GENERAL CONDITIONS OF CONTRACTING
(ed. July 2016)

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TITLE I – EXECUTION AND PERFORMANCE OF THE CONTRACT

1. INTRODUCTION AND DEFINITIONS.
1.1. The general conditions of contracting set forth hereunder are an integral part of the orders awarded by FINCANTIERI to the contractor and apply to the relevant relationships unless otherwise provided in the specific conditions of the order. These general conditions of contracting are available at www.fincantieri.com.

1.2. For the purpose of these conditions and the specific conditions of the order, the terms hereunder, regardless of whether in singular or plural form, shall have the following meaning:

“Classification Society and/or Register”: the classification society that surveys the construction project, tests the materials and issues the seaworthiness certificates;

“Confidential Information”: any information of any kind (commercial, financial, technical, operational, managerial, administrative, legal, etc.) and in any form (written or oral, in visual or electronic form, on paper, or on magnetic or digital media, without any exception), including by way of mere example data, know-how, designs, models, plans, formulas, designs, procedures or processes, images, files, archives, databases, software and source codes, materials, samples of materials, products, equipment and all the relevant technical and functional specifications, which the contractor should have access to before or after the date of execution of the order, directly or indirectly, including by accessing the documentation and/or goods of any kind provided, following commercial discussions or during the execution of activities related, connected or consequent to the
order, regardless of whether they were specifically identified as "confidential", "classified", "privileged" or "price-sensitive";


“Department in Charge”: the Production Unit indicated as the final recipient of the Works or, if no such indication exists, the Purchasing Department;

“FINCANTIERI”: FINCANTIERI S.p.A.;

“Production Unit”: headquarters, departments, offices, plants and other production sites of FINCANTIERI;

“Purchasing Department”: the purchasing department of FINCANTIERI which has issued the order; and

“Works”: the services to be performed by the contractor under the orders issued by FINCANTIERI and governed by these conditions and by the specific conditions in such orders;

1.3. References to laws and regulations of any type referred to in these conditions shall be deemed to refer to the provisions of such laws and regulations in force at the time of their application.

2. CONTRACT PROCEDURES AND EXECUTION
2.1. FINCANTIERI shall, solely through the Purchasing Department, send the technical documentation necessary for the performance of the order along with such order.

2.2. Unless otherwise specified, the order must be accepted by the contractor within 20 (twenty) days from the date of the order itself by returning to the Purchasing Department a copy of the order (or of the acceptance form) and of the technical documentation duly signed on each page or signing the electronic order by digital signature. The agreement between FINCANTIERI and the contractor will be deemed as executed only upon receipt by FINCANTIERI of such documents. The acceptance of the order constitutes a statement or receipt of the D.U.V.R.I. from the Production Unit where the works are to be carried out, and an acknowledgement that it has been read. The contractor shall not start performing the contract before having returned to FINCANTIERI the duly signed order, including the section relating to the specific acceptance pursuant to articles 1341 and 1342 of the Italian Civil Code, according to the procedures and terms set forth in these conditions or specified in the order itself.

2.3. All the quantities, measures, types, prices or considerations and information of any kind listed by the contractor in the offer, and all the relevant technical and economic information acquired by the contractor during negotiations, either in writing or verbally, shall have the sole purpose of allowing the parties to attain a better understanding of the technical and operating characteristics of the Works. The above information shall not be taken in any way as parameters or reference values for future and possible requests or monetary claims.

2.4. The contractor acknowledges that within Fincantieri any modifications and/or changes to and/or issuance of orders shall be the exclusive responsibility of the Purchasing Department. The contractor shall never enter into negotiations or undertake binding engagements with parties other than the Purchasing Department.

2.5. Any negotiation whatsoever entered into in breach of article 2.4. hereof shall not be binding on FINCANTIERI; any obligations assumed and any consequent loss shall be borne by the contractor.

2.6. In any case FINCANTIERI shall not acknowledge or execute payment requests for Works not ordered directly by the Purchasing Department.

2.7. The contractor must promptly communicate to the Department in Charge all changes made to its corporate details, including e.g. if the tax position used for performance of the order is different from that of the registered office of the contractor or that communicated at the time of the order (e.g. permanent establishment in Italy).

2.8. The contractor shall bear exclusive responsibility for the performance of obligations towards Italian authorities associated with its direct or indirect presence and/or with the performance of activities within the Italian territory.

3. INSPECTIONS.
3.1. In view of the Works implementation, the contractor shall perform, and shall declare to have performed, all ascertainment necessary for the definition of the price offered and for the proper Works implementation. Therefore, the contractor shall not request price adjustments due to hindrances or troubles during the execution of the Works caused by failure in the performance of inspections or surveys.
4. **CHANGES IN WORKS.**

4.1. The Purchasing Department may modify, amend or supplement the order even during the performance of the Works. The contractor shall not take into consideration order modifications not requested by the Purchasing Department which issued the order subject to modifications. Any order modifications which are not made by the Purchasing Department which issued the order subject to modifications shall not be enforceable against FINCANTIERI, even if the contractor has accepted them.

4.2. Whenever the modifications entail additional costs, the contractor shall be entitled to an increase of the amount originally determined, provided that such increase is specified in the order modification.

4.3. The request for changes in the Works shall be notified in writing to the contractor by the Purchasing Department in compliance with article 2.1 hereof, together with an indication of the amount variation, if any. If the contractor does not accept the changes in Works or the different order amount, the contractor may withdraw from the contract, except only for the reimbursement of the costs already borne.

4.4. Without prejudice to the above, the contractor acknowledges and agrees that any requests for reimbursement of the additional costs may be made exclusively before delivery of the Works by FINCANTIERI to its customer or will otherwise be void.

5. **TECHNICAL AND PROFESSIONAL SUITABILITY AND INTUITUS PERSONAE.**

5.1. The contractor acknowledges and agrees that FINCANTIERI shall award the order at its sole discretion, after a positive assessment of the professionalism, the organisational characteristics and technical and professional suitability of the contractors, based on the documentation provided for by art. 26 of Italian Legislative Decree no. 81 of 9 April 2008 as subsequently modified and integrated, or on the requirements needed for registration to the company’s “List of Approved Suppliers” (Albo Fornitori), if required.

5.2. FINCANTIERI reserves the right to request documentation from the contractors in addition to that provided for by the regulations for initial registration, continuation of registration and cancellation from the “List of Approved Suppliers”.

5.3. Where the contract is agreed with temporary associations of enterprises, consortia or companies involved in a network contract, the documents referred to in the previous paragraph shall be presented by each entity participating in such forms of association.

5.4. FINCANTIERI shall be entitled to withdraw from the contracts relating to the Works, even if not started yet, in the event of a deterioration, for any reason, of the standards of professionalism, the organisational characteristics and the technical/professional suitability of the contractor.

5.5. FINCANTIERI shall also be entitled to withdraw from the contracts related to the Works whenever the ownership of the contractor’s going concern (in the case of an independent contractor or a partnership) should be subject to changes or in the event of a change of control (in the case of a corporation or limited liability company), or in case of transfer by the contractor of the company or business division in charge of performing the order.

5.6. The contractor shall inform the Purchasing Department about any change in ownership, corporate control and shareholding of the contractor. In the case of orders issued to temporary associations of enterprises, consortia or companies involved in a network contract, any change of the subjects involved in such forms of association must be notified in advance to the Department in Charge with at least 15 (fifteen) days’ notice.

5.7. By way of exception to art. 1671 of the Italian Civil Code, in all the aforementioned cases FINCANTIERI may withdraw from the contract without any cost or penalty, without prejudice in any case to FINCANTIERI’s right to seek compensation for any damage suffered by it. The aforementioned right of withdrawal may be exercised by FINCANTIERI by notifying the contractor by registered mail or certified e-mail, and the withdrawal shall take immediate effect, without prejudice to any other agreements for completion of the services not yet performed. In the event of a change of the participants to forms of association such as temporary associations of enterprises, consortia or companies involved in a network contract, that has not been notified by written prior notice to FINCANTIERI within the term under article 5.6, FINCANTIERI may declare the contract as terminated pursuant to article 23, in any case without prejudice to the right to seek compensation for any damages incurred.

6. **PROHIBITION AGAINST SUBCONTRACTING AND ASSIGNMENT.**

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6.1. The contractor may not assign or transfer the contract for the Works, unless FINCANTIERI consents in writing to such assignment or transfer hereof.
6.2. The Works shall be carried out under the full responsibility of the contractor and by its duly trained, informed and experienced personnel.
6.3. The Works may in no event be subcontracted, unless expressly authorized in writing by FINCANTIERI.
6.4. Any authorization to subcontracting shall be issued only by the managers of the Production Units before commencement of any work. In order to obtain such a preliminary authorization, the contractor shall highlight to the managers of the Production Units the technical reasons which lead it to use subcontractors. The contractor shall also provide the name of the subcontractor and all further data for its identification, the list of the personnel employed, all documentation necessary for evaluating the technical/professional suitability of the subcontractor, all documentation necessary to demonstrate compliance with the regulations governing the employment relationship, including social security regulations. The contractor will also carry out the preliminary surveys with the subcontractor under these general conditions and the “Rules for companies operating within FINCANTIERI Working Units” (the “NOUS”) and perform with the subcontractor any other action – including the delivery of the work area – required by the NOUS for the contractor. The authorization shall not relieve the contractor from any responsibilities arising from applicable laws and from the contract between the parties. The contractor will continue to be FINCANTIERI’s only contractual counterpart and the Supervisor of the contractor will continue to be the only contact person for FINCANTIERI. The authorization to subcontracting will be formally sent to the contractor.
6.5. All the provisions herein shall be deemed to be valid and effective also vis-à-vis any subcontractors; the contractor therefore undertakes to obtain its subcontractors’ acceptance of these conditions. The contractor also undertakes to ensure that all the provisions applicable to its own employees will fully apply to employees of its subcontractors, including the provisions herein and those of the NOUS, referred to in article 20. The contractor will therefore be jointly liable with its subcontractors for their compliance with the aforementioned provisions, also based on Italian Legislative Decree no. 276 of 10 September 2003 as subsequently modified, integrated and updated.

7. INDEPENDENT ORGANISATION OF THE CONTRACTOR – PAYMENT OF PERSONNEL – COMPLIANCE AND INDEMNITY.
7.1. The contractor will perform the order using its own independent organisation, its own means and own personnel, taking on full and complete responsibility.
7.2. In case of a contract with temporary associations of enterprises, consortia or companies involved in a network contract – for the purpose of health and safety at work regulations and of the identification of a contact person for the operational aspects of the contract – “contractor” will mean (without prejudice to the joint liability of each company participating to the temporary association/consortium/network for all the obligations under the order) the company representing the association, the consortium or the parent company, which will in any case remain fully liable for all the obligations under the order, including those taken directly or indirectly by the subcontractors (or associated or consortium companies).
7.3. The contractor shall provide – pursuant and according with the “Procedure for regulating access to and presence in the Plant of contractors’ staff” (Procedura per la regolamentazione all’accesso ed alla presenza in Stabilimento del personale delle ditte appaltatrici) and the NOUS – the requested information about the personnel involved. In case of contract with consortia, with companies involved in a network contract and with temporary associations of enterprises, the contractor shall provide such information in relation to the staff of each company participating to the temporary association/consortium/network.
7.4. All relationship regarding the performance of the contract will only be between the contact persons of FINCANTIERI for the contract and the contact person of the subcontractor.

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the powers of the Supervisor (and his/her possible substitutes) must be indicated, not only in relation to the consortium, the agent company and the parent company, but also to each company participating to the temporary association/consortium/network.

7.5. The contractor guarantees to FINCANTIERI the due payment to its employees of all the salaries and other ancillary items, and of any amount due as salaries for any self-employed worker, also in relation to the applicable collective labour agreement for the sector and the relevant applicable legislation. A similar guarantee shall be given in relation to the proper and due payment of social security, welfare and insurance contributions provided for by applicable laws to both employees and self-employed workers. These guarantees will be provided by the contractor also in relation to the subcontractor.

7.6. The contractor will be required on a monthly basis to deliver to FINCANTIERI the full documentation – also in relation to the subcontractor – proving the due payment of salaries to its employees (and to any self-employed worker) and to the corresponding social security, welfare and insurance agencies.

If the contract is signed with temporary associations of enterprises, consortia or companies involved in a network contract, the consortium, the agent company and the parent company shall fulfil their obligations relating to the guarantees and the delivery of documentation referred to in previous articles, not only with reference to their staff – employees or self-employed workers – but also to the staff – employees or self-employed workers – of each company participating to the temporary association/consortium/network.

7.7. In the event the above documentation is not provided or proves that the employer’s obligations in relation to salary payment and contributions have not been made, or if FINCANTIERI becomes aware of a failure on the part of the contractor (or its subcontractors, associated companies or consortium companies) to comply with its legal obligations, the contractor hereby authorises FINCANTIERI to withhold from the payments due to it those amounts corresponding to the sums owed and not paid.

7.8. The contractor declares that it has fully informed its own employees as required by Italian Legislative Decree no. 196 of 30 June 2003 and has obtained their consent to having the personal data concerning them communicated to FINCANTIERI for the execution of the Works. The contractor also undertakes to verify that the aforesaid obligations have been performed by the subcontractors (or associated/consortium companies) as for their respective employees. FINCANTIERI undertakes to hold and handle this data only for a period of time strictly necessary for the implementation of the commissioned works and, in all cases, shall cancel the said information within the two months following termination of the aforementioned works, without prejudice to any legal obligations requiring their continued preservation. In this latter case FINCANTIERI undertakes to guarantee the confidentiality of the said data and to refrain from processing it for purposes other than those mentioned above.

7.9. The contractor undertakes to fully indemnify, defend and hold FINCANTIERI harmless against any damages or costs suffered by the latter for contract breaches and failures to comply with obligations of law attributable to the contractor or its subcontractor (or its associated/consortiated companies), particularly where FINCANTIERI, as an entity jointly liable by law (for example: art. 29 of Italian Legislative Decree no. 276 of 10 September 2003, art. 26 of Italian Legislative Decree no. 81 of 9 April 2008 and as subsequently modified and integrated) or as “purchaser” under art. 1676 of the Italian Civil Code, is called upon to pay any remuneration or social security, welfare or insurance contributions and sanctions of any kind, compensation for damage, interest and legal costs including their own.

7.10. In light of the above indemnity obligation, the contractor waives any possible future claims as to any interest (including default interest) and hereby authorises FINCANTIERI, also on a cautionary basis, to withhold from payments due to it those amounts that it is required to pay by the competent public agencies and by the workers of the contractor itself or of its subcontractor, (or its associated/consortium companies), and also authorises FINCANTIERI to pay to the applicant in question the amounts ascertained as being owed, including any legal costs sustained by the same, thereby releasing it from the obligation to pay the considerations agreed to the extent of the amount already paid.

8. PLACE OF PERFORMANCE AND/OR DELIVERY AND DISPATCH

8.1. The place of construction and/or delivery of the Works shall be the Production Unit or other place specified in the order.

8.2. Whenever the order foresees the dispatch of materials, this shall be performed at the place of execution and/or delivery of the Works, under the care and at the expense of the contractor and under its responsibility in order to guarantee the full integrity of the goods and full compliance with the delivery terms mentioned in the order. The dispatch risks shall be borne by the contractor. Particular conditions, if any, included in the order shall
have to be complied with. In the absence of particular conditions, the most suitable means shall be used, upon preliminary notification to the Department in Charge.

8.3. The contractor shall give prompt notice of the dispatch to the Department in Charge. Every dispatch shall be accompanied by one copy of the dispatch note, including the references of the order (vendor code, number and location), and the package note, with the list of the goods contained (including the Fincantieri Material Code) and the related quantity and weight (according to the unit of measure provided for in the order) and all additional information provided by the order. If the dispatch note should have certain shortcomings, errors or omissions that do not allow to uniquely/precisely identify the goods or to attribute them to a specific order, FINCANTIERI reserves, at its sole discretion, the right not to take charge of such goods.

8.4. FINCANTIERI will not take charge of the goods that are delivered earlier than agreed or in a quantity exceeding that specified in the order.

8.5. FINCANTIERI reserves, at its sole discretion, the faculty to take charge of the goods which have been delivered earlier or in excess. In such case, the expenses for storage and for the proper preservation of the goods shall be charged to the contractor, along with the risk of their deterioration and/or destruction.

8.6. The delivery of goods is agreed to be done in accordance with the DDP clause (Incoterms 2010) for all goods coming from EU countries, or already released for free circulation in the EU, and with the DAP clause (Incoterms 2010) for all goods coming from non-EU countries or subject to customs constraints. It is understood that the delivery will be carried out at the warehouse or other location that will be indicated to the carrier by receiving personnel.

In case of goods sold by EU suppliers and coming from EU countries other than Italy, the invoice must specify the combined TARIC nomenclature code. Deliveries from countries other than the country of the contractor, as indicated in the order heading, must be preceded by a notice of at least 10 (ten) days to be sent by fax to the place where the goods are to be delivered specified in the order, to the Department in Charge and to the dispatch address of the invoices indicated in the order, containing the information necessary for the proper logistical management and any customs compliance; any additional expenses incurred by FINCANTIERI due to the fact that the deliveries in question originate in countries different from the country of the contractor shall be borne by the latter.

8.7. The goods must comply with applicable EU and Italian laws and regulations.

8.8. In the case of non-EU goods not in free circulation, the invoices must be accompanied by the certificate of origin or by the EU certificate of free circulation of goods.

8.9. The delivery of goods to the receiving personnel does not imply any acceptance, which will be given instead after the positive outcome of the verification of the conformity of the goods with the order, of the absence of defects and, in any case, after completion of the installation, assembly or installation of the goods in a workmanlike manner.

8.10. FINCANTIERI is entitled to report to the contractor, also after reception and regardless of whether the invoices have been paid, the presence of defects or the non-conformity of the goods with the order, in accordance with article 15. In such case, the contractor must promptly remedy the non-conformity and replace the goods with flaws or defects, having regard to the programming needs of the FINCANTIERI’s work.

8.11. In all cases where FINCANTIERI does not take charge of the goods, they will be rejected and the associated risks, charges and expenses will remain the sole responsibility of the contractor. Any expenses incurred by FINCANTIERI for the return of such goods will be charged to the contractor.

8.12. In case of goods invoiced by weight, the weight recorded on the instruments at the place of delivery upon receipt will be the basis for the consideration, unless otherwise specified in the order.

8.13. The additional expense which FINCANTIERI may incur as a consequence of non-compliance with the provisions of this article 8 shall be charged to the contractor.

9. TECHNICAL DOCUMENTATION.

9.1. The contractor undertakes to deliver to the Department in Charge all the technical documentation relating to the Works within the terms provided in the order.

9.2. In the event of non-delivery of the relevant technical documentation within the terms provided in the order, the contractor shall be liable to liquidated damages equal to 0.05% of the total consideration provided in the order for every day of delay up to a maximum of 4%.
10. LIABILITY FOR DAMAGES.
10.1. The contractor is liable for all the damages to things or persons that may occur during implementation of the Works.
10.2. In the event set forth in the foregoing paragraph, the contractor shall be obliged to intervene in the proceedings instituted by damaged third parties and to indemnify, defend and hold FINCANTIERI harmless.
10.3. In relation to the liabilities borne by the contractor, the contractor shall on entry to the place of performance and/or delivery of the Works, deliver to FINCANTIERI a suitable insurance policy taken out with a leading insurance company to cover civil liability for damage to third parties and/or workmen, and to installations, machinery, works and personnel associated with or otherwise relating to the implementation of Works. This insurance must be taken out with a minimum ceiling for each individual accident of EUR 2,000,000.00 (two-million) for damage to persons and EUR 500,000.00 (five hundred thousand) for damage to things, amounts subject to automatic annual revaluation in line with the ISTAT (Central Statistics Institute) cost of living index from January 2010, or such higher value as is indicated in the particular order conditions. The policy taken out by the contractor herein must cover the entire duration of the effectiveness of the order and must, without reservation, also cover any damage caused by its subcontractors (or associated/consortium companies) or suppliers.

The insurance shall expressly cover gross negligence of the insured party and gross negligence or willful misconduct of individuals which the contractor is liable for, pursuant to the law, or to the terms of these conditions or of the order.

11. OWNERSHIP OF MATERIALS.
11.1. Any of FINCANTIERI’s materials delivered to the contractor for processing or for the execution of the Works will remain the exclusive property of FINCANTIERI even if transformed and/or processed by the contractor.
11.2. The contractor will be obliged to take the utmost care in the custody of the materials received for processing.
11.3. FINCANTIERI reserves the right to be returned its own materials stored by the contractor. For such purpose, the contractor undertakes to provide, and ensures that its own subcontractors (or associated/consortium companies), if any, will provide any necessary assistance.

12. DELIVERY TERMS – LIQUIDATED DAMAGES.
12.1. The delivery terms of the Works, both final and intermediate, which have been agreed and specified in the order and in any other contractual documents, are to be considered mandatory.
12.2. In case of a breach of the aforesaid terms that is not justified by force majeure, liquidated damages shall be applied for an amount of 5% of the total consideration provided in the order for each week, or portion thereof of delay up to a maximum of 20% of the above consideration, unless otherwise agreed in the order itself. If the delay exceeded four weeks from the date agreed for delivery or the other contractual obligations, FINCANTIERI may declare the contract terminated in accordance with article 23 below and will be entitled to the liquidated damages already accrued and to compensation for any further damages suffered.

13. SURVEILLANCE – ASSESSMENTS DURING CONSTRUCTION.
13.1. Also in order to verify compliance with the provisions of the Classification Society and/or Register or other relevant bodies, FINCANTIERI may investigate the activities of the contractor at all stages of the Works implementation, including those of organization, engineering, procurement, production at its workshops and/or plants and at those of its suppliers and subcontractors, (or associated/consortium companies) warehouse stocking, installation on board and testing.
13.2. For orders providing for subsequent stages of progress of the Works, the contractor shall send a detailed schedule of the progress of the Works to the Department in Charge. It is understood that performance will only occur with the full execution of all the obligations under the order itself. For individual delivery terms the procedure set forth in article 12 shall apply.
13.3. In order to assess the progress and quality of the Works required to perform the order, the contractor shall – without prejudice to its responsibilities therein – allow FINCANTIERI’s and the client’s representatives free access to its premises and/or plants.
13.4. The representatives referred to in article 13.3 shall have the right to carry out the tests which they may in good faith consider appropriate, with the purpose of ascertaining compliance of the Works with the order conditions.

13.5. All costs incurred for the tests referred to in the preceding paragraph shall be borne by the contractor.

13.6. FINCANTIERI may terminate the contract in accordance with article 1662 of the Italian Civil Code if it concludes that the execution of the Works is not proceeding according to the terms and conditions of the contract according to the best professional standards.

14. TESTING.
14.1. Testing shall be performed by the contractor through the entities mentioned in the order or required by law, in compliance with all applicable rules, regulations and procedures. Where permitted, testing shall be performed by representatives of the contractor appointed for this purpose, who will then issue the related certificate (certificato privato).

14.2. The contractor shall bear all the expenses related to the tests, including those due to any test repetitions, the fee due to the entity in charge of the tests performed in the contractor's premises and/or plants and, if required, for testing at the Production Unit or on board ships under construction, repair or transformation.

14.3. FINCANTIERI’s and the client’s representatives may attend the tests and access the contractor's premises and plants.

14.4. The test run will be proven by a relevant certificate to be sent by the contractor to the Department in Charge.

14.5. Regardless of the prescribed test, FINCANTIERI reserves the right to verify, at any time and with the methods it deems most appropriate, the activities of the contractor in all phases of execution of the Works and the compliance of the Works performed with the conditions of the order. In this context, the contractor will have – without prejudice to any of its responsibilities – give to the delegates of FINCANTIERI and of any of its customers free access to its premises and plants and to those of its subcontractors (or associated/consortium companies) and suppliers.

14.6. The delegates referred to in article 14.5 may perform all tests deemed appropriate in order to verify compliance with the conditions of the order.

14.7. The costs incurred for the tests will be borne by the contractor.

14.8. FINCANTIERI may terminate the contract in accordance with article 1662 of the Italian Civil Code if it concludes that the execution of the Works is not proceeding according to the terms and conditions of the contract and according to the best professional standards.

15. GUARANTEE.
15.1. The contractor guarantees to FINCANTIERI that it will perform the Works to the best professional standards, as for both compliance with technical data and operation requirements, and for the quality of the materials used, processing and operation of each of its parts and of the whole set.

15.2. The above guarantee shall expire after 15 (fifteen) months of delivery of the product (ship, engine or any other goods) in relation to which the Works have been performed, by FINCANTIERI to the customer.

15.3. For the purpose of the foregoing guarantee and upon specific request by FINCANTIERI or by the customer, the contractor shall be obliged to intervene, immediately or in any case after no later than 10 (ten) working days, in the Production Units or elsewhere and at its own cost, to repair or replace as quickly as possible any part of the Works already performed with any defects or deviations, provided that the same are reported within 60 days from the moment of their discovery.

15.4. The parts repaired or replaced shall be guaranteed at the same conditions as for the work in article 15.1, for a period equal to that under article 15.2 and starting from delivery of the repaired or replaced part.

15.5. If the contractor fails to eliminate the defects or deviations within the stipulated terms, FINCANTIERI shall be entitled, without prejudice to any other of its rights, to take action in this regard directly or through third parties, without further notifications, and charging the related expenses to the contractor in default.

15.6. Where it is necessary to take prompt action, even before having notified defects or deviations, FINCANTIERI shall have the same rights and powers mentioned above.
15.7. If FINCANTIERI were held accountable for the defects, regardless of when they become apparent, of a product assembled by the contractor or by its suppliers, FINCANTIERI will have a right of recourse against the contractor to which the defective component assembled is attributable.

16. PRICES.
16.1. Except as provided in article 4.3, the prices mentioned in the order are to be considered as fixed on the whole and not subject to adjustment until complete execution of the order, irrespective of the provisions of article 1467 of the Italian Civil Code and excluding the applicability of article 1664, paragraph 1 of the Italian Civil Code. Prices are agreed to be inclusive of dispatch, transport and packaging costs and all other charges, costs or expenses.

17. PAYMENT.
17.1. The payments shall be made by bank transfer upon presentation of the invoice. The contractor undertakes to promptly communicate its current account number as well as the data of the bank where the account is open, and to timely notify any relevant variation.
17.2. All notices required under and for the purposes of paragraph 17.1, including any payment instructions, will be made by written notice on the contractor’s letterhead, signed in original by its legal representative. The notice will clearly indicate the stamped or written name and surname of the signatory close to the signature and his/her qualification as legal representative. Any notice made other as herein provided will be without any effect; therefore, it will be considered as not given and, as such, not enforceable against FINCANTIERI, which is not required to give any communication about it.
17.3. In no event can the contractor make any claim for a delayed payment if such delay is caused by the fact that the notice of its bank details has not been given, or was incorrect or late.
17.4. If it is agreed that the Works shall be performed in different phases, their payment shall be subject to the procedure provided for under articles 17.5 and 17.6. If it is agreed that the Works shall be performed and delivered on a single fixed date, their payment shall be subject to the procedure provided for under articles 17.7 and 17.8.
17.5. The Works progress stages shall be considered as reached only after the presentation of the “State of Progress of Works” report (Stato d’Avanzamento dei Lavori) (S.P.W.) by the contractor (to be prepared on a monthly basis starting from the date of initiation of the Works), subject to ratification by the Department in Charge and its full acceptance by FINCANTIERI and, whenever required, by the Classification Society and/or Register, by other relevant bodies and by FINCANTIERI’s costumer.
17.6. Unless otherwise provided in the order, the consideration for the execution of the Works shall be made 90 (ninety) days from the submission of the invoice, subject to ratification of the document referred to in article 17.5.
17.7. The Works shall be considered completed only after acceptance of the S.P.W. presented by the contractor which certifies the full completion of the Works, by the Department in Charge and, whenever required, by the Classification Society and/or Register, by other relevant bodies and by FINCANTIERI’s costumer.
17.8. The payment of the amount set forth in the contract for the Works shall be made, unless otherwise provided in the order, 90 (ninety) days from the submission of the relative invoice, subject to ratification of the document referred to in article 17.7 above.
17.9. Any delay in payment due to irregularities and/or non-compliance of invoices (also with reference to the requirements set forth in article 18.8) or to delays in issuing or sending them by the contractor will in no event be attributable to FINCANTIERI.

18. INVOICING AND TAX DOCUMENTS.
18.1. Invoices and credit notes shall be addressed to:
FINCANTIERI S.p.A.
Via Genova, 1 – 34121 TRIESTE
Italy
18.2. Tax documents must be sent, with the respective attachments, to the e-mail address indicated in the order. The files must be submitted in PDF format and all PDF files can contain only one tax document with all its attachments, if any. Within the individual PDF file, the tax document must be located before any attachments.
18.3. If it is not possible to send them in electronic form, invoices, credit notes and their attachments can be sent in hard copy by post to the address indicated in the order.

18.4. The Works performed by national operators or foreign operators by means of an Italian VAT position or a permanent establishment in Italy must be invoiced indicating the VAT regime applicable and are subject to stamp duty when due according to the regulations in force.

18.5. The contractor in possession of a declaration of intent (dichiarazione di intento) is required to use it by adding the following wording to the invoice: “Operation not subject to VAT pursuant to article 8-bis, second paragraph, of Presidential Decree no. 633 of the 26th of October 1972”, indicating the details of the declaration of intent, unless:

- the applicable VAT exemption regime is the one set out at art. 8-bis, first paragraph, of Presidential Decree no. 633 of the 26th of October 1972 or a different regime based on the applicable regulations, including that of the so called reverse charge;
- otherwise indicated in the order.

18.6. Unless otherwise stated in the order, services rendered by individuals or entities not established in Italy will be carried out without the addition of Italian VAT or the corresponding foreign tax (TVA, VAT, sales tax, etc.) that, where applicable, is deemed to be included in the price referred to in article 16.

18.7. The contractor shall issue separate invoices for any goods delivered with a DAP clause and for whose import FINCANTIERI is responsible.

18.8. Each invoice should, in addition to the other data required by law, include the following information:

- order number;
- number of construction or order (shown on the first page of the order);
- order position (only for invoices that do not fully cover the order);
- clear and understandable description of the Works;
- contractor code number (shown on the first page of the order);
- invoice code (shown on the first page of the order);
- S.P.W. number (if any).

18.9. The contractor acknowledges that if the tax documents were incomplete or incorrect, including in relation to the information required by article 18.8, or did not comply with the provisions of article 18.2, such documents cannot be automatically processed.

18.10. The contractor acknowledges that, unless otherwise provided in the order, it will not be entitled to demand advance payments on compensation provided by the contract; consequently the contractor may issue invoices only after completing the Works in accordance to the best professional standards and after obtaining the full and unconditional acceptance by the Department in Charge as per the terms and procedures in these conditions and in the orders.

18.11. In case of grossly incomplete or incorrect invoices, not corrected by the contractor, FINCANTIERI may at its sole discretion reject such invoices. In no event the failure to formally reject an invoice can be deemed as an acceptance of such invoice or of the Works.

19. INCORRECT OR INCOMPLETE DOCUMENTATION.

19.1. Any costs which FINCANTIERI may incur as a consequence of defects, errors and omissions in relation to the documentation submitted by the contractor (invoices, transport documents, certificates of origin, etc.) shall be borne by the contractor.

19.2. A lump sum of EUR 50 (fifty) may be charged as a reimbursement of the related management costs for each transport document which is incomplete or that has been filled out incorrectly.

20. WORKS TO BE PERFORMED WITHIN THE PRODUCTION UNITS.

20.1. In the event that the activities provided in the contract for the Works were carried out, even occasionally, within the Production Units for technical reasons or for the specific characteristics of the Works, such activities shall be governed by the specific provisions contained in the NOUS attached to the order. Acceptance of the order certifies that the contractor has received a copy of the NOUS with the related attachments, carefully read, fully and unconditionally accepted, and at the same time signed them separately.

20.2. In the event of non-compliance with article 20.1 and in particular with the following articles of the NOUS:
• articles 3.1 and 3.3 (Communications on personnel of the Contractor);
• articles 4 and 5 (Non-compliance with safety regulations, with particular regard to non-compliance with the provisions contained in the D.U.V.R.I.).

FINCANTIERI shall be entitled to declare the contract terminated following the procedures under article 23.2, without prejudice to its right to receive compensation for damages incurred by it.

21. CONTRACTUAL DOCUMENTATION – ANTI-MAFIA CERTIFICATION.
21.1. The contractor acknowledges and agrees that FINCANTIERI, also with regard to the nature and quality of its own customer or of the Works, may request the preliminary presentation of technical and/or professional certificates attesting the suitability or qualification of the contractor. A similar request may be made in connection with the so called “Anti-mafia Certifications”.

21.2. In the event the order has been signed by temporary associations of enterprises, consortia or companies involved in a network contract, the documents referred to in article 21.1 shall be presented by each of the parties participating in these forms of association.

21.3. The contractor acknowledges and agrees that the effectiveness of orders for more than EUR 150,000.00 (one hundred fifty thousand) is subject, among other things, to the contractor sending to the Purchasing Department, at the same time of acceptance, the following documents:

a) certificate of registration with the Italian Chamber of Commerce, Industry, Agriculture and Artisanship, with the company record of the contractor or equivalent certificate in case of foreign entities;

b) substitutive declaration under articles 46 and 47 of Presidential Decree no. 445 of December 28, 2000, using the form attached to the orders, with which the owner or administrator with powers of representation of the contractor, states that none of the causes of prohibition, revocation or suspension referred to in article 67 of Italian Legislative Decree no. 159/2011 and subsequent amendments, exist in relation to himself/herself, to the members of his family living with him/her, to all other persons specified by article 85 of Italian Legislative Decree no. 159/2011, paragraphs 1 to 2-c, and to the members of their family living with them.

In the case of an order issued in favour of temporary associations of enterprises, consortia or companies involved in a network contract, the documents referred to in a) and b) must be provided by each of the parties participating in these forms of association.

All the above is without prejudice to the obligation for the contractor to maintain the documentation constantly updated, to promptly inform FINCANTIERI about any changes regarding the documentation referred to in points a) and b), and to resubmit the documents within the deadline set for the documentation already in FINCANTIERI’s possession and in any case after 6 (six) months from receipt of the order by the contractor.

21.4. The contractor undertakes to denounce to the Judicial Authority any attempt of extortion, intimidation or conditioning of criminal nature, in any form, including against its shareholders and directors, as well as the related family members.

21.5. If the contractor fails to comply promptly with the provisions of this article, FINCANTIERI has the right to suspend payments and to declare the order terminated, in the manner provided for in article 23.2, and reserving to bring any appropriate action in order to protect its rights.

22. FORCE MAJEURE.
22.1. In any case of force majeure whatsoever which the parties are not able to foresee using due diligence, the parties shall be entitled to request the discontinuance and the resumption of the contract execution within a term to be determined by mutual agreement.

22.2. Events of force majeure include wars, revolutions, sabotage, epidemics, explosions, fires, natural disasters, restriction in the use of energy, general lack of raw materials or other essential elements for production, embargoes, countrywide strikes called by trade unions to which the parties belong, requirements of civil and military authorities and any other element that may not be predicted using due diligence.

22.3. In the cases referred to in the preceding paragraph, delivery terms shall be extended for a period corresponding to the working days lost due to occurrence of the aforementioned force majeure events.

22.4. The party who cannot perform its obligations or who may not benefit from the other party’s performance due to a force majeure event undertakes to notify to the other party (for the contractor, to the Purchasing Department and the relevant Production Unit), within 7 (seven) days from the occurrence of said event, the date on which it has occurred and the date on which it presumably shall cease its effects.
22.5. Should the occurrence of force majeure events delay the progress of other works already scheduled in close association with the Works affected by such events, the contractor shall take all action and apply all remedies necessary in order to minimize such delay to any extent possible. In the event of negligent omissions by the contractor, any additional costs which FINCANTIERI may incur shall be entirely charged to the contractor, without prejudice to the right to compensation for any damages suffered by FINCANTIERI.

22.6. Should the events of force majeure continue for more than 30 (thirty) days, the parties shall be entitled to consider the contract as terminated by mutual agreement according to the procedures set forth in article 23.2 hereof.

23. **EXPRESS TERMINATION CLAUSE.**

23.1. The parties agree that the order related to the Works will automatically be terminated in case of default or breach by the contractor of the obligations set forth in the provision hereunder, in any case without prejudice to FINCANTIERI’s right to claim compensation for all the related, connected and consequent damages it incurred:

- article 5.6 (Failure to notify in advance any change in the entities involved in forms of association such as temporary associations of enterprises, consortia or companies involved in a network contract);
- article 6.1. (Prohibition against assignment of the contract);
- article 6.3. (Prohibition against subcontracting);
- article 7. (Independent organisation of the contractor – payment of personnel – compliance and indemnity);
- article 12.2. (Termination for delay of more than four weeks);
- article 20.2. (Non-compliance with the NOUS);
- article 21. (Non-compliance with the provisions related to contractual documentation and anti-mafia certification);
- article 22.6 (Force majeure for a period longer than thirty days);
- article 33. (Non-compliance with the provisions related to the “Supplier’s declaration of non-conflict of interest”);
- article 34. (Non-compliance with the provisions related to Italian Legislative Decree no. 231/2001).

The parties also agree that the adoption against the contractor of suspension of working activities measures under art. 14.1 of Italian Legislative Decree no. 81 of 9 April 2008 shall lead to automatic termination of the order, in any case without prejudice to FINCANTIERI’s right to claim compensation for all the related, connected and consequent damages it incurred.

23.2. In order to declare the contract terminated, FINCANTIERI shall notify the contractor by registered mail or certified e-mail of its intention to terminate. Termination of the contract shall become effective as of receipt of the notice.

24. **FINANCIAL GUARANTEES.**

24.1. The contractor acknowledges that FINCANTIERI shall request suitable guarantees from third parties to cover any advance payments, the quality and operation of the subject matter of the Works performance of the guarantee obligations to which the contractor is bound and the obligations set forth in article 7.5.

24.2. The contractor acknowledges that all guarantees issued by third parties covering the obligations provided for by the order must indicate “FINCANTIERI S.p.A., Via Genova 1 - 34121 Trieste, Tax code 00397130584” as beneficiary.

25. **CREDIT ASSIGNMENT AND FACTORING.**

25.1. The contractor shall not assign, including under a factoring contract, the credits accrued and that may accrue against FINCANTIERI, and ensuing from contracts relating to the Works. Any exception to this prohibition must be agreed in writing with FINCANTIERI from time to time.

26. **PROHIBITION OF PUBLICITY.**

26.1. The contractor shall not engage in any form of publicity making reference to the Works.

26.2. Notwithstanding the foregoing prohibition and at its sole discretion FINCANTIERI may from time to time authorise special forms of publicity to be made in a manner to be indicated by FINCANTIERI.
27. CONFIDENTIALITY.
27.1. The contractor agrees to keep the Confidential Information strictly confidential, to ensure its secrecy and to use it for the sole purpose of performing its obligations under the order. The contractor undertakes not to disclose, circulate or communicate Confidential Information, even after completion of the order, for any reason or in any manner to any third party and to take all necessary and appropriate measures and precautions to prevent unauthorised access, disclosure and unauthorised use of Confidential Information. In light of the above, the contractor, among other things, shall not sell to third parties the materials that it may have produced on the basis or making use of Confidential Information and shall limit such production, if any, to the quantities required by the order, destroying any and all waste and/or surplus.

28. PATENTS.
28.1. The contractor fully guarantees to FINCANTIERI that the goods supplied have not been and shall not be produced in violation of patent rights of any kind and belonging to anyone. If a claim related to the alleged violation of patent rights on the subject matter of the order were brought against FINCANTIERI before a court, the contractor shall appear before such court, and hold FINCANTIERI harmless from any further consequences, both financial and non-financial.
28.2. The contractor guarantees also to FINCANTIERI that it has the right to use and trade the subject matter of the Works, both in Italy and abroad.

TITLE II – PROTECTION OF HEALTH AND SAFETY AT THE WORKPLACE

29. COMPLIANCE WITH RELATED LAWS AND CONTRACTUAL OBLIGATIONS.
29.1. FINCANTIERI considers its primary duty to protect health and safety at the workplace and to protect the environment. In light of the above the contractor, by accepting the order, undertakes to strictly comply with the regulations in force governing work activities.
29.2. Without prejudice to the provisions of the foregoing paragraph, the contractor further undertakes to comply with all the provisions contained in this title and in the NOUS that FINCANTIERI has provided for pursuant to the specific relevant laws or otherwise in connection with specific choices made by FINCANTIERI in order to protect health and safety at the workplace.
29.3. The above provisions are without prejudice to FINCANTIERI’s right to take action against contractors breaching the provisions of this title and of the documents mentioned herein.

30. OBLIGATIONS FOR DESIGNERS, MANUFACTURERS AND SUPPLIERS.
30.1. The Contractor undertakes to comply and to ensure compliance with the following, as provided for by articles 22 and 23 of Italian Legislative Decree no. 81 of 9 April 2008, as subsequently modified and integrated: the designers of workplaces, work facilities and plants are required to comply with the general principles of prevention relating to health and safety at work at the time when the relevant design and technical choices are first made, and to select equipment, including personal and collective protective equipment and components, that comply with all relevant legislative and regulatory provisions in force.
30.2. When renting or being granted the use of equipment, protective devices and installations, the contractor is required to record the extent to which the said equipment and installations comply with relevant legislative and regulatory provisions in force.

31. SAFETY OF SUBSTANCES / MIXTURES / PRODUCTS / MATERIALS.
31.1. The contractor expressly warrants to FINCANTIERI that the materials provided comply with all applicable rules on product safety, in particular with reference to compliance with the provisions of EC Regulation No. 1907/2006 (REACH), EC Regulation no. 1272/2008 (CLP) and Italian Legislative Decree no. 81/08.
31.2. For the purposes of Title IX – “Dangerous substances” of Italian Legislative Decree no. 81/08, regarding protection from chemical agents, carcinogens and mutagens, all the products and materials supplied/used – whose composition includes substances or mixtures classified as chemicals by applicable law or that, although not classified as dangerous, may pose a risk because of their chemical-physical, chemical, chemical-technological characteristics – must be provided together with a list of the products and materials containing
chemicals that make up the subject of the order and/or that will be used at the Production Units (directly or through subcontractors, if any) and the related safety data sheets prepared in accordance with applicable law. The safety data sheets must be delivered or sent in electronic form to the Production Unit.

31.3. If for any reason, or also at the request of FINCANTIERI, after the issuance of the order and prior to the delivery of the goods and/or the start of the works, the products and materials listed in the order were to be replaced and/or modified so as to change their “classification for the purposes of labor and environment risk assessment” (classificazione ai fini della valutazione dei rischi lavorativi e per l’ambiente), with particular reference to the “Hazard Statements” H340 (ex R46; ex R47), H341 (ex R68), H350 (ex R45), H350i (ex R49), H351 (ex R40), H360D (ex R61), H360F (ex R60), H362 (ex R64), H370 (ex R39) and H372 (ex R48) according to EC Regulation 1272/2008, the contractor shall transmit to FINCANTIERI in advance and promptly, and in any case at least sixty (60) days before the date of delivery of the goods and/or the start of the works, the updated list of the products and materials containing chemicals and the safety data sheets of the new products included in the list, together with any update to the safety data sheets already provided.

If such changes were to occur after the start of the works, the contractor shall transmit in advance and promptly, and in any case before their use, the updated list of the products and materials containing chemicals and the safety data sheets relating to new products included in the list, together with any update to the safety data sheets already provided.

31.4. In case of use of chemicals, the D.V.R. delivered by the contractor entering the Production Unit shall include the “Specific Assessment” (Specifica Valutazione) and a copy of the safety data sheets for the products and materials used.

31.5. By signing the order, the contractor represents and warrants that all the activities required, connected or associated with such order, including any warranty services, will be carried out using ready-to-use materials that are not classified as carcinogens and mutagens with “Hazard Statements” H340 (ex R46; ex R47), H350 (ex R45) and H350i (ex R49).

TITLE III – FINAL PROVISIONS

32. CONTRACT AMENDMENTS.

32.1. Any amendment to these conditions and to the specific order conditions must be in writing and signed both by FINCANTIERI and by the contractor, or will otherwise be null and void.

33. CONFLICTS OF INTEREST.

33.1. The contractor will provide the “Supplier's declaration on conflict of interest” (Dichiarazione del fornitore di assenza di conflitti di interesse) (the “Declaration”) and update it in case it were incomplete or required changes due to supervening events. FINCANTIERI may request, at any time and at its sole discretion, that the contractor updates such declaration within twenty (20) days from the request. All communications concerning the declaration shall be sent in original to the address indicated in the order and anticipated to the e-mail address indicated in the order.

33.2. The contractor acknowledges and recognizes that FINCANTIERI, without prejudice to the right to compensation for damages suffered by the latter, shall be entitled to declare the orders terminated, pursuant to article 23 of these conditions, if:

- the Declaration and the updates referred to in article 33.1 are incomplete or incorrect;
- the contractor fails to promptly communicate any mandatory updates to the Declaration;
- the contractor fails to comply with FINCANTIERI’s request to update the Declaration within twenty (20) days.

34. CODE OF CONDUCT AND ORGANIZATIONAL, MANAGEMENT AND CONTROL MODEL

34.1. The contractor undertakes to comply with the principles of the Code of Conduct and the Organisational, Management and Control Model pursuant to Italian Legislative Decree no. 231/2001 (implementing the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions) adopted by FINCANTIERI, published and publicly available on the website www.fincantieri.com. In case of breach of the above by the contractor, FINCANTIERI may declare the order as terminated pursuant to article 23.2, without prejudice to any other action that FINCANTIERI may take before any judicial authorities.

Rev. 2 Data 01/07/2016
35. **APPLICABLE LAW – JURISDICTION.**
35.1. These conditions and the particular conditions of the order shall be governed by the laws of Italy, without reference to its international private law rules and of to any other sources of law not expressly mentioned herein.
35.2. The Court of Trieste shall have exclusive jurisdiction for any dispute concerning the interpretation and/or execution of these conditions and of the orders, including disputes relating to their validity or to the existence or total amount of any credits due to FINCANTIERI, with the express exclusion of any other alternative or concurrent jurisdiction. Such jurisdiction or venue may not be derogated even by reason of a joinder.

36. **NOTICES.**
36.1. Unless otherwise specified, notices addressed to FINCANTIERI must be sent to the Department in Charge. Notices must be on the official letterhead and signed by the legal representative, or by another person with the necessary powers to represent the contractor, or digitally signed. The name, surname and title of the signatory must appear clearly, either stamped or printed, close to the signature.
36.2. Any notice made other than in compliance with article 36.1, or without the information requested therein, will be without any effect. Consequently, any such notice will be deemed as not given and, as such, not enforceable against FINCANTIERI, which will not be required to give any communication about it.