

# CONDITIONS OF PURCHASE

## 1. Interpretation

1.1 In these Conditions:

"BUYER" means HYDRO COMPONENTS UK Ltd.

"CONDITIONS" means the standard terms and conditions of purchase set out in this document and includes any special terms and conditions agreed in Writing between the Buyer and the Seller

"CONTRACT" means the contract for the sale and purchase of the Goods and the supply and acquisition of the Services

"DELIVERY ADDRESS" means the address stated on the Order

"GOODS" means the goods (including any instalment of the goods or any part of them) described in the Order

"ORDER" means the Buyer's purchase order to which these Conditions are annexed

"PRICE" means the price of the Goods and/or the charge for the Services

"SELLER" means the person so described in the Order

"SERVICES" means the services (if any) described in the Order

"SPECIFICATION" includes any plans, drawings, data or other information relating to the Goods or Services

"WRITING" includes telex, cable, facsimile transmission and comparable means of communication.

"SUPPLIER QUALITY MANUAL" means the latest version of the Buyer's manual in respect of the supply of Goods and Services entitled "Supplier Quality Manual", as varied from time to time together with all documents referred to in it.

1.2 Any reference in these Conditions to a statute or a provision of a statute shall be construed as a reference to that statute or provision as amended, re-enacted or extended at the relevant time.

1.3 The headings in these Conditions are for convenience only and shall not affect their interpretation.

## 2. Basis of Purchase

2.1 The Order constitutes an offer by the Buyer to purchase the Goods and/or acquire the Services subject to these Conditions.

2.2 These Conditions shall apply to the Contract to the exclusion of any other terms and conditions on which any quotation has been given to the Buyer or subject to which the Order is accepted or purported to be accepted by the Seller.

2.3 No variation to the Order or these Conditions shall be binding unless agreed in Writing between the authorised representatives of the Buyer and the Seller.

## 3. Specifications

3.1 The quantity, quality and description of the Goods and the Services shall, subject as provided in these Conditions, be as specified in the Order and/or in any applicable Specification supplied by the Buyer to the Seller or agreed in Writing by the Buyer.

3.2 Any Specification supplied by the Buyer to the Seller, or specifically produced by the Seller for the Buyer, in connection with the Contract, together with the copyright, design rights or any other intellectual property rights in the Specification, shall be the exclusive property of the Buyer. The Seller shall not disclose to any third party or use any such Specification except to the extent that it is or becomes public knowledge through no fault of the Seller, or as required for the purpose of the Contract. The Seller may make changes to the Specification, or deviate from the Supplier Quality Manual only with the prior written consent of the Buyer.

3.3 The Seller shall comply with all requirements of the Buyer and all applicable regulations or other legal requirements concerning the manufacture, packaging, packing and delivery of the Goods and the performance of the Services. The Seller shall not produce the Goods or perform the Services until it has submitted all the necessary documentation required by the Supplier Quality Manual and has obtained the Buyer's written approval.

3.4 The Seller shall not unreasonably refuse any request by the Buyer to submit samples, status reports and any other documents which are required by the Supplier Quality Manual to the Buyer, to inspect and test the Goods during manufacture, processing or storage at the premises of the Seller or any third party prior to despatch, and the Seller shall allow the Buyer to access its premises for such purposes and shall provide the Buyer with all facilities reasonably required for inspection and testing. No inspection or test carried out by the Buyer shall relieve the Seller of its responsibilities under or in relation to the Contract.

3.5 If as a result of inspection or testing the Buyer is not satisfied that the Goods will comply in all respects with the Contract, and the Buyer so informs the Seller within 7 days of inspection or testing, then the Seller shall at its own expense take such steps as are necessary to ensure compliance.

3.6 The Goods shall be marked in accordance with the Buyer's instructions and any applicable regulations or requirements of the carrier, and properly packed and secured so as to reach their destination in an undamaged condition in the ordinary course.

3.7 The Buyer reserves the right at any time to direct changes, or cause the Seller to make changes, to drawings and specifications of the Goods or to otherwise change the scope of the work covered by the Order, including work with respect to such matters as inspection, testing or quality control and the Seller agrees to promptly make such changes. Any difference in price or time for performance resulting from such changes shall be equitably adjusted by the Buyer after receipt of confirmation, in such form and detail, as the Buyer may direct providing verification of any increased costs and expenses to the Seller.

3.8 All materials used in part manufacture shall satisfy current governmental and safety constraints on restricted, toxic and hazardous materials; as well as environmental, electrical and electromagnetic considerations applicable to the country of manufacture and sale. It is, therefore, the Seller's responsibility to ensure that data sheets in respect of Health and Safety and COSHH regulations are forwarded to the buyer prior to supply.

## 4. Price of the Goods and Services

4.1 The Price of the Goods and the Services shall be as stated in the Order and, unless otherwise so stated, shall be:

4.1.1 exclusive of any applicable value added tax (which shall be payable by the Buyer subject to receipt of a VAT invoice); and

4.1.2 inclusive of all charges for packaging, packing, shipping, carriage, insurance and delivery of the Goods to the Delivery Address and any duties, imports, levies other than value added tax.

4.2 No increase in the Price may be made (whether on account of increased material, labour or transport costs, fluctuation in rates of exchange or otherwise) without the prior consent of the Buyer in Writing.

4.3 The Buyer shall be entitled to any discount for prompt payment, bulk purchase or volume of purchase customarily granted by the Seller, whether or not shown on its own terms and conditions of sale.

## 5. Terms of Payment

5.1 The Seller shall be entitled to invoice the Buyer on or at any time after delivery of the Goods or performance of the Services, as the case may be, and each invoice shall quote the number of the Order.

5.2 Unless otherwise stated in the Order, the Buyer shall pay the Price of the Goods and the Services within 60 days after the end of the month of receipt by the Buyer of a proper invoice or, if later, after acceptance of the Goods or Services in question by the Buyer.

5.3 The Buyer shall be entitled to set off against the Price any sums owed to the Buyer by the Seller.

## 6. Delivery

6.1 The Goods shall be delivered to, and the Services shall be performed at, the Delivery Address on the date or within the period stated in the Order, in either case during the Buyer's usual business hours. If the Goods are incorrectly delivered, the Seller will be liable for any additional expense involved in handling and delivering them to the correct destination.

6.2 Where the date of delivery of the Goods or of performance of the Services is to be specified after the placing of Order, the Seller shall give the Buyer reasonable notice of the specified date.

6.3 The time of delivery of the Goods and of performance of the Services is of the essence of the Contract. The Seller shall immediately notify the Buyer if the delivery date for the Goods or performance of the Services cannot be met. Unless a substitute delivery date or date for the provision of Services is agreed by the Buyer in writing, the Buyer shall be entitled to cancel the Order without liability to Seller and to recover from the Seller any loss or additional costs incurred.

6.4 A delivery note quoting the number of the Order and clearly labelled using an ODETTE bar code type must accompany each delivery or consignment of the Goods and must be displayed prominently.

6.5 If the Goods are to be delivered, or the Services are to be performed, by instalments, the Contract will be treated as a single contract and not severable.

6.6 The Buyer shall be entitled to reject any Goods delivered which are not in accordance with the Contract, and shall not be deemed to have accepted any Goods until the Buyer has had a reasonable time to inspect them following delivery or, if later,

within a reasonable time after any latent defect in the Goods has become apparent. All rejected items shall be removed from Hydro's premises within 5 working days of their rejection. Should the Seller fail to do this, then Hydro may dispose of such items as it thinks fit at the Seller's expense. Hydro shall have no liability to the Seller for the disposal of items under this clause.

6.7 The Seller shall supply the Buyer in good time with any instructions or other information required to enable the Buyer to accept delivery of the Goods and performance of the Services.

6.8 The Buyer shall not be obliged to return to the Seller any packaging or packing materials for the Goods, whether or not any Goods are accepted by the Buyer.

6.9 If the Goods are not delivered or the Services are not performed on the due date then, without prejudice to any other remedy, the Buyer shall be entitled to deduct from the Price or (if the Buyer has paid the Price) to claim from the Seller by way of liquidated damage for delay one per cent of the Price for every week's delay, up to a maximum of ten per cent of the Price.

## 7. Risk and Property

7.1 Any tools, gauges or other materials or equipment furnished to the Seller by the Buyer shall remain the property of the Buyer, be stored separately and clearly identified as the property of the Buyer. The Seller shall ensure that such materials or equipment are maintained, not lost or damaged and shall indemnify the Buyer for any loss suffered or costs incurred as a result.

7.2 Risk of damage to or loss of the Goods shall pass to the Buyer upon delivery to the Buyer in accordance with the Contract.

7.3 The property in the Goods shall pass to the Buyer upon delivery, unless payment for the Goods is made prior to delivery, when it shall pass to the Buyer once payment has been made and the Goods have been appropriated to the Contract.

## 8. Warranties and Liability

8.1 Without prejudice to any other liability or obligation to the Buyer, the Seller warrants and represents to the Buyer that the Goods:

8.1.1 will be of satisfactory quality (within the meaning of the Sale of Goods Act 1979, as amended) and fit for any purpose held out by the Seller or made known to the Seller in Writing at the time the Order is placed;

8.1.2 will be free from defects in design, material and workmanship;

8.1.3 will correspond with any relevant Specification or sample;

8.1.4 will comply with all statutory requirements and regulations relating to the sale of the Goods;

8.1.5 will comply with the Supplier Quality Manual;

8.1.6 will where appropriate be Year 2000 compliant as defined by British Standards Institution (document reference DISC PD 2000-1 A Definition of Year 2000 Conformity Requirements); and

8.1.7 will where appropriate provide multi-currency functionality and comply with Council Regulation 1103/97 of 17 June 1997 including without limitation the triangulation rule and the no inverse of rounding rule.

8.2 The Seller warrants to the Buyer that the Services will be performed by appropriately qualified and trained personnel in accordance with the Supplier Quality Manual and with all due care and diligence and to such high standard of quality as it is reasonable for the Buyer to expect in all the circumstances.

8.3 Without prejudice to any other remedy, if any Goods or Services are not supplied or performed in accordance with the Contract, then the Buyer shall be entitled:

8.3.1 to require the Seller to repair the Goods or to supply replacement Goods or Services in accordance with the Contract within 7 days; or

8.3.2 at the Buyer's sole option, and whether or not the Buyer has previously required the Seller to repair the Goods or to supply any replacement Goods or Services, to treat the Contract as discharged by the Seller's breach and require the repayment of any part of the Price which has been paid;

8.3.3 require the Seller to take such steps as are specified in the Supplier Quality Manual.

8.4 The Seller shall indemnify the Buyer in full against all liability, loss, damages, costs and expenses (including legal expenses) awarded against or incurred or paid by the Buyer as a result of or in connection with:

8.4.1 breach of any warranty given by the Seller in relation to the Goods or Services;

8.4.2 any claim that the Goods infringe, or their importation, use or resale, infringes, the patent, copyright, design right, trade mark or other intellectual property rights of any other person, except to the extent that the claim arises from compliance with any Specification supplied by the Buyer;

8.4.3 any liability under the Consumer Protection Act 1987 in respect of the Goods;

8.4.4 any act or omission of the Seller or its employees, agents or sub-contractors in supplying, delivering and installing the Goods;

8.4.5 any act or omission of any of the Seller's personnel in connection with the performance of the Services; and

8.4.6 failure to supply Goods or Services in accordance with the Order.

## 9. Termination

9.1 The Buyer shall be entitled to cancel the Order in respect of all or part only of the Goods and/or the Services by giving notice to the Seller at any time prior to delivery or performance, in which event the Buyer's sole liability shall be to pay to the Seller the Price for the Goods or Services in respect of which the Buyer has exercised its right of cancellation, less the Seller's net saving of cost arising from cancellation.

9.2 The Buyer shall be entitled to terminate the Contract without liability to the Seller by giving notice to the Seller at any time if:

9.2.1 the Seller makes any voluntary arrangement with its creditors (within the meaning of the Insolvency Act 1986) or (being an individual or firm) becomes bankrupt or (being a company) becomes subject to an administration order or goes into liquidation (otherwise than for the purpose of amalgamation or reconstruction); or

9.2.2 an encumbrancer takes possession, or a receiver is appointed, of any of the property or assets of the Seller; or

9.2.3 the Seller ceases, or threatens to cease, to carry on business; or

9.2.4 the Buyer reasonably apprehends that any of the events mentioned above is about to occur in relation to the Seller and notifies the Seller accordingly.

9.3 The Buyer may terminate the Contract and resource supply in accordance with the Supplier Quality Manual.

9.4 Upon termination, for whatever reason, the Seller shall immediately cease to supply the Goods or Services and shall return the Supplier Quality Manual, the Specification and any other documents, requested by the Buyer, and stored on whatever media.

## 10. General

10.1 The Buyer is a member of the group of companies whose ultimate holding company is Hydro Group and accordingly the Buyer may perform any of its obligations or exercise any of its rights hereunder by itself or through any other member of its group, provided that any act or omission of any such other member shall be deemed to be the act or omission of the Buyer.

10.2 The Order is personal to the Seller and the Seller shall not assign or transfer or purport to assign or transfer to any other person any of its rights or sub-contract any of its obligations under the Contract.

10.3 Any notice required or permitted to be given by either party to the other under these Conditions shall be in Writing addressed to that other party at its registered office or principal place of business or such other address as may at the relevant time have been notified pursuant to this provision to the party giving the notice.

10.4 No waiver by the Buyer of any breach of the Contract by the Seller shall be considered as a waiver of any subsequent breach of the same or any other provision.

10.5 If any provision of these Conditions is held by any competent authority to be invalid or unenforceable in whole or in part the validity of the other provisions of these Conditions and the remainder of the provision in question shall not be affected.

10.6 The Contract shall be governed by the laws of England, and the Seller agrees to submit to the non-exclusive jurisdiction of the English courts.

10.7 The Supplier Quality Manual and all specifications and documents provided pursuant to it by or at the request of the Buyer shall be incorporated in these Conditions and shall be of contractual effect.