issue and the contents of the Delivery Plan will be defined and regulated through a different modality based on whether the Delivery Schedule is related to a supply relationship (in this case it will be applied the provisions in article 3) or a sub-contracting relationship (in this case will be applied the provisions in article 4).

2. GOODS PURCHASED BY PURCHASE ORDER

- 2.1. The Supplier must deliver the Goods in the quantities and on the dates specified in the Purchase Order received from Brembo.

3. GOODS PURCHASED BY DELIVERY SCHEDULE

- 3.1 The Supplier must deliver the Goods in the quantities and on the dates specified in the Delivery Schedule received from the Brembo plant Logistics Office.
- 3.2 In compliance with the terms and conditions of articles 5 and 7 of the Brembo General Terms and Conditions of Purchase Direct Material and Services, Brembo will issue to the Supplier the relevant Delivery Schedule, which may indicate the following three delivery methods based on the type of Goods supplied and on Brembo's requirements:
- (a) "Horizon: Blocked Period": these are requests for delivery of Goods in which the Supplier is bound and obliged to respect the date and quantity ordered.
 - (b) "Horizon: Binding Forecast": these are the forecasts of the delivery of certain quantities of Goods, within the limits of the maximum capacity established, that the Supplier undertakes to make available to Brembo for a certain period of time, and that Brembo undertakes to confirm subsequently, by issuing Purchase Orders on dates that will be agreed upon from time to time with the Supplier.
 - (c) "Horizon: Non-Binding Forecast (or simply Forecast)": these are forecasts of deliveries of certain quantities of Goods that in no way represent a purchasing obligation for Brembo, but which are, in any case, sent to the Supplier by Brembo in order enable it to organize the production effectively, also pursuant to article 7.7 of the General Terms and Conditions. Based on the Indicative Forecasts, the Supplier is obliged to promptly inform Brembo of any problems that may make it impossible to supply the Goods contained in the Purchased Orders issued, or which might delay the delivery of the same.
- 3.3 The: Binding Forecast Horizon and the: Forecast Horizon, unlike the Purchase Orders, do not constitute an authorization to deliver the Goods.
- 3.4 In order to satisfy any special requests forwarded by its customers, Brembo reserves the right to ask the Supplier to supply the quantities of Goods necessary in order for it to do so. The Supplier must immediately contact his reference person in the Logistics Office at the Brembo factory to report any difficulties he may have in supplying the Goods requested by Brembo.
- 3.5 The delivery dates specified in the Delivery Schedule must be considered as the dates on which the Goods are to be received at the Brembo storerooms, regardless of the type of delivery method used, unless alternative arrangements have been made.

3.6 SUPPLY CATEGORIES

- 3.6.1 The Delivery Schedules are sent to the Supplier on a weekly basis, unless the plant Logistics Office and the Supplier have made different arrangements.
- 3.6.2 The Delivery Schedules specify the quantities of Goods planned and required for each reference period (Blocked Period, Binding Forecasts and Forecast). To this respect, Brembo has identified and applies 3 categories of supply A,B,C to each one of the different types of Goods:

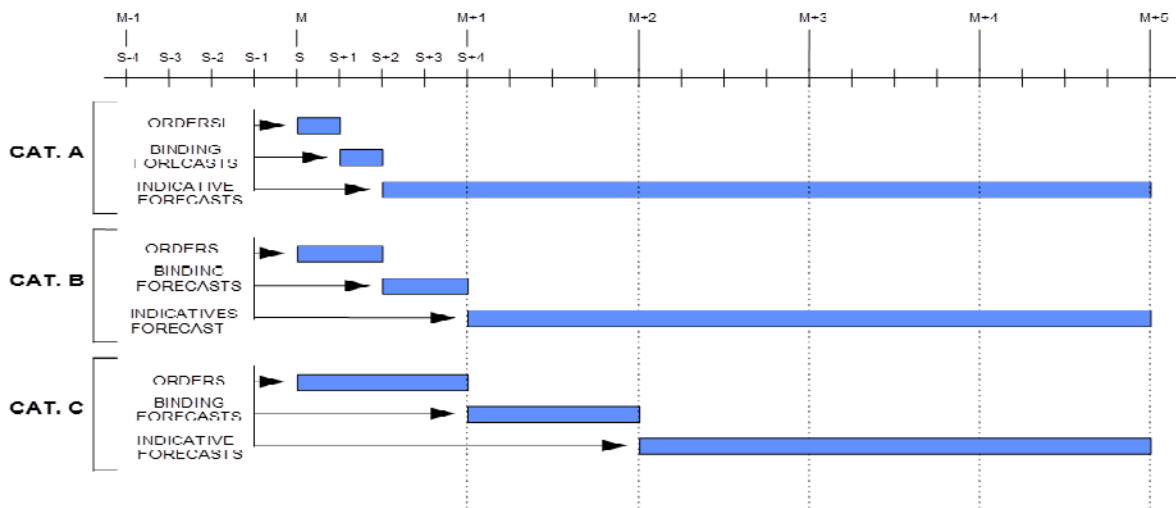
CATEGORY "A": for this category, the periods are divided as follows:
Orders (Blocked Period) relative to week S
Binding forecasts (Binding Forecast) relative to week S+1
Forecasts relative to the period S+2÷M+5

CATEGORY "B": for this category the periods are divided as follows:
Orders (Blocked Period) relative to weeks S÷S+1
Binding forecasts relative to week S+2÷S+3
Forecasts relative to the period S+4÷M+5

CATEGORY "C": for this category the periods are divided as follows:
Orders (Blocked Period) relative to weeks S÷S+3 (month M)
Binding forecasts relative to month M+1
Forecasts relative to the period M+2÷M+5

The updates relative to the Supplier Orders and the Forecasts will be communicated every S-1 week.

- 3.6.3 The plant Logistics Office is responsible for classifying Goods in a certain category at its own discretion, and the type of classification defined is reviewed and updated annually.



4. SUB-CONTRACTED GOODS SUPPLIED BY DELIVERY SCHEDULE (hereinafter, Sub-Contracting Plan)

- 4.1 The Supplier must deliver the Goods in the quantities and on the dates specified in the Sub-contracting plan received from the Brembo plant Logistics Office.
- 4.2 In compliance with the terms and conditions of article 6 of the Brembo General Terms and Conditions of Purchase Direct Material and Services, Brembo will issue to the Supplier the relevant Sub-contracting Plan every week S-1, unless alternative arrangements have been made.
- 4.3 The Sub-contracting Plan shows the forecasts of deliveries of certain quantities of Goods that in no way represent a purchasing obligation for Brembo, but which are, in any case, sent to the Supplier by Brembo in order enable it to organize the production effectively, also pursuant to article 7.7 of the General Terms and Conditions of Purchase Direct Material and Services. Based on this forecasts, the Supplier is obliged to promptly inform Brembo of any problems that may make it impossible to supply the Goods contained in the Purchased Orders issued, or which might delay the delivery of the same.
- 4.4 In order to satisfy any special requests forwarded by its customers, Brembo reserves the right to ask the Supplier to supply the quantities of Goods necessary in order for it to do so. The Supplier must immediately contact its reference person in the Logistics Office at the Brembo factory to report any difficulties it may have in supplying the Goods requested by Brembo.
- 4.5 The delivery dates specified in the Sub-contracting Plan must be considered as the dates on which the Goods are to be received at the Brembo storerooms, regardless of the type of delivery method used, unless alternative arrangements have been made.

5. DOCUMENTATION NECESSARY FOR THE DELIVERY

- 5.1 Brembo requires its Suppliers to provide a clear, correct and complete set of documentation regarding the delivery of the Goods, in compliance with the terms of article 5 herein.
- 5.2 All Goods delivered to Brembo must be accompanied by a suitable "Delivery Note (or "D.D.T.")" which must compulsorily state the information specified here below in article 5.3
- 5.3 In addition to the information required by the legislation in force, the Delivery Note must also explicitly specify the following information:
 - (i) in the field "reason for transportation": it must specify the reason for which the goods are being transported, such as, for example, for the purposes of sale, manufacturing, viewing etc...);
 - (ii) in the field relative to the description/item code and quantity: it must indicate the order number, the Brembo item code, bearing the amendment, version, item description, supplier production lot code, quantity sent (with the relative unit of measure), total number and type of containers used for each single item (in the case of returnable packaging, the relative code must be specified);
 - (iii) at the bottom of the delivery note: it must indicate the type of packaging (whether it is non-returnable or returnable), code, description and total quantity of packaging sent, properties of the packaging sent (in the case of returnable packaging). In the case of packaging belonging to Brembo, the Supplier will agree on how this is codified.

- 5.4 The Supplier must place an identification label on each package/container used for the transportation and delivery of the Goods, containing the following information: Brembo item code, bearing the amendment, version, item description, supplier production lot code, quantity of packaging sent (with the relative unit of measure). The label used to identify the Goods may be of any format, but the Supplier is obliged to specify the information required, pursuant to article 5 herein, clearly and in full thereon.
- 5.5 Should the identification label and/or the delivery note be incomplete, or should they not be provided, Brembo reserves the right to refuse the Goods contained in the delivery, or to charge the Supplier for the costs sustained by Brembo due to the failure to provide the documentation for the delivery, or to the fact that it is incomplete. These costs will be calculated also in consideration of, for example but not limited to, the hours of labour employed in order to identify the Goods delivered and/or to obtain the correct and complete delivery documentation as described in article 5.

6. PACKAGING CONDITIONS AND TRANSPORTATION OF THE GOODS

- 6.1 The main function of the packaging systems is to allow the Goods to be transported in multiples and to avoid transporting them piece by piece, as well as to protect the integrity of the Goods transported from potential damage due to the environmental conditions present in the loading, unloading and handling areas. The Supplier must load the packages containing the Goods on a means of transport suitable for the type of packaging used, in order to prevent the packaging and the Goods from moving about and becoming damaged during the transfer.
- 6.2 The packaging systems must not compromise the safety of the Brembo personnel responsible for unloading and handling the packages. Brembo may accept at its own storerooms, at its exclusive discretion, packaging bearing flaws due only to normal wear and tear, providing that said flaws do not compromise the safety of its personnel.
- 6.3 Brembo and the Supplier must agree upon how the Goods to be supplied to Brembo are to be packaged, by clarifying the conditions and methods used for packing, packaging and transporting the same, and ensuring that these comply with the drawing and the technical specifications provided. They must also ensure that the Goods are clean and integral and that they comply with the weight and volume restrictions.
- 6.4 The Supplier must define the most suitable type of packaging to ensure that the Goods remain intact, in compliance with the indications received from Brembo, which must be considered binding by the Supplier.
- 6.5 The Supplier must complete a packaging form, according to the instructions specified in article 6.6 below, that will be subject to the approval of the Brembo plant Logistics Office and Quality Acceptance Office. The packaging form must reach Brembo before the Goods are supplied and delivered.
- 6.6 Brembo recommends that the Supplier use its packaging form template, which he should request from Brembo. This form must be completed by the Supplier with the following information:
- (i) type of packaging unit (e.g. Odette crate) and outer packaging (e.g. Pallet);
 - (ii) quantity of pieces per packaging unit and per outer packaging;
 - (iii) dimensions and weight of the packaging unit and the outer packaging;
 - (iv) packaging method (separators, bags, trays,...)

and it should also contain an attachment with a drawing and photographs of the solution proposed by the Supplier.

- 6.7 Brembo reserves the right to assess the suitability of the packaging at the first delivery and, if necessary, to propose an alternative solution to the Supplier, which the same should evaluate and implement immediately.

7. SPECIFICATIONS REQUESTED BY BREMBO CLIENTS

- 7.1 The Supplier undertakes to comply with any specifications that Brembo may receive from its customers regarding the Goods to be supplied.