

GENERAL PURCHASING CONDITIONS

1 – Scope

These General Purchasing Conditions (hereinafter the "Conditions") are valid for all purchase contracts where the company TOMATEX Otrokovice, a.s. acts as a purchaser (hereinafter the "Purchaser") and take precedence over potential conditions contained in contractual or unilateral documents of the Supplier. In case that the contract between the Purchaser and the Supplier does not provide other explicitly stated provision, it is understood that it is governed by a content of these Conditions.

Purchase contract means a written contract or binding purchase order which is made in written or in electronic form and which is accepted by the supplier. The contract, respectively the order, must contain all the particulars, especially the identification of the Supplier and the Purchaser (VAT, seat, place of business, authorized person), article, price and quantity of required goods, delivery time of goods and any other delivery terms if they are to differ from these Conditions.

Specific requirements for concrete products, and/or project, are specified in detail in the document "Quality Commitment" which is valid and for the Supplier binding including all annexes and supplements. The Supplier undertakes to accept relevant customer specific requirements for the whole supplier chain coming from OEM and/or respective Purchaser's direct customer.

2 – Supplier Quality Management System

The Supplier undertakes to permanently maintain and further develop the Quality Management System which meets all requirements defined under the standard IATF 16949. The Supplier shall prove proper functioning and effectivity of the Quality System through a certification by an accredited body.

Should the Supplier's Quality System be certified only as per a standard of ISO 9000 series, the Supplier undertakes to strive for and obtain a certification as per IATF 16949 within a reasonable space of time.

The Supplier shall oblige his subcontractors to fulfil the above-mentioned Quality System requirements.

3 - Audit

The Supplier must enable the system, process or product audit to be carried out. The Supplier undertakes to allow an access to production, laboratory and warehouse premises so that the measure to which the prescribed quality assurance requirements is complied with could be assessed. The auditor must be allowed to access to documents and records related with quality issues.

In case of repeated quality problems the Supplier has to enable another audit to take place in the nearest possible time-limit not exceeding 5 working days.

Should there be a requirement for corrective measures as a result of a carried out audit, the Supplier undertakes to implement such measures in accordance with a previously agreed schedule and to submit documents proving effectiveness of measures taken.

The Supplier undertakes to carry out audits at his subcontractors and to arrange a potential audit at his subcontractors for the Purchaser auditors, and/or for his customers.

4 - Development

In developing his products, the Supplier will proceed in accordance with Purchaser's requirements, requirements defined in IATF 16949 standard and general rules for project proceedings.

All development activities should be carried out with respect to:

- fulfilment of prescribed requirements for product and its function
- fulfilment of legal requirements
- product process capability in serial production
- prevention of fault conditions (FMEA, Poka-yoke...)
- risk minimization
- minimizing product prices and maximizing production productivity

The Supplier understands and acknowledges that the product complies with all legal requirements, including usual standards and regulations valid for the automotive industry even in case the Purchaser has not expressly stipulated any such regulations, requirements and standards in his submission.

The Supplier shall submit sampling (as per a specified methodology and level) including documentation and a required number of samples. The Supplier assures that the submitted samples were produced in conditions maximally approaching the serial production.

The Supplier undertakes to submit a new sampling, provided a situation occurs when this is required (for instance a change of supplier, production equipment, material, etc.). The Purchaser reserves the right to be indemnified by the Supplier for damage, provided such damage was due to a change which was not stipulated and approved by the Customer.

Submitted samples will not be invoiced.

5 – Product requirements

The Supplier is obliged to deliver products that fulfil the parameters required by the Purchaser.

The Supplier undertakes to deliver products with an applicable certificate proving quality and required parameters of supplied components. Should the Supplier fail to submit the required certificates of the specified tests and trials, the Purchaser may have the parameters reviewed by an external laboratory. Costs of these tests will be charged to the Supplier's expense.

Submitting of a certificate does not exempt the Supplier from liability to fulfil product parameters which are not quoted in the Annex, nonetheless are quoted in other product documentation (drawings, material data sheet).

Products supplied by the Supplier must meet the prescribed visual aspects. The requirements are defined by an approved sampling documentation and by approved signed reference samples.

6 – Product Safety & Conformity

The Supplier is obliged to ensure the safety and conformity of its products and to establish and hold a Product Safety & Conformity Representative (PSCR) whose name and contact is informed to the Purchaser.

7 – Production process requirements

The Supplier is obliged to ensure the required capability (validation) of function marks specified in Quality Commitment.

8 – Packaging, logistics and delivery requirements

The Supplier undertakes to provide a packaging method of the product before the first delivery and is responsible for eventual damage of goods caused by unsuitable packaging. The Supplier is obliged to specify to the Purchaser storing conditions, i.e. by which way and in what conditions the material must be stocked at the Purchaser to avoid any its damaging caused by unsuitable stocking.

If transport is provided by the Supplier, then the Supplier is obliged to secure the goods in such manner to prevent any damage or impairment during transport. The Supplier is held responsible for the goods until the moment when the goods are unloaded at the place of destination in agreed deadline. Should there be any delay in the agreed delivery deadline, such delay must be immediately advised to the Purchaser. Any provable extra costs incurred due to a delayed delivery will be charged to the Supplier's expense.

The Supplier shall adhere to the FIFO system.

9 – Quality objectives

A benchmark of the overall quality of the delivered product is the ppm measure, i.e. the number of faults per million pieces. The target status for all deliveries is ppm = 0. The ppm level, for which the quality of products will be considered as acceptable, can be specified and agreed within the launch of production.

The Supplier shall continually deliver goods in a perfect condition. Should the delivery include any faulty goods, such goods must be replaced by faultless ones immediately.

10 – Documents and records

The Supplier must prove traceability of supplied products down to the level of input components. The Supplier guarantees to commit his subcontractors to do the same.

The Supplier undertakes to retain all quality records of “D“ components for 15 years minimum and is obliged to submit such records to the Purchaser on request. The Supplier is obliged to keep other records for 5 year at least, unless specified otherwise.

11 – Complaints, corrective measures

Should the supplied products manifest any faults, the Purchaser will advise the Supplier about this fact. The Supplier shall, without delay, take corrective measures leading to a speedy removal of such faults on delivered products, to minimization of damage and extra costs on the Purchaser’s part and to subsequent quality assurances in other deliveries.

If the Purchaser is compelled, on reasons of poor quality, put in place a 100percent sorting of delivered products, any extra costs incurred as a result of and in connection with this will be charged to the Supplier account.

In case the Supplier has been appointed by the Purchaser’s customer, the Purchaser reserves the right to advise the customer on any Supplier’s quality problems.

12 - EMS and safety

The Supplier guarantees to comply with any and all legal provisions in connection with the environmental protection and the safety at work.

13 – Non-disclosure agreement

The Supplier undertakes to treat all disclosed information, documents and samples as confidential. The object of nondisclosure are in particular any technical and technological documents, results of development and tests, samples of materials and products, business information and information on Purchaser’s strategic objectives and his know-how.

Without a prior written consent by the Purchaser, any information, documentation and samples may not be disclosed to a third party. Provided the Purchaser agrees with the disclosure of information to a third party, the Supplier shall oblige the third party to meet the same nondisclosure conditions as regards information, by which he is bound by the Purchaser.

14 – Supplier’s proposal for cost reduction

Supplier shall take measures in the development, production, technology and other steps leading to the comprehensive improvement of their products and related cost reduction of their products in the framework of continuous improvement of the level of competitiveness within a given market.

15 – Supplier CSR/Sustainability Requirements

The Supplier is expected to adhere to the elements of Purchaser’s policies and requirements covering corporate social responsibility/sustainability presented in Purchaser’s websites.

16 – Final provisions

All provisions defined in this Agreement are valid for both parties. Any changes in this Agreement may be made in form of a written annex only.

All documents are drawn up in two originals and each party receives one of them.

The Agreement is valid until it is revoked. The notice period of this agreement is 6 months, unless provided otherwise by an agreement of both parties.

The Agreement is governed by Czech law.

For the Supplier:

For the Purchaser:

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date

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date

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signature

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signature