

Exel Composites Plc sourcing terms and conditions

Unless otherwise agreed in writing, the following standard terms and conditions (hereinafter **“Terms”**) shall apply to sourcing of equipment, materials and/or services by Exel Composites Plc (Fi: Exel Composites Oyj), business ID code 1067292-7, Mäkituvantie 5, 01510 Vantaa, Finland (**“Buyer”**).

1 Recitals

Buyer is a global technology company headquartered in Finland. It designs and manufactures high quality composite solutions using high-performance materials such as carbon fiber and fiberglass.

The recipient of these Terms, including authorized representatives (**“Seller”**) as a manufacturer/seller of equipment or materials or a provider of services used in the production processes of Buyer is willing to enter into a buyer-seller relationship with Buyer on the basis of Seller’s sales offer (**“Offer”**).

By entering into a buyer-seller relationship Buyer agrees to buy from Seller and Seller agrees to sell to Buyer the equipment, materials or services as described in Offer to the extent accepted by Buyer (**“Materials”**).

2 Definitions

Unless otherwise agreed in writing, the following capitalized terms shall have the following meaning:

“Completion” means the completion of Delivery including the acceptance of Materials by Buyer.

“Delivery Contract” means the agreement, if any, entered into between the parties governing their buyer-seller relationship, under which Buyer buys and Seller sells Materials. In case no specific written agreement is entered into, Delivery Contract shall be deemed to consist of Offer, Buyer’s purchase order (**“Order”**) and these Terms. In case of discrepancies between the different parts of Delivery Contract, the documents shall have the following order of priority: Delivery Contract, these Terms, Order and Offer.

“Delivery” means the delivery of Materials and/or services in accordance with Delivery Contract.

“EHS” means environment, health and safety.

“Materials” means the equipment, materials and services including all necessary documentation and services to be delivered to Buyer by Seller for the intended use of Materials. If any equipment, material or service is not specifically mentioned in Offer, but is necessary to make the ordered Material complete, such an item is considered to be included in Delivery without any extra charge.

“Occupational Safety Card” means the certificate granted to persons who pass the national training program developed and arranged by the Finnish Center for Occupational Safety.

“Plant” means the place of delivery named by Buyer, which is one of Buyer’s following factories:

- 1) Diversified Structural Composites, Inc., 1512 Interstate Dr, Erlanger, Kentucky, USA
- 2) Exel Composites Plc, Uutelantie 24 B, FI-52700 Mäntyharju, Finland
- 3) Exel Composites Plc, Muovilaaksontie 2, FI-82110 Heinävaara, Finland,

- 4) Exel Composites UK Ltd, Runcorn, UK
- 5) Exel Composites (Nanjing) Co. Ltd., Nanjing, China
- 6) Nanjing Jianhui Composite Material Co. Ltd., Nanjing, China

3 Materials

3.1 Scope of Delivery

Materials shall meet the specification provided by Buyer ("**Specification**") and shall be delivered within the time period set forth in Delivery Contract ("**Delivery Time**"). Materials shall be deemed to include any equipment, materials, packages and services which are necessary for Delivery and the intended use of Materials.

In the event Delivery includes service, the parties shall confirm Completion by minutes to be signed by both parties.

3.2 Modifications

Buyer shall have the right to request Seller to modify the Specification at any time, provided that any cost from such modification shall be borne and paid by Buyer. Seller shall inform Buyer if the modification is likely to prolong Delivery Time.

3.3 Change in applicable regulations

If an unforeseeable change in relevant regulation after the coming into force of Delivery Contract is deemed to cause a necessary modification to the Specification, then Seller shall request the necessary modification to be made and, in case the change increases the cost of Delivery, shall propose how the increase is divided between Buyer and Seller.

3.4 Documentation

Seller shall provide Buyer with the necessary documentation reasonably required for the orderly use, installation and maintenance of Materials.

Buyer shall have the right to use all documentation that has been placed at its disposal, for any authorized purpose and to place such documents at the disposal of authorities, its customers and any other third party, as necessary in such connection.

3.5 Inspections and quality control

Seller shall allow Buyer free access to its relevant facilities at all reasonable times for the purpose of inspecting or testing Materials and the quality thereof. The division of costs arising from inspections and tests shall be agreed between Buyer and Seller prior to starting the inspections or tests.

In order to verify that the quality of Materials meets the quality criteria of Buyer, Buyer has the right to have Materials tested with a method and by a testing authority approved by Seller in advance. Buyer shall have the right to terminate Delivery Contract with immediate effect and at Seller's cost and expense in case Materials do not meet Buyer's quality criteria.

3.6 EHS

Materials shall include all statutory safety devices and Seller shall ensure that they fully satisfy the requirements of any applicable safety regulations and standards. Seller shall bear and pay the costs arising from registrations and inspections carried out by authorities and non-compliance with any safety regulations or standards.

Seller shall dedicate only competent employees to carry out Delivery, obtain and maintain the Occupational Safety Card and shall comply with all applicable EHS regulations of Buyer, including their auditing procedures. In case Materials include work to be performed at Plant, Seller shall follow also Buyer's reasonable other safety instructions. Buyer shall have the right to terminate Delivery Contract with immediate effect and at Seller's cost and expense in case Materials or Seller's compliance do not meet Buyer's EHS criteria.

4 Delivery

4.1 Early Delivery

Materials shall be delivered in accordance with Delivery Time. Early deliveries are subject to Seller obtaining the prior written consent of Buyer and Seller bearing and paying any additional costs to be incurred by Buyer due to the deviation from Delivery Time.

4.2 Delay by Seller

Seller shall immediately notify Buyer, in case there are reasons to assume Delivery Time will not be met. The notice of delay shall include the probable cause and estimated duration of the delay.

In case of delay, Buyer shall be entitled to liquidated damages amounting to one (1) per cent of the price of Delivery for each beginning week of delay, up to the maximum of ten (10) per cent of the price of Delivery.

Buyer shall be entitled to cancel or terminate Delivery Contract with immediate effect from the day maximum amount of liquidated damages has fallen due. The payment of liquidated damages shall not relieve Seller from paying other direct damages incurred by Buyer due to the delay. Such actual damages shall include additional removal and installation costs, but shall not include indirect damages such as loss of profit.

4.3 Packing, marking and warehousing

Materials shall be packaged appropriately and suitably considering the means of transportation and the nature of Materials and in particular their possible classification under the Act on Transport of Dangerous Goods (Laki vaarallisten aineiden kuljetuksesta 719/1994) or its foreign equivalent. In addition, Seller shall abide by any instructions given in the Specification.

Delivery shall be clearly marked by Seller and shall carry Order number, information concerning the identity of the recipient and the name of the place of destination together with any specific instructions necessary for handling and warehousing.

4.4 Transfer of title

The title to Materials shall transfer to Buyer when Buyer takes possession of Materials or when Materials have otherwise been identified and separated by Seller to be used for the purposes of Delivery Contract.

The possible test period, taking over and acceptance of Materials shall be evidenced by a take over protocol signed by Buyer and Seller.

4.5 Transfer of risk

The risk of loss of Materials shall transfer at Completion.

4.6 Withholding right

Buyer may deduct any amount owed by Seller to Buyer from any payment of the purchase price. Buyer shall pay the undisputed amounts payable pursuant to Delivery Contract, however, disputed amounts being payable only after the final settlement of such disputes. In the event Buyer incurs costs as a result of Seller failing to meet its responsibilities under Delivery Contract, Buyer shall have the right to withhold such costs from the price of Delivery.

4.6 Progress reporting

In case Delivery includes services Seller shall provide Buyer with a progress report no less than once a week.

Work performed on an hourly basis

The weekly report shall state at least:

- work hours per person on each day,
- brief description of person's work per each day,
- estimate of work hours required to complete the outstanding Delivery.

Fixed contract based work

The weekly report shall state at least:

- number of workers on each day,
- brief description of work progress on each day,
- estimated completion of Delivery.

5 Purchase price and payment

5.1 Fixed price

Unless otherwise stipulated in Order the purchase price for Materials is fixed and contains Delivery customs cleared and discharged at the Plant (DAP Buyer Plant ICC Incoterms 2010).

5.2 Invoicing and payment terms

The invoices shall refer to Delivery Contract and shall contain copies of freight documents, acceptance protocol and other sufficient information and specification on the installment invoiced. Unless otherwise stipulated in Order each invoice falls due for payment by Buyer within sixty (60) days from the day Buyer is in receipt of the appropriate invoice and all documents relating to the said installment. Advance payments are subject to separate agreement and bank guarantees issued by reputable financing institutions.

5.3 Late payment interest

Annual late payment interest on late payments is calculated in accordance with the Finnish Act on Interest (Korkolaki 633/1982). Late payment interest is calculated starting from the due date of the invoice until the date on which payment factually takes place.

5.4 Statute of limitation for receivable

In addition to what has been stipulated in the Finnish Receivable Statute of Limitation Act 728/2003, Seller's receivable shall be deemed null and void, should Seller neglect the issuance of invoice within six (6) months from Delivery.

6 Seller's undertakings

6.1 Insurance

Seller shall maintain adequate insurance to cover any general liability and product liability it may incur in connection with or as a result of the performance of its obligations pursuant to Delivery Contract. Upon demand, Seller shall submit all requested certificates of insurance to Buyer.

6.2 Contractor's obligations and liability

Seller represents and warrants, and has provided satisfactory written evidence, that it is compliant with all requirements set by the Finnish Act on Contractor's Obligations and Liability (Tilaaavastuulaki 1233/2006) and is entered in the Prepayment Register and the Employer Register, and is registered as VAT-liable in the Value Added Tax Register and has paid its taxes and has subscribed to pension insurances, and has informed Buyer of the collective agreement or principal terms of employment which it applies if services are part of Delivery.

In case Delivery includes services, Seller shall register in Luotettava kumppani program at Tilaaavastuu.fi as well as in Veronumero.fi service. Seller shall register and consequently affiliate itself as an enterprise with Buyer's work site prior to commencing the work. Application cost shall be borne by Seller.

Seller shall be responsible for its workers entering the work site possess a valid Valttikortti or other applicable identification card required for the work site and that their personal data (name, company, tax number and date of birth) is submitted to Buyer in advance.

Entering the work site shall be clocked in on a daily basis. In case Buyer has to correct or supplement the clock-in records, the associated cost shall be borne by Seller.

Seller shall be liable for possible neglect fee imposed on Buyer due to Seller's failure to fulfill appropriate declarations and other responsibilities.

6.3 Spare parts and material end of life

Where Delivery consists of Materials containing durable parts, Seller guarantees the availability of spare parts for Materials for at least ten (10) years after Delivery.

Where Delivery consists of raw materials, Seller shall give Buyer at least six (6) months' prior written notice to discontinue manufacture of such raw material. Same applies to changes in raw material, which changes may occur only subject to Buyer's prior written consent. Buyer may place purchase orders for discontinuing or changing raw material until the later of (i) the end of the six (6) month notice period; or (ii) the date Seller qualifies a replacement raw material that meets Buyer specifications; and the last delivery date discontinuing or changing raw material may be up to six (6) months after the end of the six (6) month notice period. Seller will assist Buyer to implement for transition of supply to a new material without disruption to the supply of Buyer materials, including providing samples of new raw material, when available.

6.4 Warranty

Seller commits not to deliver Materials having less than two (2) years of their shelf-life remaining. Seller warrants that Materials comply in all respects with the requirements of Delivery Contract and that they are free from defects in design, materials or workmanship. Any defect appearing within two (2) years from the date of delivery of Materials ("**Warranty Period**"), shall be corrected by Seller without delay and without any additional cost to Buyer or its customers. In case performance bond is required in the Specification, Seller shall be obliged to obtain a bank guarantee issued by a reputable financial institution for its warranty obligations.

Whenever repair is done under warranty, the Warranty Period in respect of the affected Materials shall be renewed starting from the date when the repair work is approved by Buyer.

In the event Seller refuses or fails to comply with the warranty obligation to Buyer's satisfaction within a reasonable period of time, Buyer shall be entitled to have repair or replacement carried out at Seller's expense. In such case Buyer shall keep Seller fully informed of the work and materials related to repair and replacement.

The warranty shall not apply to defects caused by normal wear and tear, inadequate maintenance or inappropriate or negligent operation.

6.5 Liability for damages

Seller shall compensate in full all direct costs incurred by Buyer due to the breach of Seller's warranty obligation.

6.6 Indemnification

Seller shall indemnify and keep Buyer indemnified against losses and claims which are a direct result of Seller's failure to comply with its obligations under Delivery Contract. Such liability shall be reduced proportionately to the extent Buyer has contributed to the said loss or claim through its specific act or neglect.

6.7 IPR infringements

Seller shall indemnify Buyer for all consequences of any of intellectual property rights' infringements caused by the design, manufacture, processing, use or sale of Materials.

6.8 Confidentiality

The proprietary information and data of Buyer, used as the basis for the Specification or Delivery Contract, shall remain the exclusive property of Buyer. Any use of such information and data by Seller or its representatives beyond the execution of Delivery Contract is prohibited without Buyer's express written consent.

At the completion of Delivery Contract Seller shall return or destroy, at Buyer's request, any proprietary information and data of Buyer, which is in the possession of Seller.

Any disclosure of Delivery Contract or its contents by Seller is prohibited without Buyer's express written consent.

7 Miscellaneous

7.1 Entire agreement and order of priority

Delivery Contract and the documents specifically referred to in Delivery Contract shall constitute the entire agreement between the parties and shall precede any other document exchanged between the parties before Delivery Contract came into force. No document shall be deemed to be included in Delivery Contract without a specific written reference.

In case of discrepancies between the different parts of Delivery Contract, the documents shall have the following order of priority: 1. Delivery Contract, 2. these Terms, 3. Order and 4. Offer.

7.2 Assignment and subcontracting

Seller may not subcontract, transfer or assign Delivery Contract or any part thereof without the prior written consent of Buyer. Seller is at all times liable for the work and service performance, as well as other activity of its subcontractors including acknowledgement of and compliance with all regulations and instructions applicable to Delivery.

Buyer may freely assign Delivery Contract or any part thereof to any company affiliated with Buyer by giving advance notice thereof to Seller.

7.3 Representatives of the parties

Communication between the parties shall be carried out by the representatives specified in Delivery Contract or their substitutes as notified from time to time by either party to the other party.

7.4 Notices

Notices will be deemed to have been validly given if delivered personally in writing or e-mailed to the contact persons specified in Delivery Contract. A notice or document delivered by registered mail will be deemed to have been received on the fourteenth (14th) day after sending.

7.5 Amendments

Amendments to Delivery Contract shall be effective only if made in writing with specific reference to Delivery Contract.

7.6 Environmental liability

Seller shall obtain knowledge of Buyer's environmental policies and shall take into account Buyer's environmental aspects and objectives when designing and manufacturing Materials.

Seller shall instruct Buyer how to handle worn out parts of Materials and how such parts can be refurbished or recycled.

Seller shall provide Buyer with specific instructions if special care or deposit is required at the disposal of Materials.

Seller shall state to what extent Buyer is entitled to return worn out Materials to Seller.

7.7 Force majeure

Should Seller be prevented from executing Delivery Contract due to a force majeure event, the time for implementing Delivery Contract shall be extended by a period equivalent to the effect of the force majeure circumstances. The following shall constitute an event of force majeure: war, mobilization, civil commotion, revolt or riot, governmental intervention, official strike and acts of God, provided that they arise subsequent to the entering into Delivery Contract and could not reasonably have been anticipated by Seller at the time and provided that Seller has (i) done its best efforts to limit the effects of the force majeure and to make good the time lost, during and after the event of force majeure, (ii) given immediately when getting knowledge of, and in no event later than seven (7) days from getting knowledge of the force majeure, a written notice of the nature and anticipated consequences of the force majeure.

7.8 Applicable law and resolution of disputes

Delivery Contract shall be governed by the substantive law of Finland.

Any dispute, controversy or claim arising out of or relating to Delivery Contract, or the breach, termination or validity thereof, which is not capable of being solved in good faith negotiations between the parties, shall be finally settled by arbitration in accordance with the Rules for Expedited Arbitration of the Arbitration Institute of the Finland Chamber of Commerce. The place of arbitration shall be Helsinki and the language of arbitration shall be English.

7.9 Termination

Buyer has the right to terminate Delivery Contract in the event Seller is prevented from executing Delivery Contract for force majeure prevailing continuously for a period of thirty (30) days or is in serious breach of its obligations and has failed to remedy such breach within thirty (30) days from receipt of Buyer's written remedy demand. Materials failing to meet the specified quality or security requirements shall always be considered Seller's serious breach.