

GENERAL CONDITIONS OF PURCHASE AND QUALITY & EMS REQUIREMENTS United Polymers, s.r.o., Czech Republic	DOC: GCEN
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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 by customer goods number 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 The Seller shall ensure that the quality of the Goods meets the Buyer's expectations and continuously improves towards the zero defects to million supplied pieces of Goods (0 ppm).
- 9.2 The Seller shall have a third party certified quality management system according to IATF 16949 or alternatively ISO 9001 is accepted. If the Seller has not a quality management system in place, the Seller shall send to the Buyer a schedule showing by when the Seller commits to implement the system. The lack of a supplier's quality system certificate therefore has an impact on the supplier's reduced rating.
- 9.3 The Buyer also reserves the right to carry out his own customer process audit at the Seller's manufacturing facility, e.g. in accordance with VDA 6.3.
- 9.4 Upon a complaint of a defect (rejection note), the Seller shall respond within 48 hours with a written statement in the form of a G8D report, containing actions to remedy the defect and identification of the root cause. The Seller commits to replace the defect immediately and free of charge or arrange for sorting/rework at the Buyer's premises.
- 9.5 All extraordinary costs and penalties, if any, may be re-invoiced to the Seller. If the Seller fails to comply with the agreed standards for the quality of the Goods or the manufacturing process, the Buyer shall be entitled to withdraw from the contract or order with the Seller without prejudice to other statutory adjustments at the Buyer's discretion. The administrative fee for issuing a complaint is EUR 50.
- 9.6 Goods supplied by the Seller to the Buyer shall comply with applicable standards and regulations/laws.
- 9.7 The Seller shall have documented processes for the management of product and manufacturing processes related to the safety of the Goods and shall have a Product Safety and Compliance Officer (PSCR) designated for this purpose, who shall meet the requirements of IATF 16949 and who shall be adequately trained.
- 9.8 The Seller must not deliver the Goods unless the first production samples and associated documentation (Sampling) are approved by Buyer. Sampling shall conform to the requirements of PPAP or VDA 2. The scope of Sampling shall be agreed. Seller shall retain records of Sampling for Buyer.
- 9.9 Requalification tests are required once every 5 years within the sampling scope unless otherwise agreed.

- 9.10 Prior to delivery of Goods to the Buyer by the Seller, a Material Data Sheet or Technical Data Sheet and Safety Data Sheet prepared in accordance with applicable chemical safety regulations - as per Regulation (EC) No 1907/2006 of the European Parliament and Council (REACH) and No 453/2010 shall be submitted.
- 9.11 The Seller is required to register the structure of the material entering the Goods and the Goods composition data into the IMDS database or provide evidence of registration by other means.
- 9.12 The Seller shall attach to each delivery a quality conformance certificate according to ISO 10204 3.1 (attestation/CoC/CoA) declaring that the physical-mechanical and/or chemical properties of the Goods delivered are in accordance with the material/technical data sheet.
- 9.13 The Seller shall have a system to ensure traceability of the Goods.
- 9.14 The Seller may not make any changes to the Goods supplied to the Buyer or changes to the process without the prior approval of the Buyer.
- 9.15 Seller warrants the cleanliness and integrity of returnable packaging consistent with normal wear.

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 Přeřov 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.