

GENERAL TERMS AND CONDITIONS OF PURCHASE

of PAKS'D Sp. z o. o.

Clause 1 GENERAL PROVISIONS.

1.1. This document regulates the terms of issuing and executing orders issued by Paks'D Obligations and it shall be binding in economic relations between Paks'D (hereinafter referred to as the Recipient) and the Supplier. The Supplier shall mean the entity obliged by an accepted order to supply the ordered products or provide the specific service. Whenever this document mentions products, they shall mean tangible and intangible products and the provided services.

1.2. The General Terms of Conditions of Purchase shall form an integral part of the issued orders and schedules. An executed order shall simultaneously be deemed acceptance of the General Terms of Conditions of Purchase without the need for their confirmation.

Clause 2) ACCEPTANCE OF ORDER ISSUED BY RECIPIENT.

2.1. The acceptance of an order for execution by the Supplier shall be conditional upon by their written confirmation of the order within 7 days. If the order is neither confirmed nor rejected, the order shall be regarded as accepted along with all terms specified in it.

2.2. The terms specified in the order shall also be deemed accepted if the order is executed, either partly or completely.

2.3. Any changes in the order: e.g. corrected quantities of the delivered products, due dates for delivery, packaging manner, method of delivery, change in prices, payment method and due date, can be made solely upon written acceptance by the Recipient.

2.4. In the case of open orders, the basis for their execution shall be the schedule of deliveries, which details due dates for delivery, quantities and assortments. The Recipient reserves the right to make changes in the schedules by way of correcting the dates and quantities if need be.

2.5. The execution of the schedule of deliveries with any corrections shall be deemed automatic acceptance by the Supplier of the clauses of the General Terms of Conditions of Purchase and the terms specified in the relevant order.

Clause 3) SUB-SUPPLIERS

3.1. The Supplier cannot assign the execution of order to third parties, even partially.

3.2. If the Supplier deems it necessary to request other specialised companies to do specific activities (e.g. control), they shall do so only upon obtaining a prior written consent of the Recipient.

3.3. However, the Supplier shall at all times remain liable to the Recipient for any inconsistencies caused by their sub-suppliers.

Clause 4) DUE DATES FOR DELIVERY.

4.1. The due dates specified in the order and the schedule of deliveries, as amended, shall be irrevocable; therefore, any delays and accelerations of deliveries in relation to the dates earlier agreed shall be excluded.

4.2. In the absence of a relevant express consent of the Recipient, any products delivered earlier than agreed may not be accepted. In such a case, they shall be sent back to the Supplier at their risk and expense.

4.3. If the products cannot be sent back, the Recipient can accept it, but the time limit for payment shall begin to run on the due date for delivery agreed in the order. The Recipient can also charge the Supplier relevant costs of storage.

4.4. In the case of delays in delivery not caused by force majeure, Paks'D shall have the right to take the following steps:

- a) demand that the Supplier pay compensation for the resulting losses,
- b) impose on the Supplier the liquidated damages amounting to 5% of the value of the products failed to be delivered per day in delay,
- c) set the Supplier an additional time limit for performance of their obligations,
- d) withdraw from the order completely or resign from the relevant batch of the products, at their own discretion.

4.5. If the Supplier expects difficulties in satisfaction of the due dates for delivery, they shall immediately notify Paks'D of any problems in this respect.

4.6. If the execution of an order is disturbed by confirmed force majeure events (e.g. floods), the due dates for delivery shall be deemed postponed, it being understood that the new due dates shall be set by mutual agreement. A force majeure event cannot be invoked if it occurs following the final due date for delivery.

Clause 5) ORDERS WITH DELIVERIES ACCORDING TO SCHEDULE, PARTIAL DELIVERIES AND REPETITIVE DELIVERIES.

5.1. The Supplier shall keep a stock of products in their warehouses to ensure uninterrupted deliveries according to the schedule.

5.2. The stock, composed of products with confirmed quality moved around the warehouse in accordance with the FIFO method (first in, first out), must be labelled and placed in such a way as to allow the Recipient's representatives to identify and inspect it easily.

5.3. The Recipient shall periodically communicate to the Supplier the quantities of the necessary stock/production capacity for each type of products. In the absence of such communication, the stock shall be 30% of the monthly demand of the Recipient as specified in the schedule of deliveries. If the Supplier fails to adhere to the above, the Recipient shall have the right to charge the former the liquidated damages twenty times the value of the missing stock.

Clause 6) DELIVERY OF PRODUCTS AND DUE DOCUMENTATION

6.1. The marking, packaging, labelling, shipment and carriage of the products shall be carried out in accordance with instructions issued by Paks'D.

6.2. Unless agreed otherwise, a delivery shall be deemed effective upon receipt of the relevant products in the warehouse specified by Paks'D.

6.3. The goods shall be delivered according to the terms specified in the order. Unless the accepted order specifies otherwise, the Supplier shall deliver the products to the warehouse of the Recipient at their own risk and expense. The liability for the products shall transfer to the Recipient upon receipt of the delivery in their warehouse.

6.4. The Supplier shall a full set of the following documents before shipment or upon delivery at the latest: sale invoice, delivery document, material attestation and a certificate of quality, which guarantee consistency of the delivered products with the order (in terms of dimensions, weight, mechanical properties and chemical composition). The qualitative documents must refer to the number of the specific delivery document. Deliveries without full sets of documents shall not be accepted in the warehouse of the Recipient until the missing documents are supplied. The Recipient reserves the right to issue a complaint for EUR 100 as administrative costs of Quality Control for the time lost on late delivery of the required documents. The delivery document shall at least include the order number, surname of the ordering party, description of the products with their code, delivered quantities by specific delivery batches and net and gross weight.

6.5. The Supplier shall be liable for any gaps and inconsistencies in and of the goods in relation to the placed order which exist upon transfer of risk onto the Recipient even if such inconsistencies are found later.

6.6. The Recipient shall notify the Supplier in writing of any and all inconsistencies of the products in relation to the placed order.

6.7. In the case of delivery of chemical substances/mixtures, the Supplier shall supply the latest safety data sheets in Polish.

Clause 7) ACCEPTANCE OF DELIVERY.

7.1 . The Supplier shall supply the goods according in the quantity, at the quality and in the assortment specified in the order and the schedule of deliveries.

7.2. Quantitative verification.

7.2.1. Differences between the quantity declared and agreed by the by Recipient in the quantitative control shall be communicated to the Supplier upon their detection.

7.2.2. Any excess products may not be accepted and sent back to the Supplier at their risk and expense.

7.2.3. If any shortages in the products are found, the Recipient shall have the right to:

- a) accept the shortage in the products and make the payment for the actually supplied products,
- b) set the Supplier an additional time limit for delivery of the missing part of the products,
- c) impose on the Supplier the liquidated damages amounting to 5% of the value of the products failed to be delivered per day in delay,
- d) withdraw from the order of that batch of the products and send the products back to the Supplier at their risk and expense.

7.3. Qualitative verification.

7.3.1. The Supplier shall allow the Recipient to control the process in the former's production plant.

7.3.2. If the deliveries are inconsistent with the order in terms of quality or assortment, the Recipient shall have the right to:

- a) send the products back at the Supplier's risk and expense.

- b) demand replacement of the products in accordance with the placed order within the time limit set by the Recipient and charge the Supplier the liquidated damages amounting to 5% of the value of those products per day in delay,
 - c) withdraw from, at their own discretion, the order of that batch of the products and impose the liquidated damages amounting to the expenses sustained in this respect,
 - d) issue a complaint at the current rate (EUR 75 x 2 hours – time necessary for preparation of documents),
 - e) demand reduction in the price of the delivered products.
- 7.3.3. If the adaptation of the inconsistent goods results in doing additional activities consisting e.g. in:
- a) the need for requesting an external company to inspect the products, The Supplier shall be charged with the recharge invoice of the inconsistencies are confirmed,
 - b) use of labour for sorting the products. The Supplier shall make it with their own resources and at their expense within the time limit specified by the Recipient or the Recipient shall charge Supplier the costs sustained on such action.
- 7.3.4. If qualitative problems keep recurring, the Recipient can introduce the following controls:
- Level I – CLS /: 100% control at the Supplier's site carried out with own resources and confirmed in a manner agreed with the Recipient,
- Level II – CLS2: 100% control at the Recipient's site carried out by an external company,
- Level III – New Business Hold: suspension of new orders.
- 7.3.5. Any complaints shall be replied to on 8D print.
- 7.3.6. The Supplier shall contact the client within 24 h to agree on the manner of handling of the complaint.
- 7.3.7. Paks'D reserves the right to suspend payments for the products complained about until the complaints procedure is over.
- 7.3.8 If a client files a complaint for reasons attributable to the Supplier, the Recipient shall have the right to reinvoice any and all costs to Paks'D.

Clause 8) QUALITATIVE REQUIREMENTS FOR SUPPLIERS.

8.1. QUALITY MANAGEMENT SYSTEM.

- 8.1.1 Every Supplier shall be subject to evaluation and approval before placement of the first order to them, and subsequently to periodical evaluation. Unsatisfactory evaluations shall entail the necessity to introduce corrective and improving action by the Supplier, which shall be the requirement if the same wants to stay in the Qualified Supplier List of Paks'D Sp. z o.o.
- 8.1.2. The Supplier of automotive production elements shall be required to hold a certified Quality Management System compliant with Technical Specifications ISO/TS 16949. The minimum requirements of Paks'D for suppliers shall include the possession of a valid certificate for the Quality Management System compliant with standard ISO 9001.
- 8.1.3. The Supplier shall also be required to take into account aspects related to environment protection and to that end have implemented or be in the process of implementing standard ISO 14001, which shall be confirmed by a certificate issued by accredited bodies.
- 8.1.4. The Supplier shall supply the certificates of the management systems required by Paks'D Sp. z o.o., issued by accredited bodies.
- 8.1.5. The Suppliers not holding any certificates yet shall provide Paks'D Sp. z o.o. with a temporary schedule of certification in accordance with ISO/TS 16949 (ISO 9001 is the first stage to achieve that goal) and/or ISO 14001.

8.2. LIABILITY.

- 8.2.1. The Supplier shall accept full liability for the quality of the products/services. The Supplier shall be liable for meeting requirements in their organisation and for their suppliers' meeting requirements.

8.3. SKILLS, TRAININGS, AWARENESS.

- 8.3.1. The Supplier shall ensure that the staff doing quality-affecting activities shall be familiarised with all qualitative requirements communicated by Paks'D Sp. z o.o.
- 8.3.2. Persons having access to the documentation entrusted by Paks'D Sp. z o.o. shall observe non-disclosure principles.

8.4. MANUFACTURE AND SERVICE PROVISION.

8.4.1. PRODUCTION SUPERVISION.

8.4.1.1. Processes on products intended for the automotive industry shall be carried out according to the determined technology.

8.4.1.2. The Supplier of automotive products shall notify Paks'D Sp. z o.o. of any and all changes in the technological process confirmed by Paks'D Sp. z o.o. / clients or the supervisory body, if they affect the product and/or its characteristics before its release.

8.4.1.3. The following qualitative documents shall be attached to every delivery:

- a) a certificate of quality containing the required characteristics of parameters,
- b) test reports (at a request).

The qualitative documentation shall be required to contain data allowing unambiguous identification with the delivered products. The above documents shall be supplied along with the delivery at the latest, preferably in the electronic form to the email address from the order or otherwise specified by Paks'D Sp. z o.o.

8.4.2. VALIDATION OF PRODUCTION PROCESSES AND SERVICE PROVISION.

8.4.2.1. The contractor of special processes shall obtain approval of Paks'D Sp. z o.o. or its clients. Any and all changes in the special processes shall be subject to approval before application.

8.4.3. IDENTIFICATION AND IDENTIFIABILITY.

8.4.3.1. The delivered components must be identified at least by means of the following:

- a) name/index of the product,
- b) batch number,
- c) weight of the products/number of pieces,
- d) dimensions of the product,
- e) information about the melt and grade of steel/aluminium (applicable to direct production materials).

8.4.4 OWNERSHIP OF CLIENT.

8.4.4.1 The materials and products delivered by Paks'D Sp. z o.o. or owned by it must be supervised and marked in a visible manner and can be used in accordance with the order only.

8.4.4.2. The Supplier shall notify Paks'D Sp. z o.o. of destruction or loss of any materials and products and shall return any and all non-compliant products made of the entrusted materials.

8.4.5. SECURITY OF PRODUCTS.

8.4.5.1. The Supplier shall secure the product against destruction and modification during production and carriage.

8.5. PURPOSES OF SUPPLIERS OF DIRECT PRODUCTION MATERIALS AND CO-OPERATORS

8.5.1. The Supplier shall strive to observe at least the following principles:

- a) no inconsistencies in deliveries,
- b) deliveries on time – according to the dates agreed in the order or schedule of deliveries,
- c) maximum number of complaints in a year: 0.

8.6. IDENTIFICATION AND IDENTIFIABILITY.

8.6.1. The delivered components must be identified at least by means of the following:

- a) name/index of the product,
- b) batch number,
- c) weight of the products/number of pieces,
- d) dimensions of the product,
- e) information about the melt and grade of steel/aluminium (applicable to direct production materials).

8.7. NON-COMPLIANT PRODUCT.

8.7.1. Products inconsistent with the order can be delivered only upon prior consent of Paks'D Sp. z o.o.

8.7.2. Products qualified as inconsistent or deviating must be separated from consistent products upon delivery and visibly marked. Obtaining a consent to a deviation must be noted in the qualitative documentation.

8.7.3. Paks'D Sp. z o.o. shall be immediately notify if inconsistencies in already delivered products are suspected or found.

8.8. IMPROVEMENT.

8.8.1. Paks'D Sp. z o.o. shall carry out periodical evaluation of suppliers, covering such aspects as:

- a) quality of deliveries,
- b) timeliness of deliveries,
- c) current cooperation.

If a Supplier achieves unsatisfactory results, they shall develop and implement improvement action.

Clause 9 PRICES.

9.1. The prices provided in orders shall be fixed. Any changes in the prices shall require a written consent of the Recipient.

Clause 10) REMEDIES IN CASE OF BREACH OF TERMS BY SUPPLIER.

10.1. If the Supplier must pay the liquidated damages or compensation under these terms, the Recipient can set them off with the fee due to the former.

10.2. If the Recipient bears TPL or contractual liability for defectiveness, non-compliance or unreliability of the products delivered by the Supplier or if the Recipient is otherwise obliged to cover the damage arising from defective products, the Supplier undertakes to:

- a) reimburse the Recipient for any resulting losses,
- b) participate in the pending judicial proceedings.

10.3. The Supplier shall be liable for any physical defects of the products also in the situation where it is bound by the stance of the Recipient as regards the manner of production and delivered documentation. The Supplier can release themselves from the above liability if despite exercise of due diligence, they could not detect the defectiveness in the production process and process documentation or if the Recipient, despite being notified of the defectiveness by the Supplier, insisted on the production manner specified by them and if the delivered technical documentation is complied with.

10.4. If the Supplier fails to satisfy the contracted obligations, unjustified withdrawal from execution of an order or withdrawal by the Recipient from execution for reasons attributable to the Supplier, the Supplier shall pay, notwithstanding the compensation for the resulting damage to the Recipient, the liquidated damages amounting to the value of the ordered and not executed delivery.

10.5. The Recipient and the Supplier can withdraw from execution of an order subject to a period of time allowing satisfaction of the obligations existing at the time of submittal of a declaration of resignation from the order until deliveries from a new supplier are secured.

10.6. If orders with batch deliveries are executed – if the Supplier's failure to satisfy any of their obligations gives the Recipient a justified basis for concluding that a material breach of the order will occur in relation to the future batch deliveries, the Recipient can declare withdrawal from execution of the order in full. However, they shall do so at least 20 days before the next delivery.

10.7. The Recipient, when declaring withdrawal from the given batch of the products for reasons attributable to the Supplier, can simultaneously declare withdrawal from the contract-order as to the deliveries already performed or deliveries to be carried in the future if due to a link between them such deliveries will not be able to be used for the purpose envisioned by the parties when the order was contracted.

10.8. Any and all matters not regulated by the provisions of this clause shall be governed by the provisions of the Civil Code (limited warranty, implied warranty etc.).

10.9. If the law of the country where the object of an order is used requires that special requirements are met, e.g. in terms of safety or environment protection, the Supplier shall, at the Recipient's request, present due documentation on authorisation of the given product for use and documentation on the production processes, which specify who and with what result checked the product in terms of compliance with the effective standard.

10.10. The Supplier shall hold all relevant certificate of marketing authorisation for a product, if required – documentation specifying the product's compliance to the effective standards in terms of security and environment protection and shall keep such documentation for 15 years in order to be able to produce to the Recipient the required documents.

10.11. The Recipient shall have the right to control the production methods and documentation of technical acceptance of products at the Supplier's plant concerning the compliance of the production process and products with the prescribed requirements and the effective standards.

Clause 11) DRAWINGS – TECHNICAL DOCUMENTATION – INSTRUMENTATION.

11.1. Drawings, samples, patterns, forms and any other documents of the Recipient provided to the Supplier must be stored with utmost care and must be returned to the Recipient after completion of deliveries or if an offer is rejected.

11.2. Any and all items specified above shall be owned by the Recipient and it shall be prohibited to use and reproduce them in an unauthorised manner for deliveries not intended for the Recipient.

11.3. Outside the execution of the Recipient's order, the Supplier:

- a) cannot reproduce the above items or provide them to third parties without a written consent of the Recipient,
- b) shall deem it illegal (unless done by the Recipient) to produce and sell products according to the drawings, patterns or samples of the Recipient for production of replacement parts and otherwise, regardless of whether or not the name, brand or the factory sign of the Recipient is specified.

11.4. The Supplier shall record and mark the items and documentation provided to it by the Recipient as owned by the Recipient unless same has not marked them earlier.

11.5. The Supplier cannot apply for any patents or other titles of industrial exclusivity in relation to the object of delivery and the handed over items.

11.6. It shall not be possible to establish a pledge or other securities on the things belonging to the Recipient.

11.7. The Supplier must impose and guarantee the above obligations on and to any and all third parties (cooperating on the basis of a prior written consent of the Recipient).

11.8. Any breach of the obligations of the Supplier specified above shall lead to the emergence of the obligations to compensate for the resulting damage to the Recipient.

11.9. The structural documentation of the instrumentation must be made by the Supplier in accordance with the requirements of Paks'D.

11.10. The materials and standard commercial parts used to make the instrumentation must be selected in accordance with the requirements of Paks'D.

Clause 12) INVOICING

12.1. Every invoice must include the order number and the name of the ordering party, material code, number of the goods dispatched note of the Supplier, the delivered quantity, unit price, total value, VAT and the Supplier's code. If not all data have been provided, the payment for the given invoice shall be suspended until the required data are supplemented.

Clause 19 ADVERTISING.

13.1. The Recipient shall allow the Supplier to disclose the information on the fact of cooperation with the Recipient with promotions and advertising. However, disclosure of other information about, for instance, matters of deliveries, the effective prices or terms of cooperation shall require the Recipient's consent and shall be done under their control.

Clause 14) ENVIRONMENT PROTECTION.

14.1. All environment protection-related matters shall be required by the Environment Protection Law of 27.04.2001, as amended.

Clause 15) DISPUTE RESOLUTION.

15.1. The parties shall make every effort to resolve any disputes amicably.

If a dispute cannot be resolved amicably, the parties shall refer a dispute for resolution to the competent court of proper venue serving the address of the Recipient's registered office.

Clause 16) FINAL PROVISIONS.

16.1. The governing law for the general terms and conditions of purchase and the orders issued by the Recipient shall be Polish law.

16.1.2. The application of the United Nations Convention on international sale of goods are hereby excluded.

PREZES Zarządu

Confirmed by
inż. Witold Sikora

16.06.2021

Approval date: