



TERMS OF PURCHASE - Plastic Moulding Shop

of the company **KOH-I-NOOR PONAS s.r.o.**, having its registered office at Na Vyšehradě 1091, 572 01 Polička, company registration number: 150 35 964, registered in the Commercial Register kept by the Regional Court of Hradec Králové, Section C, inset 1022.

Art. I Introduction

1. The trading company KOH-I-NOOR PONAS s.r.o. having its registered office at Na Vyšehradě 1091, 572 01 Polička, company registration number: 150 35 964, registered in the commercial register kept by the regional court in Hradec Králové, Section C, Inset No. 1022 (hereinafter referred to as "PONAS s.r.o.") is an engineering company focused on the manufacture of injection moulds for thermoplastics, precise machine components and tools and on the manufacture of injection moulded plastic parts (max. weight of a pressing 1000 g).

Art. II Scope and Application

1. These Terms of Purchase are an integral part of any contract concluded between the company KOH-I-NOOR PONAS s.r.o. having its registered office at Na Vyšehradě 1091, 572 01 Polička, company registration number: 150 35 964, registered in the Commercial Register kept by the Regional Court of Hradec Králové, Section C, inset 1022, as one contracting party in the position of the customer, buyer or client (hereinafter referred to as "Customer") and a person in the position of the supplier, seller or contractor (hereinafter referred to as "Seller").
2. These Terms of Purchase (hereinafter referred to as "Terms") apply to all suppliers of parts, material, products and services (hereinafter referred to as "Goods" or "Products") who enter into a business relationship with the company PONAS s.r.o. Failure to comply with the requirements set forth in these Terms may result in the termination of cooperation, or in the claim of damages and extra costs arising thereof.

Art. III Supplier's Liability

1. Upon the confirmation of an order or delivery of Goods, the Supplier expresses his consent with these Terms. The Supplier shall be fully liable for:
 - **the quality of his products and services** – the Customer must be previously informed about any changes in the production process which could affect the quality of supplied material, components, products, parts and services
 - **the quality of material received from his subcontractors** - according to the agreement, the quality of material shall be regularly checked by periodic and requalification testing

- **the compliance with defined technical specifications - providing the documentation required by the Customer - timeliness and completeness of deliveries**

By signing/ confirming an order, the Supplier undertakes to comply with the above mentioned provisions.

Art. IV System of Delivery

1. Order Confirmation

Orders are placed by the company PONAS s.r.o. in writing, predominantly in electronic form via email. The Supplier shall confirm the order in writing, also via e-mail within 2 working days from the date the order had been sent. If the Supplier fails to do so, the order is considered confirmed. Upon the confirmation of an order, the Supplier undertakes to deliver the specified quantity of Products in the required quality and within the agreed time schedule.

2. Dispatch

In case of delay, the Supplier is obliged to immediately inform the company PONAS s.r.o. thereon.

3. Delivery Note Contents

The company PONAS s.r.o. requires a delivery note to be part of each delivery. This delivery note demonstrates the completeness of the delivery.

Each delivery note shall include:

- order number
 - address of the Supplier and Customer
 - number of the Product in accordance with the order placed by the company PONAS s.r.o. - delivered quantity
 - units
 - number of the delivery note and shipment date
 - batch number
 - the annex shall include other required documents- such as attests, certificates, standards
- The Supplier is obliged to immediately procure any missing documents and send them to the Customer.

4. Shipping and Billing Address

Every delivery must be delivered according to the instructions and to the delivery address stated in the order.

Invoices must always be sent to the following address: KOH-I-NOOR PONAS s.r.o., Finanční účtárna, Na Vyšehradě 1091, 572 01 Polička, or via e-mail on an address provided by the company PONAS s.r.o.

5. Labelling

Each product packaging must include following information:

- product name
- weight/quantity

- product number complying with the order placed by the company PONAS s.r.o.
- product lifetime
- additional required information (such as the batch number)

6. Packaging

Each delivery must be delivered in compliance with the approved packaging. The packaging must protect and preserve the quality of the supplied Products during transport and storage. The company PONAS s.r.o. has the right to refuse the delivery in case its packaging is non-conforming or damaged.

Art. IV Payment Terms

1. If not agreed otherwise, standard terms of payment issued by the company PONAS s.r.o. shall apply (60 days after invoice date).

Art. V Requirements of the Quality Management System (ISO 9001:2009/TS 16949:2009)

1. The Supplier is obliged to establish, document, and implement an effective and certified quality system in compliance with all applicable requirements set forth in the standard ISO 9001: 2009/ TS 16949:2009.
In case of changes concerning the standard ISO 9001: 2009/TS 16949:2009, the Supplier must send a written notification to the purchase and quality department of the company PONAS s.r.o. within 10 calendar days therefrom.
The company PONAS s.r.o. will be granted the right to verify that the product, material and tools comply with the specified requirements and is entitled to perform an audit on the basis of the standard TS16949/VDA. The Supplier is obliged to provide the Customer with necessary resources and assistance to carry out the audit. This right will also be granted to the customers of the company PONAS s.r.o. Such verification will not be used as evidence of Supplier's effective quality control. This verification shall not relieve the Supplier of responsibility for the provision of the same product, material, or services or prevent the subsequent refusal by the Customer.
2. The Supplier is obliged to carry out annual internal audit according to the standard VDA 6.3 of all of his production lines, including the production process of his supplier. The company PONAS s.r.o. must be informed about all audit results with a rating lower than AB.

Art. VI Supplier's Obligations

1. Requirements Concerning the Certified Products

All suppliers of mass production parts and material shall carry out the certification of their products to meet or exceed the Customer's requirements set forth in the Production Part Approval Process (PPAP). This shall apply to all parts and material supplied to the company

PONAS s.r.o. or to all products and material supplied by the company PONAS s.r.o. to its customer.

2. MSA (Measurement System Analysis)

Before the delivery of mass production parts, the Supplier is obliged to demonstrate the eligibility of measuring devices by carrying out an analysis according to the AIAG Manual.

3. Specific Characteristics

Some Products have important properties which are referred to as specific characteristics. The requirements concerning the specific characteristics may be specified by the company PONAS s.r.o. or by its customer. SPC (Statistical Process Control) data for these characteristics ensure that during PPAP the short-term capability is of at least 2.0 Cpk or higher and keep the long-term capability during production of at least 1.67 Cpk or higher. All Suppliers must be promptly provided with these data. If a drawing shows specific characteristics of a part stated by a customer of the company PONAS s.r.o., or shall there be a reference made to specific characteristics in the specification, the Supplier is required to fulfil the Customer's request.

4. Declaration of Conformity

The Supplier is shall take full liability for ensuring that purchased manufacturing parts/material supplied to the company PONAS s.r.o. will comply with all material specifications stated in the drawing and/or in the order. Parts/material verification certificate containing the current, on request measured results, may be required at specified intervals. The company PONAS s.r.o. determines the part and material to be validated by the certificate. The request for verification will be stated in the purchase order.

5. Zero Tolerance for Defects

The Supplier is obliged to adopt the acceptance criteria with zero defect incidence concerning the parts, material, products and services supplied to the company PONAS s.r.o. The Supplier is obliged, on the basis of all the available inputs (e.g. customer and production downtime, quality management meetings, quality reports, etc.), to continuously improve his production process to ensure zero incidence of defects.

6. Classification of Products

If the Supplier's process does not reach the long-term capability of 1.67 Cpk over a long period of time, all products must be 100% sorted. If the company PONAS s.r.o. and /or a customer of the company PONAS s.r.o. finds out there is a non - conforming product, the Supplier is fully liable for its replacement or sorting as instructed by the company PONAS s.r.o. The company PONAS s.r.o. is entitled to sort or repair the non - conforming product or material to ensure that the customer's requirements are not compromised. The Supplier undertakes to reimburse all costs incurred to the company PONAS s.r.o. thereof, i.e. administrative fees, hourly rates, travel costs and fees charged by a sorting company, or any other costs resulting thereof.

7. Batch Traceability

The Supplier is responsible for maintaining the batch traceability during the entire time the product is in the company PONAS s.r.o. Mixed batches must be avoided.

Art. VII
Advanced Product Quality Planning (APQP)

1. The Supplier undertakes to implement the APQP process and employ responsible project managers for each project concerning the product development.

Art. VIII
Production Part Approval Process (PPAP)

1. The Production Part Approval Process concerning the serial production (PPAP) shall be carried out before the first production delivery of a Product in situations set forth in the AIAG PPAP Manual. If not stated otherwise by the company PONAS s.r.o., the format AIAG shall apply. If not stated otherwise, the parts are required to be submitted according to Level 3 and raw material according to Level 1.

Art. IX
Non-conforming Products, Remedial Measures

1. The company PONAS s.r.o. is entitled to issue a written complaint report in case of nonconforming products and services provided by the Supplier. The Supplier is obliged to respond in the form of an 8D Report within 7 calendar days after the receipt of the complaint report.
2. Dealing with an inadequate delivery
Upon receipt of an inadequate delivery, the company PONAS s.r.o. is entitled to:
 - reject/return the entire delivery or its part at Supplier's costs,
 - the Supplier is obliged to provide a new satisfactory delivery in a manner which does not limit the continuous production process of the company PONAS s.r.o.,
 - sorting of the delivery carried out by the Supplier and replacement of a non-conforming Product,
 - sorting of the delivery carried out by the Customer and replacement of a non-conforming Product,
 - revision of an inadequate delivery carried out by the Supplier.

Art. X
Damages

1. Suppliers are liable for all costs and damages incurred in connection with any defects of the delivered Products and the company PONAS s.r.o. is entitled to claim reimbursement of the costs resulting thereof.

2. In case of liability for damages, the Supplier is obliged to provide the company PONAS s.r.o. with new flawless delivery or equivalent amount of money and to cover other related costs incurred to the company PONAS s.r.o. thereof. These mainly include:
 - product sorting and revision costs
 - costs related to downtimes of production equipment owned by the company PONAS s.r.o.
 - damage caused to the production equipment owned by the company PONAS s.r.o.
 - defective delivery storage costs
 - other costs related to the claim (e.g. travel expenses, laboratory tests, administrative costs, etc.).

Art. XI

Processing and protection of personal data

1. Customer, as a personal data administrator, declares that he protects the personal data of its Sellers in connection with its activity and guarantees its full protection under these terms of business and applicable law. Seller acknowledges that, under the Personal Data Protection Act, he is entitled to:
 - require the Customer to provide information on the processing of personal data,
 - request the Customer to access and update or rectify these data,
 - require the Customer to erase this personal data - this deletion will be made unless it is contrary to the Customer's legitimate interests,
 - contact the Customer or the Personal Data Protection Authority if there are any doubts about compliance with the personal data processing requirements.

These Terms of Purchase shall enter into effect as from 25 May 2018 (updated on January 2022).