

**GENERAL CONDITIONS FOR PURCHASING  
SHL PRODUCTION Sp. z o.o.****1 General Provisions**

Commercial relations resulting from the execution of the order are additionally regulated by the following General Conditions for Purchase in SHL PRODUCTION Sp. z o.o. (OWZ), as well as the clauses included in the order and communicated to the Supplier.

1.1 An order shall be considered approved for execution as soon as SHL Production receives an order confirmation signed by the Supplier. Suppliers of direct production products are required to return signed orders.

If the Supplier shall not send back to SHL Production the signed above-mentioned documents and shall proceed with the execution of the order, the fact of proceeding with the execution of the order shall be considered as the Supplier's acceptance of the terms and conditions of the order, the specific additional clauses of the order and the terms and conditions included in these OWZ.

1.2 The Supplier agrees not to distribute commercial or other information in relation to the performance of the order.

1.3 The term **product** as used in these OWZ refers to the delivery items included in the order for SHL Production.

**2 Changes to deliveries**

2.1 If SHL Production requests so, the Supplier is obliged to change the characteristics of the ordered product or to terminate the delivery.

In last case, unless otherwise agreed, the Supplier shall be obliged to keep at its own expense the products already produced or in production for an amount not exceeding in any case the total sum of:

- 1) the deliveries scheduled for the month of notice of change or cancellation for the following month;
- 2) semi-finished and raw materials for the production of the items scheduled for delivery in the following month;
- 3) quantities of stocks agreed as obligatory.

**3 Reliability, quality, and control**

3.1 The Supplier is obliged to perform inspections and tests to determine the conformity of the product with the technical documentation provided by SHL Production and/or the specifications contained in the order. PPAP shall apply to products directly in production (steel plates excluded).

3.2 The Supplier agrees to apply and maintain such production and control equipment as well as procedures that ensure that the products to be supplied are always of adequate quality and meet the requirements of SHL Production (standards, specifications).

3.3. With reference to the responsibilities and obligations resulting from points 3.1 and 3.2, the Supplier shall allow representatives of SHL Production to inspect and control production methods as well as inspect, test, and audit its machinery, processes, and systems.

3.4 The Supplier shall issue quality certificates confirming that the products delivered to SHL Production comply with the order. The Supplier shall enclose an appropriate quality certificate (e.g., attestation) to each shipment of products delivered to SHL Production. In the case of missing certificate SHL Production will be entitled to reject the product.

3.5 The Supplier shall notify SHL Production of any technical or technological changes that may affect the characteristics of the product and those that may affect its quality.

**4 Delivery**

4.1 Packaging, identification, dispatch, and transport of the ordered products shall be performed in accordance with the requirements of SHL Production.

4.2 Within the agreed delivery dates and programmes, delivery dates and programmes are mandatory and permit no delays or advance deliveries. SHL Production is entitled to return a delivery supplied before the agreed date at the cost and risk of the Supplier or to charge the Supplier for storage costs. In case of delays in delivery not caused by force majeure, SHL Production shall have the following options:

- a) to charge the Supplier for the value of the damage sustained due to the delay;
- b) to procure elsewhere and at any time, in part or in whole, the ordered products at the cost and risk of the Supplier, with the sole obligation to notify the Supplier accordingly;

In the above cases SHL Production shall be entitled to claim compensation for all losses actually sustained.

**5 Acceptance of Goods and Guarantee**

5.1 The ordinary delivery of goods and payment shall in no case be considered as acceptance of goods, which is performed by the responsible departments of SHL Production in accordance with the procedures indicated in the following paragraphs.

5.2 The Supplier guarantees that the delivered quantity of products conforms to the delivery programme. If, in case of a delivery inspection, it is found that the delivered quantity does not comply with the quantities previously agreed, SHL Production shall have at its decision, one or more of the following options:

- a) accept the quantity difference with the possibility of potential revisions for future deliveries;
- b) return the excess quantities at the Supplier's expense and risk or charge the Supplier's account for inventory and storage costs, except for quantity tolerances previously agreed in writing;
- c) order the Supplier to ensure immediate delivery of the quantities identified as defective.

Furthermore, SHL Production shall be authorised to claim compensation if damage is sustained as a result of the Supplier's failure to comply with its responsibilities under point 5.2.

5.3 The Supplier guarantees that the delivered products are free from defects, faults and non-compliance with the order and additional conditions and all legal requirements including: European Union Directives, product liability regulations applicable in Poland and in the Client's country.

5.3.1 If defects, faults and non-conformities in the delivered products are found, SHL Production shall have the following options:

- a) require the Supplier to replace the defective products or the entire shipment at the Supplier's expense;
- b) reject the defective products or the whole shipment at the cost and risk of the Supplier without demanding their replacement (if the Supplier fails to respond to the Ordering Party's intervention within 24 hours);
- c) demand that the Supplier performs the selection of damaged products at its own cost or to perform such selection at the cost and risk of the Supplier;
- d) repair defective products with additional treatment at the Supplier's cost and risk;
- e) charge the Supplier with an equivalent of the costs paid by the Ordering Party according to the current price.

**6 Invoicing, evidence of delivery and payment**

6.1 Invoices shall include: order number; Regon, Tax Identification Number, Supplier's ID number; drawing number or material code, number of pieces per delivery, unit of measure, unit price and due date as specified in the order - lack of the above may delay payment.

6.2 Delivered products must always be accompanied by a delivery note that complies with the applicable tax regulations.

6.3 If defects or non-conformities are discovered in one or more shipments of goods delivered, SHL Production may exclude from the total amount of payments owed to the Supplier on a specific date, the payment of an amount equal to the value of these shipments until the Supplier delivers new or replacement shipments.

**7 Competitiveness formula**

7.1 The Supplier accepts the formula of competitiveness, which assumes maintaining the quality of products / services provided as well as their prices at the most competitive level over time. SHL Production agrees to inform the Supplier about improvements in products/services offered by competitors, requesting the Supplier to increase the level of supplied products/services accordingly. In case the Supplier would not be able to comply with SHL Production's requirements, the parties shall jointly decide on termination of cooperation specifying the time and way of performance.

## **8 Management System**

The Supplier agrees to continuously improve his Management System by implementing and maintaining the system based on ISO 9001 as well as ISO 14001. Welding service providers shall comply with the requirements of ISO 3834. The following confirmations and/or certifications are required: a) third party assessment - certificate, b) customer indication, c) self-assessment as a minimum requirement.

In addition, the Supplier shall perform a self-assessment regarding the Social Responsibility of the company. SHL Production is entitled to perform technical visits to the Supplier and to audit the process or management system for compliance with the requirements of the abovementioned standards. The Supplier agrees to comply on SHL Production site with the rules and procedures for occupational health and safety and environmental protection according to ISO 14001.

*We have taken note of the contents of the above General Conditions for Purchase of SHL Production and declare that we agree with both their clauses and the terms and conditions contained in the order.*