

<b>GENERAL CONDITIONS OF PURCHASE AND QUALITY &amp; EMS REQUIREMENTS</b> United Polymers, s.r.o., Czech Republic	<b>DOC: GCEN</b>
	<b>REV.NO: 5</b>
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## 1. General

Only these conditions of purchase govern purchase orders and agreements for Material and Parts ("Goods") as well as Services by United Polymers, s.r.o. ("Buyer"). Any changes, additions as well as sales conditions of Seller different from these purchase conditions are valid only if they are confirmed in written by Buyer as an appendix to the purchase conditions. Receipt of Goods or Services or their settlement does not constitute a consent to the sales conditions of Seller.

## 2. Purchase Order Acceptance

- 2.1 Purchase orders, agreements, delivery schedules and their changes must be in a written form.
- 2.2 If Seller does not accept the purchase order within 10 working days from its delivery, Buyer is authorised to cancel it.

## 3. Delivery

- 3.1 Deviations from Buyer's agreement and orders are allowed only after Buyer's prior written approval. Agreed terms and commercial conditions are binding. If the delivery terms are not agreed as Ex Works Seller's plant (Incoterms 2010), the receipt of Goods by Buyer is decisive to meet required time of delivery at Buyer's destination.
- 3.2 If the Seller does not keep to agreed terms from some serious reason, Buyer is entitled, without any detriment to other legitimate claims, according to his sole decision, to back out of an agreement or order after expiration of a relevant period, to obtain a substitution from the third parties and/or require a compensation from Seller from the reason of shortfall. Buyer has a title to a compensation of all extra costs related to non-delivery and/or incomplete delivery, delay in delivery and/or non-conformity with the quality, caused by Seller. Seller will bear the cost of express transportation if Seller fails to meet Buyer's shipping requirements. Receipt of delayed delivery of the Goods or Services does not constitute a waiver of claim for a compensation of damage.
- 3.3 Buyer has no commitment to accept and may return over shipments, early deliveries, and partial deliveries to Seller at Seller's packing, handling, sorting and transportation related expense.
- 3.4 Unless agreed in a different way, Seller will package, label, mark and ship the Goods according to the usual standards followed by ordinary carriers.
- 3.5 If the Seller forecasts some troubles with manufacturing or delivery of Goods or some noncontrollable circumstances, which can likely jeopardize on-time delivery in agreed quality, he must immediately inform the Buyer.
- 3.6 Values found out by Buyer's incoming inspection are only decisive, with a reservation of other evidence, for quantity of pieces, weights and measures of the Goods received.

## 4. Force Majeure

Force majeure, strikes, accidental operational break-downs, distempers, official provisions and other unavoidable events allow Buyer to fully or partially back out of an agreement or order if their consequence is a significant decrease of Buyer's need.

## 5. Notice of Despatch, Invoice

Purchase orders by the Buyer are binding. One master copy of the invoice must be sent to Buyer bill-to address.

## 6. Modifications, Transfer of risk

- 6.1 Any change of price to the purchase order price must be communicated in written at least 20 working days in advance and approved in written by Buyer prior to the shipment of Goods or Services provided otherwise the price in the order is only binding price. Unless otherwise

agreed, the prices between the Parties are agreed on the basis of certain fixed prices, the price stated in the order is VAT exclusive.

- 6.2 Seller bears the risks related to the delivery of Goods till the moment of receipt the Goods by a Buyer's agent at the place designated in line with the contract or order.

## 7. Payment Terms

If there is no other agreement with the Seller, invoices are due in 60 days net. The trigger date is the later of when invoice or Goods are received at the Buyer's plant or Services provided. Any invoice mistake can delay its settlement until the correct invoice is obtained by Buyer. The due date of invoice is the date when the amount is released from the bank account of Buyer.

## 8. Warranty

- 8.1 Takeover and acceptance is executed with a reservation of a revision of correctness and competence. Buyer is allowed to review the delivery of Goods or Services as soon as it is possible according to the ordinary work flow. Seller warrants to Buyer that all Goods and Services delivered to Buyer will conform to the specifications, drawings, reference samples or other descriptions provided or features of the Goods described by the Buyer. Recognized defects will be claimed immediately. Seller waives the objection for a delayed claim to defects.
- 8.2 The warranty period is 24 months, if not agreed differently. In case of defective delivery, Buyer is allowed to require a free of charge compensatory delivery or repair according to his wish, to require reduction of purchase price or full or partial cancellation of contract.
- 8.3 If the incoming inspection of the Goods which exceeds a common range of inspection is necessary as a consequence of defective delivery, the Seller will reimburse Buyer for all related expenses.
- 8.4 In urgent cases, especially to avoid acute danger or to eliminate excessive damage, Buyer is allowed to remove recognized inadequancies himself at the expense of the Seller.

## 9. Quality and Environmental Management System (EMS) Requirements

- 9.1 Seller must obtain 3rd party certification of its quality system according to ISO/TS 16949:2009 or alternatively ISO 9001:2009 is acceptable. If the system is not implemented, Seller shall present a plan containing the steps for achieving the certification.
- 9.2 Buyer reserves a right to examine a process audit according to VDA 6.3 at Seller's manufacturing site.
- 9.3 Seller shall ensure that ongoing product quality shall meet Buyer's expectations and continually improves towards zero defect parts per million.
- 9.4 must not ship the Goods unless production part approval has been obtained. PPAP or VDA 2 must be used for part approval process. Scope of sampling has to be agreed.
- 9.5 Seller must submit Certificate of Conformity according to ISO 10204 3.1 for each delivery.
- 9.6 Upon notification of concern (rejection note), Seller must respond with written G8D report within 48 hours indicating corrective action and root cause identification. Seller must arrange immediate replacement of defective Goods or arrange personnel to sort or rework at customer location.
- 9.7 All incurred costs may be charged to the Seller. If the Seller does not keep to agreed quality standards for Goods or process, Buyer is entitled, without any detriment to other legitimate claims, according to his sole decision, to back out of an agreement or order.
- 9.8 Seller is responsible for cleanliness and no damage of returnable packages corresponding with their common wear.
- 9.9 Prior to shipping the Goods to Buyer by Seller the Buyer needs to receive material data sheet or technical data sheet and material safety data sheet according to European Community Regulation on chemicals and their safe use (EC 1907/2006) - REACH and 453/2010.
- 9.10 Seller is required to enter all required bill of material and material composition data into the IMDS system or declare the registration by other way.
- 9.11 Seller shall ensure detail training of responsible employees on the topic „Product Safety and Liability for the Product“ and to appoint the delegate for product safety (PSB = Produkt Sicherheits Beauftragter) to each supply chain level.

## 10. Indemnity for Product Damage and Legal Defects

- 10.1 In case Buyer's customer or other third party holds Buyer responsible for a damage, the Seller hereby agrees to indemnify and to hold the Buyer harmless against equivalent claims if the product damage was caused by a fault on the product Goods or Services supplied by the Seller.
- 10.2 Liability for a fault is applicable only if the fault is related to the Seller performance. If the root cause of product damage falls within responsibility of the Seller, the Seller bears the burden of evidence. In such cases the Seller bears all incurred costs and expenses including the costs of contingent legal prosecution or appeal. Other cases are solved according to valid legal regulations.
- 10.3 Seller also agrees to indemnify Buyer for the damage caused by legal claims (as claims from breach of an exclusive commercial agency by Seller) or other impediments disabling to accomplish sale transaction of the Goods or to perform a Service to the Buyer by Seller in the place of performance.

## **11. Work in Buyer's Premises**

All personnel which carries out contract works in Buyer's premises is obliged to keep to the provisions of respective operating instructions. It is compulsory to adhere to the valid instruction for entry into the Buyer's manufacturing facilities and exit them. Buyer's responsibility for accidents caused to this personnel is not applicable with exception of cases when these accidents are caused by gross negligence or wittingly.

## **12. Assigned Raw Material Provided by Buyer**

Raw materials, parts, containers and special packaging provided to Seller by Buyer are in property of Buyer. As such those can be used just in accordance with assigned purpose of use and processed or assembled solely for further use by Buyer. It is hereby agreed that Buyer is a co-owner of Goods manufactured with usage of materials and parts provided by Buyer which are in possession of Seller, in proportion of the value of provided raw material and parts to the value of the entire product.

## **13. Termination**

- 13.1 Any breach of these General Conditions of Purchase, particularly including a delay in delivery or product defects, will entitle the Buyer to terminate purchase order or agreement, notwithstanding any rights to claim the relevant indemnity for any loss and damage caused.
- 13.2 Apart from the reasons stated in sections 2.2, 3.2 and 9.7 Buyer may terminate its purchase obligations under purchase order or agreement at any time by providing written notice of termination to Seller. Buyer shall give Seller written notice of the termination at least 10 working days prior to the effective termination date, unless otherwise agreed between the Parties.
- 13.3 Subject to Buyer's termination rights the purchase order or agreement is binding on the Parties unless Seller provides Buyer with written notice at least 180 days prior to the desired effective termination date, starting 1st day of the month following the month of delivery of the termination notice.

## **14. Confidentiality**

All kinds of documents provided to a Seller by Buyer as samples, drawings, models, data and similar as well as all relevant information provided by Buyer, if not explicitly intended to the public, must not be made available to the third parties if it is not necessary in order to fulfil the terms of agreement. Products manufactured according to the documents provided by the Buyer like drawings, models and others or according to confidential information or with help of tools owned or manufactured according to the Buyer's model, must not be neither utilized by a Seller nor offered and supplied to the third parties neither distributed nor further copied.

## **15. Place of Performance**

Place of performance is the Goods' destination according to the order.

## **16. Seat of Venue, Applicable Law**

The seat of venue, in line with the choice of Buyer, is corresponding either to the domicile of Seller, city of Přerov or the place of performance. Law applicable for all agreements, orders and contracts between the Parties is the law of the Czech Republic, especially the Civil Code and the Business Corporations Act.