

Terms and Conditions of purchase of Covestro Elastomers

Article 1 Scope of application

- 1.1. The present terms and conditions apply to all orders placed by Covestro Elastomers (hereafter the "Buyer") to suppliers (hereafter the "Supplier").
- 1.2. Any order accepted by the Supplier implies, for this latter party, adherence without reserve to the terms and conditions of purchase which will have been provided to it beforehand, subject to eventual exceptions which will have been established by the parties in writing.
- 1.3. Other agreements, modifications and related agreements shall only be valid if the Buyer has approved them in writing.
- 1.4. An order may not be executed by a third party, unless prior, express approval in writing has been obtained beforehand from the Buyer.

Article 2 Range of products

- 2.1. The Supplier has a duty to provide the range of products precisely stated in the purchase order. Any substitution of a product, notably regarding the line of products, must be expressly accepted in writing by the Buyer. This proposal of substitution must be sent within a reasonable time frame following receipt of the order by the supplier.
- 2.2. The estimate from the Supplier is provided to the Buyer at no charge, and this latter party shall not be bound by any obligation to purchase.

Establishment of an estimate may only be remunerated with prior approval in writing from the Buyer.

Article 3 Ordering procedure

- 3.1. All purchases made by the Buyer must be reflected in a written order coming from an authorized person.
- 3.2. The supplier verifies the orders immediately to identify errors, ambiguity or incomplete information that they could contain. In the same manner, it checks for obvious errors of conformity with the specifications selected by the Buyer, for the intended use of said orders. It immediately informs the buyer of the necessity of modifying said orders or of providing more details.
- 3.3. Upon receipt of the purchase order, the supplier confirms receipt within two (2) business days by mail. Otherwise, the conditions of the order are deemed as being totally accepted without reserve.
The Supplier is required to confirm all orders. Orders modified by the Buyer will also have to be confirmed in writing and handled by means of separate correspondence.
- 3.4. All correspondence and any document (confirmation of receipt, confirmation, lists, etc.) relative to an order or to execution of an order coming from the Supplier must indicate the purchasing Department concerned, the party responsible for tracking the order, the complete

order number, the order date and the name of the buyer indicated on the order.

3.5. An order may not be executed by a third party, unless prior, express approval in writing has been obtained beforehand from the Buyer.

Article 4 Delivery time frame

4.1. The delivery time frame indicated in the purchase order accepted by the Supplier is imperative and represents an essential and determining condition of the contract. This time frame takes effect starting from the date of receipt of the order. Any delay, regardless of the reason, occurring during execution of the order, must be immediately justified in writing by specifying the reasons and duration of the delay.

4.2. If the Supplier does not fully execute the order within the agreed delivery time frame and during the business hours of the buyer (see this information on the order), it shall be entirely responsible for any late delivery and shall bear all harmful consequences, direct or indirect. For any delay, the Buyer reserves the right:

- to apply the following late penalties:

1% of the amount of the order for 1 business week of lateness

3 % of the amount of the order for 2 business weeks of lateness

5 % of the amount of the order for 3 business weeks of lateness

- to request cancellation of the sale due to the fault of the Supplier,

- to replace the Supplier by another of its choice, at the expense of the Supplier.

Article 5 Conformity – Quality of the merchandise

5.1. The Supplier will immediately replace, and at its expense, any products delivered to the Buyer which do not conform to the quality criteria appearing in the specifications provided by the Buyer, unless it prefers, after having observed and indicated the defect in conformity, to request cancellation of the sale due to the fault of the Supplier and/or replacement by the supplier of its choice, at the expense of the Supplier.

5.2. The conformity of the products provided also refers to the quantities requested which could, as a result, be the subject of reserves and result in application of the provisions above.

5.3. Furthermore, the Supplier shall be considered as fully responsible, towards the Buyer, for any harmful consequences of an eventual defect of conformity and quality of the merchandise delivered, from both qualitative and quantitative standpoints, and agrees, as a result, to fully indemnify the harm which could result from this.

Article 6 Tests

6.1. If tests are specified for the implementation of the products provided, the costs related to said

tests shall be the responsibility of the Supplier, as concerns the expenses incurred for conducting said tests and the expenses for human resources incurred by the Supplier.

The buyer shall retain responsibility for the expenses that it incurs for the personnel of the Buyer which is necessary for conducting tests.

- 6.2. The Supplier will make arrangements with the Buyer at least one week in advance of a date for conducting said tests.
- 6.3. In case execution of tests on the date stipulated is impossible due to the Supplier, the expenses incurred by the Buyer for personnel will be the responsibility of the Supplier.
- 6.4. In case of anomalies observed during the test periods which require the performance of new tests or additional tests, all the expenses incurred by the Buyer or by the Supplier will be the responsibility of the Supplier.

Article 7 Responsibility of the Supplier - Guarantee

- 7.1. In the absence of a more favourable contractual guarantee, the Supplier guarantees, at no additional expense, the Buyer against any defect or flaw, apparent or hidden, resulting from an error related to design, defect of materials or fabrication, and rendering the products ordered unfit for their intended use, for a minimum period of (1) year following delivery of said products. This guarantee includes parts, labour and transport for the merchandise delivered. The Supplier will indemnify the Buyer for any resulting direct or indirect

property damage or consequential losses. This duration does not present an obstacle to the application of legal guarantees.

Any defect or non-conformity observed during the effective period of the guarantee shall result in a corresponding extension of this guarantee period, without prejudice to reimbursement for the expenses, indemnities, damages and, generally, any amount for which payment was due, directly or indirectly, to the defect or non-conformity. In case of repair or replacement, the material replaced or repaired shall also be guaranteed for one year starting from said replacement.

No exclusion or limitation of guarantee will be able to be enforceable against the Buyer.

- 7.2. As a result, the Supplier will have to ensure, at its expense, the repair or replacement of products or defective parts which could become necessary.
- 7.3. Lastly, the Buyer will benefit from the Manufacturer's guarantee related to the products delivered.
- 7.4. The Buyer is released from any responsibility due to the products and the liability of the Supplier would apply in case a defect having resulted in action seeking guarantee is attributable to the Supplier or to one of its subcontractors.
- 7.5. Notwithstanding the stipulations above, the Supplier is liable by virtue of existing regulations.

Article 8 Insurance

- 8.1. The Supplier is required to subscribe, at its own expense, an insurance policy for civil liability

which is suitable to cover any loss caused by itself, its personnel or its representatives, resulting from the service is provided or the merchandise, products or articles delivered.

Upon request from the Buyer, the Supplier will provide an insurance certificate which will specify the coverage amount per type of loss.

- 8.2. Lastly, the Supplier makes sure that it satisfies all legal or regulatory obligations in this regard (ten-year insurance, maritime transport insurance...). It will immediately inform the Buyer about any absence of coverage of the risks. The present obligations of coverage are essential for the parties and may be a cause of early cancellation.

Article 9 Compliance with labour legislation

The Supplier declares that the products and services sold are produced in compliance with labour legislation, notably as concerns illegal labour and child labour. The supplier agrees to maintain this commitment in effect for as long as the business relationship with the Buyer endures.

Article 10 Intervention of the Buyer at the site

When they visit the site of the Buyer, the personnel of the Supplier will have to respect the conditions of entry at the site and comply with the rules, guidelines and recommendations included in the general safety instructions and rules of the Buyer.

Non-respect of the rules of safety, notably the prevention plan, may

result in discontinuation of the operation in progress and/or immediate exclusion of the violators, temporarily or definitively, or immediate cancellation of the sale, without the Buyer having to endure any loss (surcharge, change in scheduling...).

Article 11 Respect of conditions of work, health, safety and environment

11.1 In case of access to the site of the Buyer, the Supplier agrees to accept and to have accepted by its personnel and its eventual subcontractors, the rules in effect at said sites with regard to working conditions, health, safety and environment, as well as applicable legislation in such matters.

11.2 In case of non-respect of the rules of safety and prevention of Covestro Elastomers, the Buyer (i) May take, or have taken, immediately and without formalities, at the expense of the Supplier, any measures which are appropriate, if it deems that these measures have not been taken or implemented quickly enough by the Supplier and (ii) reserves the right to refuse access or maintain access to the site for the Supplier and/or its eventual subcontractors. All the consequences of non-respect of one of these obligations, including those resulting from implementation of the measures taken by the Buyer in case of deficiency or negligence of the Supplier, the refusal of access or maintaining on the site, shall be under the exclusive responsibility of the Supplier. The Buyer will also

be able to cancel the contract without prior notice and without indemnity, without prejudice to its right to seek damages.

Article 12 Requirements with regard to shipping

12.1 Unless other stipulations are included on the order in writing, packing, transport and insurance of the merchandise are the responsibility of the Supplier until it is received.

Unless a specific incoterm is agreed between the parties, and independently of the transfer of ownership, the merchandise travels at the risk and peril of the Supplier until it is received.

Any supply or packaging made available to the Supplier or its subcontractor by the Buyer is exclusively reserved for the products purchased. The Suppliers must make sure of the proper condition of the supplies and packing materials, or issue reserves upon receipt. Otherwise, the supplies and packing materials made available to the Supplier shall be presumed as being in good condition and will be able to be billed to it.

12.2. For each shipment, the merchandise will have to be accompanied by a delivery slip and a packing list. In case of transport by sea, the documentation related to the shipment and the invoice will have to mention the name of the sea transport company and the ship. The supplier will choose the most economical mode of transport and the most appropriate for the Buyer. All of the dispatch notes, packing lists, bills of lading and invoices, as well as the external packaging, etc., must indicate all the references

required by the Buyer, including the complete indications concerning the place of unloading specified by the Buyer.

12.3. The Supplier is required to pack, document and ship dangerous merchandise in conformity with applicable national or international regulations. The documentation accompanying the merchandise must indicate the category of risk with which the merchandise is associated and the other information which could be required in conformity with applicable transport regulations.

12.4. The Supplier answers for any damage resulting from non-respect of the present stipulations and shall be responsible for any resulting costs. It will be the responsibility of the Supplier to make sure that subcontractors respect said requirements with regard to shipping.

Any shipment for which the Buyer is unable to take delivery due to non-respect of the present stipulations shall be stored at the risk and expense of the Supplier. The Buyer shall have the right to inspect the contents and condition of said shipment.

Article 13 Billing and payment

13.1. Invoices are established in conformity with the provisions of the Code of Commerce. With express approval from the Buyer, they will be sent, if possible, electronically.

13.2. Prices indicated in the order shall be deemed as firm. The Supplier may not unilaterally modify the agreed price for the order (the

price appearing in the offer - price proposed in the catalogue of the Supplier).

- 13.3. Unless otherwise agreed, invoices are paid at sixty (60) days net, date of issue of invoice. Unless otherwise expressly agreed between the parties, billing may only take place after delivery.
- 13.4. Payments by the Buyer are not deemed as either recognition of delivery, absence of delivery error, or conformity of the billing. The payment time frame shall be without prejudice to the obligations of the guarantee of the Supplier or to the right of the Buyer to make a complaint regarding the products delivered.

Article 14 Acquisition of ownership

Notwithstanding any contractual stipulation to the contrary, the Buyer acquires ownership of the products once they are delivered.

Article 15 Documentation - Confidentiality

- 15.1. All sketches, standards, instructions, methods of analysis, formulas or other documents provided to the Supplier by the Buyer for the purposes of fabrication of the merchandise to be provided, and any other document drafted by the Supplier in conformity with specific instructions from the Buyer shall remain the property of this latter party and may not be used for any other purpose and may not be reproduced or made available to third parties by the Supplier. Upon request, the Supplier will immediately return and/or eliminate

all of said documentation and any copies of it. The Buyer will retain the industrial property rights relative to all documents provided to the Supplier. The Supplier is required to treat all requests and orders, as well as all work associated with them, with strict confidentiality. The Supplier shall be held responsible for any loss endured by the Supplier resulting from breach by the Supplier of any of these obligations. The Supplier will provide the Buyer with all documents required to discuss the characteristics of the merchandise to be provided. Such discussions on details concerning the merchandise to be provided or any other involvement of the Buyer shall exclusively engage the liability of the Supplier and shall not excuse this latter party from any obligation of guarantee or any other obligation.

- 15.2 The Supplier shall provide the Buyer, free of charge, all documents which it has requested in order to use, assemble, install, process, stock, operate, inspect, maintain or repair the merchandise provided, and will provide said documents in due time, without this being specifically requested of it.

- 15.3. Any norm or instruction specified by the Buyer is to be applied as it is in effect. The Supplier will ask à temps (???) The Buyer to provide it with the factory norms and directives, provided that they have not already been made available.

Article 16 Objects

All moulds, models, tools, films, etc., having been produced by the Supplier in order to fulfil the order, shall become the property of the Buyer once payment has been made for said objects. This provision

shall apply even in case said objects remain in the possession of the Supplier. Said objects will have to be remitted to the Buyer upon simple request.

Article 17 Assemblage, maintenance, inspection, repair, etc.

The Buyer declines all responsibility as concerns the property of the Supplier having been brought to the premises of the Buyer by the Supplier or its personnel.

Article 18 Violation of patent or other rights

The Supplier guarantees that no harm shall come to the patents, licenses or industrial property rights owned by third parties due to the merchandise and products supplied. Any license fees shall be the responsibility of the Supplier.

Article 19 Confidentiality

The Supplier is prohibited from mentioning the existence of the business relationship that it maintains with the Buyer in any informational or advertising materials without first obtaining express approval in writing from the Buyer.

This commitment shall remain in effect for five (5) calendar years after the end of said business relationship.

Article 20 Applicable law and interpretation of the stipulations of the Agreement

20.1. The present Agreement is governed by French law. The United Nations Convention on the International Sale of Goods of 11 April 1980, as modified on 1 January 1991, shall not be applied.

20.2. The usual commercial conditions shall be interpreted in conformity with the Incoterms as modified.

Article 21 Origin of the merchandise

The origin of the merchandise and the documentation to support this are suited to benefiting from the preferential systems established by agreements on free trade and unilateral preferences in effect within the European Union, except in case confirmation of the order (from the Buyer) expressly provides otherwise.

Article 22 Disputes

Any disputes which could arise regarding the validity, interpretation, execution or cancellation of the purchase contracts established between the Supplier and the Buyer, and which may not be resolved amicably, shall be submitted to the Commerce Court of LYON.