

General Purchase Conditions (Guidelines for Suppliers) of the company PAKS'D Sp. z o. o.

I. INTRODUCTION.

Art. 1) GENERAL.

1.1. This document regulates the conditions for submitting and executing orders issued by Paks'D and is valid in the economic relations of Paks'D (hereinafter referred to as the Recipient) with the Supplier. The Supplier is understood as an entity which is obliged by the accepted order to deliver the ordered goods or provide a particular service. Whenever a document refers to goods - it means both tangible or intangible goods as well as services provided.

1.2. *General Conditions of Purchase (Guidelines for Suppliers)* constitute an integral part of the issued orders and schedules. Completion of the order also constitutes the acceptance of the *General Terms of Purchase (Guidelines for Suppliers)* without the need to confirm them.

II. LOGISTIC REQUIREMENTS.

Art. 2) ACCEPTANCE OF AN ORDER ISSUED BY THE RECIPIENT.

2.1. The condition for accepting an order for execution by the Supplier is its written confirmation up to 7 days. In the absence of confirmation or refusal to accept the order, the order is considered accepted with all the conditions contained therein.

2.2. The conditions set out in the order are also considered accepted in the case of partial or complete execution of the order.

2.3. Any changes to the order related to: e.g. quantitative corrections of the delivered material, delivery dates, packaging, form of delivery, change of prices, form and date of payment, may only be made after the Recipient's written approval.

2.4. In the case of open orders, the basis for order fulfillment is the "delivery schedule" which strictly defines the delivery date, quantity and assortment. The Recipient reserves the right to change the schedules on the basis of time and quantity adjustments depending on the needs.

2.5. The implementation of a delivery schedule together with any corrections constitutes an automatic acceptance for the Supplier: of both the clauses contained in the *General Terms of Purchase (Guidelines for Suppliers)* and the conditions set out in a relevant order.

Art. 3) SUB-SUPPLIERS.

3.1. The Supplier may not even partially assign the performance of the order to third parties.

3.2. If the Supplier deems it necessary to transfer precisely defined activities to specialist companies (e.g. inspections), they should obtain a written consent of the Recipient in advance.

3.3. However, the Supplier remains always responsible to the Recipient for any possible non-compliance caused by their sub-suppliers.

Art. 4) DELIVERY DATES.

4.1. Established in an order and in "delivery schedules" with possible corrections, the deadlines are irrevocable, thus both delays and acceleration of deliveries are excluded, in relation to the previously agreed dates.

4.2. Goods delivered earlier than the agreed deadline, except in the case of the express request of the Recipient, may not be accepted. In this case, it will be returned to the Supplier at their expense and risk.

4.3. If it is impossible to return the goods, the Recipient may accept them, but the payment date will be counted from the date of delivery specified in the order. The Recipient is also entitled to charge the Supplier with the appropriate storage costs.

4.4. In the event of delays in delivery, not caused by force majeure, Paks'D is entitled to take the following actions:

- a) may demand compensation from the Supplier for the losses incurred on this account,
- b) may impose a contractual penalty on the Supplier corresponding to 5% of the value of the undelivered goods for each working day of delay,
- c) may designate an additional date for the Supplier to fulfill their obligations,
- d) may withdraw from the order in its entirety or resign from this batch of goods.

4.5. If the Supplier foresees difficulties in meeting the delivery date, they are obliged to immediately inform Paks'D about the problems.

4.6. In the event that the performance of the order is disturbed by confirmed circumstances of "force majeure" (e.g. floods), the delivery dates are deemed to be postponed, and the new dates are agreed upon by mutual consent. Force majeure cannot be invoked if it occurs after the final delivery date.

Art. 5) ORDERS WITH DELIVERY ACCORDING TO THE SCHEDULE, PARTIAL, RECURRING.

5.1. The Supplier is obliged to maintain a stock of goods in their warehouse in order to ensure the continuity of deliveries according to schedules.

5.2. The stocks (inventories), consisting of qualitatively checked goods, moving inside the warehouse in accordance with the FIFO principle (first in first out) must be marked and located in such a way that the Recipient's representatives can easily identify and control them.

5.3. Periodically, the Recipient will communicate to the Supplier the amount of necessary stock / production capacity for each type of product. In the absence of such information, the amount of the stock is equal to 30% of the Recipient's monthly demand included in the delivery schedules. In the event of the Supplier's failure to comply with the above, the Recipient may charge the Supplier a contractual penalty equal to twenty times the value of the missing stock.

Art. 6) DELIVERY OF GOODS AND RELEVANT DOCUMENTATION.

6.1. The marking of the goods, packaging, labeling, shipping and transport of the goods will be in accordance with the instructions of Paks'D.

6.2. Unless otherwise agreed, the delivery is considered to be made when the goods arrive at the indicated warehouse of Paks'D.

6.3. The delivery of goods takes place in accordance with the conditions specified in the order. Unless the accepted order provides otherwise, the Supplier is obliged to deliver the goods to the Recipient's warehouse at their own expense and risk. Responsibility for the material is transferred to the Recipient upon receipt of the delivery at the Recipient's warehouse.

6.4. The Supplier is obliged to provide, prior to shipment or at the maximum upon delivery, a set of documents: a sales invoice, a delivery note, a material certificate and a quality certificate, guaranteeing the compliance of the delivered product with the order (in terms of dimensions, weight, mechanical parameters and chemical composition). Quality documents must refer to the specific number of the delivery note. Deliveries without complete documents will not be accepted at the Recipient's warehouse until they are completed. The Recipient reserves the right to issue a complaint in the amount of EUR 100 as administrative costs of the Quality Control, for the time spent for late delivery of the required documents. The delivery document should contain at least the order number, name of the ordering person, description of the goods with the code, delivered quantities broken down into specific parts of the delivery, net and gross weight.

6.5. The Supplier is responsible for any deficiencies and non-compliance of the goods with the order placed at the time the risk is transferred to the Recipient, even if the non-compliance is revealed only at a later date.

6.6. The Recipient should notify the Supplier in writing about any non-compliance of the goods with the order placed.

6.7. In the case of deliveries of chemical substances / mixtures, the Supplier is obliged to provide valid safety data sheets in Polish.

Art. 7) QUANTITATIVE ACCEPTANCE OF THE DELIVERY.

7.1. The supplier is obliged to deliver the goods according to the quantity and quality in the assortment provided for in the order and delivery programs.

7.2. Verification.

7.2.1. The discrepancies between the declared quantity and the quantity determined by the Recipient as a result of the quantitative control will be communicated to the Supplier upon their disclosure.

7.2.2. Surplus of goods may not be accepted and may be returned to the Supplier at his expense and risk.

7.2.3. In the event of a shortage of goods, the Recipient is entitled to:

- a) accept the shortage of goods, settle the payment corresponding to the value of the actually delivered goods,
- b) set an additional date for the Supplier to deliver the missing batch of goods,
- c) impose a contractual penalty on the Supplier, corresponding to 5% of the value of the undelivered goods for each working day of delay,

d) withdraw from the order for this batch of goods and return the goods at the expense and risk of the Supplier.

Art. 8) PRICES.

8.1. The prices stated in the order remain fixed. Possible price changes require approval in writing

III. QUALITY REQUIREMENTS.

9.1. QUALITY MANAGEMENT SYSTEM.

9.1.1 Each Supplier is subject to evaluation and approval prior to placing the first order with him, and then to periodic evaluation. Obtaining unsatisfactory ratings entails the need to implement corrective and improvement actions by the Supplier, which are a condition for remaining on the "List of Qualified Suppliers" of Paks'D Sp. z o.o.

9.1.2. The Supplier of components for automotive production is required to have a certified Quality Management System compliant with IATF 16949. The minimum requirement of Paks'D Sp. z o.o. for suppliers is a valid certificate of the Quality Management System in accordance with the ISO 9001 standard.

9.1.3. The Supplier is required to take into account also aspects related to environmental protection and for this purpose has implemented or is in the process of implementing the ISO 14001 standard, which is confirmed by a certificate issued by accredited institutions.

9.1.4. The Supplier is obliged to provide management system certificates required by Paks'D Sp. z o.o. issued by accredited institutions.

9.1.5. Suppliers not yet having the certificates are required to provide to Paks'D Sp. z o.o. an interim certification schedule under IATF 16949 (ISO 9001 is the first step to achieve this goal) and ISO 14001.

9.2. LIABILITIES

9.2.1. The Supplier is fully liable for the quality of products / services. The Supplier shall be responsible for meeting the requirements within their organization and for meeting the requirements by their own suppliers.

9.3. COMPETENCES, TRAINING, AWARENESS.

9.3.1. The Supplier ensures that the personnel performing activities affecting the quality will be familiarized with all the quality requirements provided by Paks'D Sp. z o.o.

9.3.2. Persons who have access to the documentation entrusted by Paks'D Sp. z o.o. are obliged to observe the rules of confidentiality.

9.4. MANUFACTURING AND PROVISION OF SERVICES.

9.4.1. PRODUCTION SUPERVISION.

9.4.1.1. Processes carried out on products intended for the automotive industry should be carried out according to the established technological process.

9.4.1.2. The Supplier of the product for the automotive industry is obliged to notify Paks'D Sp. z o.o. of any change in the technological process approved by Paks'D Sp. z o.o./ customers or the supervisory authority, affecting the product and / or its characteristics before its introduction.

9.4.1.3. The following quality documents should be attached to each delivery:

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

It is required that the quality documentation contains data enabling unambiguous identification with the delivered product. The above documents should be delivered at the latest with the delivery, preferably in electronic form to the e-mail address given in the order or other address indicated by Paks'D Sp. z o. o.

9.4.2. VALIDATION OF PRODUCTION PROCESSES AND SERVICE DELIVERY.

9.4.2.1. A contractor of special processes should obtain the approval of Paks'D Sp. z o.o. or its clients. All and any changes to special processes are subject to approval prior to application.

9.4.3. IDENTIFICATION AND TRACEABILITY.

9.4.3.1. The delivered components must be identified at least by:

- a) product name / index,
- b) batch number,
- c) weight of the material / number of pieces,
- d) material dimensions,
- e) information on smelting and steel / aluminum grade (applies to direct production materials).

9.4.4 CUSTOMER OWNERSHIP.

9.4.4.1 Materials and products provided by Paks'D Sp. z o. o. or owned by it must be supervised, marked in a visible manner and may be used only in accordance with the order.

9.4.4.2. The Supplier is obliged to inform Paks'D Sp. z o.o. on the destruction or loss of materials, products, as well as to return any and all non-conforming products made from the materials entrusted to them.

9.4.5. PROTECTION OF THE PRODUCT.

9.4.5.1. The Supplier is obliged to protect the product against damage and alteration during production and transport.

9.5. OBJECTIVES FOR SUPPLIERS OF DIRECT PRODUCTION MATERIALS AND OF CONTRACTORS.

9.5.1. The Supplier should strive to meet the following rules as a minimum:

- a) 0 (zero) non-conformities in deliveries,
- b) on-time deliveries - in accordance with the dates agreed in the order or the delivery schedule,
- c) the maximum number of complaints per year: 0 (zero).

9.6. QUALITATIVE VERIFICATION OF DELIVERY.

9.6.1. The Supplier allows the Recipient to perform inspections of the process in their production plant.

9.6.2. In the event of non-compliance of the deliveries with the order in terms of quality or assortment, the Recipient has the right to:

- a) return the goods at the expense and risk of the Supplier,
- b) demand that the goods be replaced with those compliant with the order placed within the time limit set by the Recipient and a contractual penalty is imposed on the Supplier corresponding to 5% of the value of the goods for each day of delay,
- c) withdraw, at its own discretion, from the order for this batch of goods and impose liquidated damages in the amount of costs incurred on this account,
- d) issue a complaint according to the current rate (75 Euro x 2 hours - time to prepare the documents)
- e) request a reduction in the price of the delivered material.

9.6.3. If, in order to adjust the non-conforming goods, additional steps will arise, including:

- a) the need to commission an external company to test the material. In the case of confirmation of non-conformance, re-invoicing the costs of tests to the Supplier,
- b) the use of manpower to sort the goods. The Supplier will do it on their own, at their own expense, within the time limit specified by the Recipient, or the Recipient will charge the Supplier with the value of the costs incurred for these activities.

9.6.4. In the case of recurring quality problems, the Recipient may introduce the following control measures:

Level I – CLS 1: 100% checks at the Supplier's premises carried out by own means, confirmed in a manner agreed with the Recipient,

Level II – CLS 2: 100% checks at the Recipient's premises by an external company,

Level III - New Business Hold: suspension of new orders.

9.6.5. The reply to the complaint should be given on the 8D form.

9.6.6. The Supplier is obliged to contact the customer within 24 hours to determine the method of considering the complaint.

9.6.7. Paks'D reserves the right to withhold payments for the complained goods until the complaint process is completed.

9.6.8. In the event of a complaint at the Recipient due to the Supplier's fault, the Recipient has the right to re-invoice any costs charged to Paks'D.

9.7. NON-CONFORMING PRODUCT.

9.7.1. Delivery of a product that does not conform to the order must be preceded by the consent of Paks'D Sp. z o.o.

9.7.2. Products delivered to Paks'D Sp. z o.o. classified as non-conforming or deviating must be isolated from conforming products and clearly marked. Obtaining approval for a deviation should be recalled in quality documentation.

9.7.3. Immediate notification to Paks'D Sp. z o.o. in the case of suspicion or confirmation of non-conformities related to the delivered products.

9.8. CONTINUOUS IMPROVEMENT.

9.8.1. Paks'D Sp. z o.o. conducts periodic evaluation of suppliers, including but not limited to:

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

In the event of obtaining unsatisfactory results, the Supplier is obliged to develop and implement improvement actions.

IV. GENERAL PROVISIONS.

Art. 10) LEGAL PROTECTION MEASURES IN THE EVENT OF BREACH OF TERMS BY THE SUPPLIER.

10.1. If, on the basis of the provisions of these terms and conditions, the Supplier is obliged to pay liquidated damages or compensation, the Recipient may make a deduction from the remuneration due to him.

10.2. In the event that the Recipient bears civil or contractual liability for defect, non-compliance or unreliability of the products delivered by the Supplier, or if the Recipient is otherwise obliged to cover the damage resulting from the defectiveness of the goods, the Supplier undertakes to:

- a) reimburse the Recipient for any resulting losses,
- b) act as a co-participant in pending court proceedings.

10.3. The Supplier shall be liable for physical defects of the goods also when they are bound by the Recipient's position regarding the method of production and the documentation provided. The Supplier may be released from the above liability if, despite due diligence, they could not detect the defect in the production method and technological documentation, or if the Recipient, in spite of being notified of the defectiveness by the Supplier, insisted on the method of production provided by them and on compliance with the provided technical documentation.

10.4. In the event of the Supplier's failure to meet their obligations, unjustified withdrawal from the order, or the Recipient's withdrawal from the order performance due to the Supplier's fault, the Supplier is obliged to pay, irrespective of the compensation for the damage resulting from this on the side of the Recipient, in the amount of the value of the ordered and unfulfilled delivery.

10.5. The Recipient and the Supplier may withdraw from the execution of the order within the time limit allowing for the fulfillment of the obligations existing at the time of submitting the declaration of resignation from the order, but until the delivery from a new supplier is secured.

10.6. In the case of execution of orders for deliveries in batches - if the Supplier's failure to perform any of the obligations gives the Recipient a reasonable basis for the conclusion that there will be a significant breach of the terms of the order with regard to the delivery of future batches, the Recipient may declare to withdraw from the order in its entirety. However, they shall do so within 20 days prior to the next delivery.

10.7. The Recipient, declaring the withdrawal from a given batch of goods for reasons attributable to the Supplier, may at the same time declare the withdrawal from the contract - order for deliveries already made or for future deliveries, if due to their mutual relationship, these deliveries cannot be used for the purpose intended by the parties at the time of order acceptance.

10.8. In matters not covered by the provisions of this section, the provisions of the Civil Code shall apply (guarantee, warranty, etc.)

10.9. If the law of the country in which the subject of the order will be used requires the fulfillment of specific requirements, e.g. in the field of safety or environmental protection, the Supplier is obliged - upon the Recipient's request to submit appropriate documentation regarding the approval of the product for use and documentation of production processes, which would indicate who and with what result checked the product in terms of compliance with the applicable standard.

10.10. The Supplier is obliged to have the relevant marketing authorization certificates, if required - with documentation indicating its compliance with the applicable safety and environmental protection standards, and to keep such documentation for a period of 15 years in order to be able to submit the required documents at the request of the Recipient.

10.11. The Recipient shall have the right to carry out the inspection of manufacturing methods at the Supplier's plant, of documentation of technical acceptance of products regarding the compliance of production and goods with the prescribed requirements and the applicable standard.

Art. 11) DRAWINGS - TECHNICAL DOCUMENTATION - TOOLING.

11.1. Drawings, samples, patterns, forms and possibly other documents of the Recipient delivered to the Supplier must be stored extremely scrupulously and must be returned to the Recipient after completion of deliveries, or in case of rejection of the offer.

11.2. All the above-mentioned items remain the property of the Recipient and their use and unauthorized reproduction for deliveries not intended for the Recipient is expressly forbidden.

11.3. The Supplier, beyond the scope of the Recipient's order:

- a) may not reproduce or transfer them to third parties without a written consent of the Recipient,
- b) considers it illegal (except for the Recipient) to produce and sell products according to the Recipient's drawings, patterns or samples, both for the production of spare parts and other parts, with or without reference to the Recipient's name, brand or trademark.

11.4. The Supplier is obliged to record and mark the items and documentation provided to them by the Recipient as the property of the Recipient, unless the Recipient has previously marked them.

11.5. The Supplier may not apply for patents or other industrial exclusivity titles in relation to the subject of delivery and delivered items.

11.6. Establishing a pledge or other security on items owned by the Recipient is absolutely not allowed.

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

11.8. Any breach of the Supplier's obligations described above shall result in the Customer's obligation to compensate the damage resulting from this.

11.9. The construction documentation of the tooling must be prepared by the Supplier in accordance with the requirements of Paks'D.

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

Art. 12) INVOICING.

12.1. Each invoice should contain the order number and the name of the ordering person, the material code, the number of the Supplier's CI document, quantity delivered, unit price, total value, VAT and the Supplier's code. In the case of incomplete data, the payment for the invoice will be suspended until the necessary data is completed.

Art. 13) ADVERTISEMENT.

13.1. The Recipient allows the Supplier to disclose information about the fact of cooperation with the Recipient in promotions and advertising. However, the disclosure of other information regarding, for example, the issue of deliveries, applicable prices, terms of cooperation, requires the consent of the Recipient and takes place under their control.

Art. 14) ENVIRONMENTAL ISSUES.

14.1. Environmental protection issues are regulated by the Act - Environmental Protection Law of April 27, 2001 as amended.

Art. 15) DISPUTE RESOLUTION.

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

If it is impossible to settle a dispute amicably, the parties shall submit the dispute to the competent Court for the seat of the Recipient.

Art. 16) FINAL PROVISIONS.

16.1. In relation to the general terms of purchase and orders issued by the Recipient, the applicable law is Polish law.

16.1.1. The application of the United Nations Convention on Contracts for the International Sale of Goods is hereby excluded.

V. SUPPLIER CODE OF CONDUCT.

Art.17) BUSINESS PRACTICES.

17.1. Corruption, bribery and business misconduct

The Supplier will not - in order to obtain or maintain orders or other business benefits - offer, promise or give anything of any value or unfair advantage to a government official or any third party in order to influence such person or to induce them to act in any way or restraining them acting in connection with their duties. This principle shall apply irrespective of whether the benefit is offered directly or indirectly.

The Supplier should not demand, accept or receive any undue advantage or anything that would be of any value and that could influence the decisions made, or seek to influence any related circumstances, factors or relationships (business, personal, economic or otherwise), that could lead to an actual or perceived conflict of interest.

17.2. Competition

The Supplier may not conclude, endeavor to conclude or otherwise engage in any agreements, understandings or actions that would constitute a breach of applicable laws and regulations on competition.

17.3. Data privacy

The Supplier will comply with the applicable data protection laws.

Art.18) HUMAN RIGHTS AND WORKING CONDITIONS

18.1. Human rights

The Supplier will respect and support the individual and collective human rights related to their activities. The Supplier will take appropriate actions to assess, prevent and remove potential negative human rights impacts in a manner consistent with international human rights instruments.

18.2. Work hours

The Suppliers should comply with applicable laws and regulations and national industry standards regarding working time, including overtime, public holidays and paid holidays.

18.3. Children labor

The Supplier may not employ children under the age of 15 or the higher minimum employment age required by applicable law. Juvenile workers under the age of 18 may not be employed to perform any hazardous work.

Should it be determined that a child is working at a Supplier's premises and that this is not an exception under the provisions of the ILO Child Labor Convention (No. 138), steps will be taken promptly to remedy the situation in accordance with the best interests of the child.

18.4. Forced labor

The Supplier will not hire employees against their will and will not require them to deposit identification documents or make any deposits (financial, including recruiting or other fees) as a condition of their employment. All employees have the right to leave their job upon giving appropriate notice.

18.5. Freedom of association and the right to collective bargaining

The Supplier's employees are entitled to freely assemble and associate. No one may be compelled to belong to an association. The Supplier will respect the rights of employees to belong to a trade union and to be represented in collective agreements in accordance with applicable laws and ILO conventions. In countries where the laws in force restrict the above rights, alternative means of associating workers should be promoted.

18.6. Conditions of employment

Wages and benefits paid for a standard working week must, as a minimum, meet national legal or industry standards, whichever is higher.

Payments must be made on time, in legal tender and fully documented.

18.7. Non-discrimination and equal opportunities

The Supplier will not endorse any form of discrimination or harassment, including, but not limited to, discrimination or harassment based on race, color, gender, sexual orientation, language, religion, political or other belief, and national or social origin. The Supplier should promote equal opportunities and treatment with respect to employment and occupation. All employees will be treated with respect and dignity, and the Supplier will not tolerate any form of unacceptable or degrading treatment, including psychological harassment, sexual harassment or discrimination by gesture, language or sexual contact, coercion, threats or exploitation.

18.8. Conflict minerals

As far as applicable to the Supplier's operations, written policies and procedures should be in place to avoid knowingly purchasing of minerals from conflict-affected or unsustainably mined areas with high environmental and social costs.

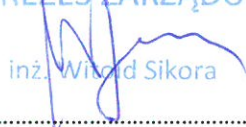
Art.19) OCCUPATIONAL HEALTH AND SAFETY.

In order to minimize health and safety risks, the Supplier has a responsibility to ensure a healthy and safe working environment for all of its employees and to comply with applicable industry standards and norms. This includes compliance with applicable laws and regulations, international standards and ILO conventions on health and safety at work.

The Supplier must ensure that its employees understand the hazards and safe practices that apply to their work and that they understand that they have the right to refuse or discontinue hazardous work. Whenever necessary, the Supplier is obliged to provide employees with appropriate personal protective equipment and instruct them to use them.

The Supplier is obliged to provide relevant and regular training that will ensure adequate training of employees in the field of occupational health and safety.

PREZES ZARZĄDU



inż. Witold Sikora

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Approved by

October 28, 2022

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Approval date