

## General Terms and Conditions of Purchase

### 0. General

0.1. The terms and conditions set forth herein shall apply to the procurement of production materials, component parts, spares, consumables and supplies by Pol-Elektra ("Purchaser") from the party to the contract ("Supplier").

### 1. Applicable regulations

1.1. Our terms and conditions of purchase shall apply exclusively; we will not recognise any terms and conditions of the Supplier which are contrary to or deviate from our terms and conditions of purchase unless we have given our express written consent to their validity.

1.2. Our terms and conditions of purchase shall also apply in the event that we accept, without reservation, a delivery from the Supplier although we are aware that the Supplier's terms and conditions are contrary to or deviate from our terms and conditions of purchase.

1.3. No agreement made by us and the Supplier for the purpose of the execution of this Contract shall be effective unless set forth therein in writing.

### 2. Quality management system / quality requirements

2.1. The Supplier undertakes to consistently apply a QM system which shall meet at least the requirements of DIN ISO 9001. The Supplier shall strive for further certifications in accordance with **QS 9000, VDA 6.1** or IATF 16949.

2.2. The Supplier shall be committed to achieving a zero error rate.

2.3. The Supplier shall maintain and, on request, furnish to the Purchaser evidence of the process capability of all functionally relevant features during the entire production period. If process capability is or was not achieved, the Parties shall agree appropriate measures to ensure that delivery to the Purchaser is of the quality required.

2.4. The Supplier must have a retraceability system in place. This system must allow retraceability so that it is possible to determine the quantities of defective parts / products in case an error was detected.

### 3. Provision of samples / release procedure

3.1. Before commencing large-scale delivery, the Supplier has to ensure that a product and process release approval in accordance with **VDA Volume 2** or – if required by the customer – in accordance with QS 9000 was obtained. For this purpose, the Supplier has to provide the Purchaser with initial samples including a complete initial sample test report (with respect to dimensions and materials) in the form requested.

3.2. The Supplier is obliged to declare the use of safety-relevant substances and materials, if any, and to submit and consistently keep up-to-date any safety data sheet connected therewith. All constituents of the parts for which samples were provided shall be included in the IMDS (International Material Data System). Any amendment shall immediately be communicated via the IMDS as well.

3.3. A PPF or PPAP procedure, respectively, shall be introduced when:

- a product or process has been modified
- the production site / manufacturing plant has been changed

#### **4. Order placement / order confirmation**

4.1. No order, agreement and / or amendment shall be binding unless made in writing and signed. No deviation from the agreements made and orders placed shall be allowed without our prior written consent.

4.2. The Supplier is obliged to take the orders within a period of **3** days from receipt. Orders shall be taken in writing, stating the complete order data, by an order confirmation.

4.3. The Purchaser shall be entitled to require from the Supplier any modification of the design and / or execution of the Contract Item as the Purchaser may reasonably request. In such a case, the Parties shall appropriately and amicably agree upon the consequences, in particular with respect to higher or lower costs as well as the delivery dates.

4.4. The Purchaser reserves property and copyrights in figures, drawings, calculations and other documents; these must not be made accessible to any third person without express written consent. They shall exclusively be used for production on the basis of the order placed. They shall be returned without being especially requested as soon as the order is completed. They shall be kept confidential and not given to third parties.

#### **5. Delivery time**

5.1. The delivery time stated in the order is binding and shall be complied with in any case. The decisive criterion for the observance of the delivery time shall be the arrival of the goods in the Purchaser's stock receipt department. If delivery free to the Purchaser's plant has been agreed, the Supplier shall ensure that the goods are dispatched in due time, taking the time usually required for loading and conveying into account.

5.2. The Supplier is obliged to immediately inform the Purchaser, both verbally and in writing, should any circumstances arise or come to its knowledge which render it impossible to meet the agreed delivery time.

5.3. In case of a default in delivery, the Purchaser shall be entitled to any legal claims. It shall, in particular, be entitled to claim damages in lieu of performance when a reasonable period of time has expired without result. If damages are claimed, the Supplier shall be entitled to prove that the breach of duty was not due to a fault of the Supplier.

5.4. Acceptance of a delayed delivery does not imply a waiver of these claims for indemnification.

## 6. Labelling / packaging / transport

- 6.1. Deliveries shall be unambiguously and well legibly labelled so that their identifications are clearly recognisable and do not get lost even during transport and storage.
- 6.2. Packaging and transport means shall be designed so as to exclude any damage and / or deterioration of quality.
- 6.3. The Supplier shall ensure that each consignment is accompanied by a delivery note, which allows to be assigned to the respective consignment and contains the complete order data. In addition, the Supplier has to notify the Purchaser of any amendment coming into effect.
- 6.4. The Supplier will immediately submit any evidence of origin requested by the Purchaser (**e. g. Supplier's Statement, Movement Certificates in the meaning of the EC-EFTA Rules of Origin**) filled in with all necessary information and properly signed.
- 6.5. Unless otherwise agreed, the following terms of delivery shall apply: **Free to Purchaser's** plant, including packaging. The risk of delivery to the Purchaser shall in any case be borne by the Supplier. The Purchaser will not reimburse insurance costs incurred.

## 7. Notice of defects / warranty

- 7.1. The Purchaser shall notify the Supplier of any obvious defects of the goods received within a period of **5 days**.
- 7.2. The same shall apply when other goods and / or quantities than those ordered were delivered.
- 7.3. The Supplier shall immediately be notified of any other defects of the goods delivered as soon as these are detected.
- 7.4. As a response to each notice of defect, the Purchaser expects a statement on the cause of the failure and on the corrective measures taken, in the form of an 8D-report within 5 days.
- 7.5. A warranty period of 2 years commencing upon the delivery of the goods shall apply. Should, after the expiry of this period, any customer complaints occur which can unambiguously be attributed to a defective delivery from the Supplier, the responsible party shall meet all costs and expenses associated therewith.
- 7.6. Both quantity and quality of the goods delivered must comply with the terms and conditions agreed upon, the intended purpose, the national and international standards as well as the customer's standards applicable on the day of delivery, the state of the art, the accident prevention regulations of the employer's liability insurance association, any relevant provisions of the authorities and trade associations, as well as the statutory regulations with respect to safety and environment.

If the goods delivered are defective, or lack any of their warranted characteristics, the Supplier shall be obliged either to immediately furnish free of charge an additional supply, to immediately remedy free of charge the defect(s) complained, each including all ancillary costs such as transport expenses, tolls, labour

costs, and material costs for example, or to grant an appropriate discount. If the Supplier is unable or fails to immediately comply with this obligation, the Purchaser may withdraw from the Contract or return the goods at the Supplier's risk.

7.7. The purchaser shall be entitled to any legal claims based on the defect(s) without any deduction.

7.8. In exceptional cases, the Purchaser shall be entitled to remedy the defect(s) itself at the Supplier's expense, should a production standstill or a default in delivery to the Customer result.

The Supplier shall be assumed to have given its consent unless the Purchaser has received an objection from the Supplier within **24 hours**.

7.9 Processing time of complaints:

According to the requirements of DIN EN ISO 9001 / IATF 16949, it is necessary to shorten and define clearly the processing time in case of any complaint.

After receiving information from Pol-Elektra the supplier has to communicate clear statements about immediate actions that have to be implemented within 24 hours in writing. Effective corrective and preventive actions are due (8D-report) within 5 working days.

7.10. Customer's (Pol-Elektra) expenditures with complaints:

Due to the raised expenditures in complaint processing, including organisation activities in our production departments, an amount corresponding the processing expenditures that arose actually will be charged to you - after it will have been found out. Necessary sorting actions and production breakdown will be charged extra. Unless otherwise agreed manhour rate for sorting action will be charged 17 eur/hour.

## **8. Product liability / indemnity**

8.1. Insofar as the Supplier is responsible for a product damage, it shall be obliged to indemnify the Purchaser, upon first request, against damages of third persons insofar as the cause is routed in the Supplier's sphere of control and organisation and the Supplier itself is liable vis-à-vis third parties.

8.2 As part of its liability for damages within the meaning of Section 1, the supplier is also obligated to reimburse any expenses, that are connected with recall actions. About the form and range of the recall actions the supplier will be informed - if possible and reasonable - and he will get the opportunity to present his statement. It shall not affect other legal rights.

## **9. Property rights**

9.1. The Supplier shall guarantee that no third parties' rights will be infringed in connection with the Supplier's delivery, within the Republic of Poland.

9.2. Should any third party assert a claim against the Purchaser in respect of such infringement, the Supplier shall be obliged to indemnify the Purchaser against this claim upon first request. The Purchaser is not entitled to make any arrangement with the third party / parties concerned without the Supplier's consent, in particular they must not effect a compromise.

9.3. The Supplier's obligation to indemnify the Purchaser shall relate to all expenses necessarily incurred by the Purchaser in connection with claims asserted by third parties.

9.4. The limitation period shall be **ten** years, calculated from the conclusion of the Contract.

## **10. Payment**

10.1. Invoices shall be issued in duplicate, stating the complete order data.

10.2. Unless otherwise agreed, payment shall, at the Purchaser's option, be made either at a **discount of 3 % on the 25<sup>th</sup> day** of the month following the receipt of the goods or net cash within 90 days after the receipt of the goods.

If a delivery was made before the agreed date, the due date for payment shall be determined on the basis of the delivery date which had originally been agreed.

10.3. Payment shall be made by transfer.

10.4. If the goods delivered are defective, the Purchaser shall be entitled to withhold payment until proper performance.

The Supplier is not entitled to assign the debt due from the Purchaser to, or have it collected by third parties without the Purchaser's prior written consent.

## **11. Retention of title**

11.1. No provision of the Supplier's general terms and conditions stipulating that the Supplier has an expanded or extended retention of title will be recognised. Agreement of such a retention of title shall not be allowed without the Purchaser's separate written consent.

## **12. Place of performance, jurisdiction**

12.1. The place of performance both for delivery and payment shall be the address stated in the order.

The competent courts of Bydgoszcz, Poland shall have jurisdiction.

The contractual relationship shall be governed by Polish law, **with the exception of the UN Sales Convention.**

## **13. Validity**

13.1. These terms and conditions of purchase shall be valid from today.

POL - Elektra sp. z o. o. 28.03.2019