

AkzoNobel General Purchase Conditions

Generally Applicable Conditions

1. General

The GPC shall form part of and be applicable to every order (“Order”) placed by a unit of AkzoNobel (“AkzoNobel”) with a supplier (“Supplier”) for goods or services (the “Goods”). Where appropriate, third parties may act on behalf of AkzoNobel. If additional conditions are applicable, it shall form an integral part of the GPC. Terms other than those in the Order or in the GPC will only be part of the Order if and insofar as both parties agree to such terms in writing. Amendments to the GPC or Order by Supplier will only be binding if agreed in writing between the parties. Nothing shall oblige AkzoNobel to buy the Goods exclusively from Supplier or buy a minimum of Goods from Supplier. In the event that the GPC deviate from the terms in the Order, the terms in the Order shall prevail.

2. Acceptance & Modification of Orders

Each Order will be deemed accepted by Supplier unless Supplier notifies AkzoNobel in writing within 8 days of receiving the Order that Supplier rejects the Order. AkzoNobel may, by written notice given prior to shipment of the Goods covered by an Order, cancel or make changes to the Order.

3. Delivery Time, Delivery, Outsourcing

The Order shall state the date(s) of delivery, and such term for delivery shall commence on the day AkzoNobel places the Order. AkzoNobel’s production schedules are based upon delivery of the Goods to AkzoNobel’s receiving location(s) no later than the date(s) specified in the Order. No change of the delivery date(s) will be binding on AkzoNobel unless AkzoNobel has agreed to the same in writing. Supplier shall ensure that delivery at AkzoNobel’s receiving location(s) is made in accordance with the date(s) stated in the Order, and if delivery is late or delayed, AkzoNobel reserves the right to reject the Goods, purchase elsewhere and hold the Supplier accountable for all costs, losses, damages and expenses incurred by AkzoNobel. In the event of shortage in the delivered Goods, if AkzoNobel accepts the delivery an adjustment shall be made to the purchase price for the shortage. In no event will AkzoNobel be required to pay for any quantity of Goods in excess of the quantity that it ordered.

Unless stated otherwise in the Order, the Goods shall be “Delivered Duty Paid” (DDP) to the AkzoNobel’s address in conformity with the conditions of the latest version of Incoterms published by the International Chamber of Commerce as applicable on the date of the Order (the "Incoterms"). Supplier shall designate the Goods as destined for AkzoNobel and safely store and insure the Goods until the delivery to AkzoNobel. Supplier shall not make available or exhibit the Goods to third parties or give access to the Goods to third parties without AkzoNobel’s prior written consent.

AkzoNobel shall have the right to return the (partial) delivery or deliveries of Goods not agreed to at Supplier’s risk and expense. If quantities are delivered that deviate from the quantities agreed upon and the deviation is more than what are usual in the branch of industry concerned, AkzoNobel shall be entitled to refuse delivery of the surplus, and if lower quantities are delivered, delivery of all the Goods, and return the Goods concerned at Supplier’s risk and expense.

Supplier shall not outsource any activities to a third party without AkzoNobel's prior written consent. Supplier shall remain fully responsible and liable for activities carried out by third parties at the Supplier's request (including activities by independent contractors and representatives) and shall indemnify AkzoNobel against any claims from third parties which arise from or relate to activities carried out by or goods used or delivered by third parties at the Supplier's request (including ultimate liability for payment of taxes and national insurance contributions pursuant to the Sequential Liability Act).

4. Packaging and Transport

Supplier shall ensure Product Safety measures are followed. Supplier shall ensure that the Goods are packed, safeguarded and, if Supplier provides transport, transported in such a manner that upon transportation the Goods will reach the place of delivery in a good state and can safely be unloaded. Supplier shall be liable for compliance including for compliance by the transporters contracted by it, with national, international and/or supranational regulations applicable to packaging, safety, and transport. At the AkzoNobel's first request, Supplier shall take back at its risk and expense the packaging material used by Supplier and dispose of this material in a responsible manner.

5. Prices and Payment

The prices mentioned in AkzoNobel's Order are in dollars and include all taxes, levies and other costs needed for compliance with Supplier's obligations and shall be considered as fixed, unless otherwise agreed upon in the Order. Any extra costs that have not been covered beforehand in AkzoNobel's written Order shall not be eligible for compensation. Unless otherwise stated in the Order, Payment of the delivered Goods shall be due on the fourth business day of the next month following 90 days upon receipt of invoice concerned; payment shall not imply acceptance of the Goods concerned. AkzoNobel shall be entitled to suspend payment if it notices a shortcoming in the Goods. AkzoNobel shall be entitled to reduce the amount to be paid with amounts the Supplier is due to AkzoNobel.

6. Transfer of Ownership and Risk

The ownership of the Goods shall pass unencumbered and unconditionally to AkzoNobel at the moment of transfer of the risk for the Goods, as stipulated in the Incoterms. Immediately thereafter, Supplier shall hand over to AkzoNobel a complete set of shipment documents (bill of lading, master's receipt or other relevant documents) or, if agreed upon, transfer the equivalent data file. If within the framework of the Order, partial payments are made for (parts of) the Goods in anticipation of delivery of the Goods, the ownership of (parts of) the Goods shall pass to AkzoNobel at the moment of delivery of (part of) the Goods to Supplier or— in the case of manufacturing—at the moment that Supplier has commenced manufacturing; the risk for the Goods shall be transferred to AkzoNobel as determined in the Incoterms.

7. Nonconforming Products and Materials

Supplier shall notify AkzoNobel within one business day of the discovery of any actual or suspected non-conforming materials suspected in items sold to AkzoNobel. Such notice will at a minimum contain the (a) affected part number and name, (b) description of the problem, (c) quantity, dates and where the material affected was delivered, lot numbers and dates of manufacturing or other discrete manufacturing codes as applicable. Supplier shall investigate all non-conforming products and materials. Such investigation shall include containment, root cause analysis, escape point analysis, impact/assessment of scope and identification and timely

implementation of effective corrective actions. AkzoNobel shall have the right to participate in any investigation. Supplier shall obtain AkzoNobel written approval regarding disposition of any non-conforming products or materials.

8. Import/Export Compliance

Supplier shall comply with all applicable export control laws and sanctions, regulations and orders, including, without limitation, the International Traffic in Arms Regulations (“ITAR”) and the Export Administration Regulations (“EAR”). Any party exporting or re-exporting materials or products shall obtain all required licenses and authorizations. Supplier represents that the items supplied are not “defense articles.” If in connection with requesting authorization, license, or other required approval, Supplier is required to disclose technical data, information, patents, copyrights, or other intellectual property in which AkzoNobel or any of AkzoNobel’s affiliates own or possess any legal interest, Supplier shall first obtain the written consent of AkzoNobel or the appropriate affiliate prior to making any disclosure. Supplier shall defend and indemnify AkzoNobel, and shall hold AkzoNobel harmless, from any and all claims, demands, damages, costs, fines, penalties, attorney’s fees, and all other expenses arising from Supplier’s failure to comply with this provision.

9. Compliance with Laws, Responsible Care®

Supplier shall comply with, and Supplier represents and warrants that all Goods delivered to AkzoNobel are in compliance with, and were manufactured, packaged, labelled, shipped and sold in compliance with (a) the International Council of Chemical Associations Responsible Care® Global Charter and (b) all laws, rules, regulations and statutory requirements that from time to time come into force (“Laws”), including without limitation Laws that relate to labor and employment, safety, the environment, competition, anti-corruption and bribery and export controls and sanctions. Supplier, at its own expense, shall obtain and maintain all certifications, authorizations, licenses and permits necessary to conduct its business and perform its obligations under the GPC.

10. Secrecy, Industrial/Intellectual Property Rights

Supplier shall not disclose to third parties or use in behalf of third parties the Order and any know-how and other data that have come to his knowledge in connection with the execution of the Order, without AkzoNobel’s prior written consent. Supplier shall forthwith return to AkzoNobel this know-how and data (including all copies thereof) insofar as it is not or no longer required for the execution of this Order or if in all reasonableness this is not possible, destroy it. New intellectual property rights of Goods manufactured by Supplier at the AkzoNobel’s request, as well as improvements thereof and additions thereto, shall pass to or be transferred to AkzoNobel. Insofar as for the transfer of said rights, if a further act is necessary, Supplier shall at the AkzoNobel’s first request grant its cooperation to transfer these intellectual property rights. Supplier shall renounce its moral rights to intellectual property made by Supplier as part of the Order.

11. Transfer of Rights and Obligations

Supplier may not delegate, assign, transfer, grant any security interest over, hold on trust or deal in any other manner with the benefit of all or any part of the GPC, nor sub-contract or novate any or all of its obligations under the GPC without AkzoNobel’s prior written consent. AkzoNobel may assign, transfer, grant any security interest over, hold on trust or deal in any other manner with the benefit of all or any part of the GPC, or sub-contract or novate any or all of its obligations under the GPC without Supplier’s consent.

12. Warranties; Indemnity

Supplier warrants that at the time they are delivered to AkzoNobel's receiving facility and for their shelf life (or for Goods not having a shelf life for a reasonable period after delivery taking into account the nature of the Goods), the Goods will: (a) conform to all specifications; (b) except to the extent conflicting with the specifications (in which case such specifications will control) conform to all samples or descriptions provided to AkzoNobel; (c) be free from defects in materials and workmanship; (d) be merchantable; and (e) if Supplier has knowledge of AkzoNobel's intended use, be fit for such use. Supplier further warrants that the Good will be properly packaged and labelled and that the Goods will be free and clear of all liens and encumbrances and that Supplier shall transfer to AkzoNobel, at the time title to the Goods passes, good and marketable title to same. The warranties by Supplier set forth herein will survive any inspection, testing, delivery or acceptance of, or payment by AkzoNobel for, the Goods.

Supplier shall fully defend, indemnify and hold harmless AkzoNobel and its parents, subsidiaries and affiliates, and its and their respective, officers, directors, employees, successors, assigns, contractors, customers, distributors, resellers, agents and representatives (the "Indemnified Parties") from and against any and all claims, lawsuits, damages, costs, losses, fines, penalties, legal fees and expenses ("Claims") resulting from or arising out of Supplier's negligence or breach of the GPC (including without limitation any warranty) or any defect in the Goods.

The warranties and indemnification by Supplier set forth in the GPC will survive any inspection, testing, delivery or acceptance of, or payment by AkzoNobel for, the Goods.

13. Inspection; Rejection

The Goods are subject, at AkzoNobel's discretion, to inspection and testing by AkzoNobel before or after delivery. AkzoNobel's inspection, receipt and payment for Goods will not be deemed acceptance thereof by AkzoNobel.

At its sole discretion, AkzoNobel may retain or reject non-conforming Goods. In the case of rejected Goods, AkzoNobel may, at Supplier's risk and expense, ship the Goods to Supplier and Supplier shall accept their return and, at AkzoNobel's option, Supplier shall (a) refund the purchase price (or if the price has not been paid issue a credit for the purchase price) of the Goods or (b) promptly provide replacement conforming Goods. In the case AkzoNobel elects to retain non-conforming Goods, Supplier shall issue a partial refund or credit of the purchase price to AkzoNobel, as determined by good faith negotiations between the parties. Whether nonconforming Goods are retained or rejected, Supplier shall, promptly following AkzoNobel's demand, reimburse AkzoNobel for all costs, losses, damages, and expenses incurred by AkzoNobel with respect to such Goods. Any right exercised by AkzoNobel hereunder will not be in limitation of any rights which AkzoNobel may have under the GPC or under applicable law.

14. Right of Set Off

AkzoNobel may set off any loss, damage, liability or claim that AkzoNobel or any of its parents, subsidiaries or affiliates may have against Supplier against any performance or payment due to Supplier under the GPC.

15. Force Majeure, Allocation

Neither party will be liable in any respect for failure to perform its obligations under the GPC if prevented by war (declared or undeclared); national emergency; inadequate transportation facilities; inability to secure necessary transportation, materials, supplies, fuel or power; fire, flood, windstorm or other act of God; strike, lockout or other labor dispute; or order or act of any government, whether foreign, national or local, whether valid or invalid (each a "Force Majeure"). During any period of shortage due to a Force Majeure, Supplier shall allocate its available supply of Goods such that, on a percentage basis, the reduction in the quantity of Goods available for AkzoNobel is no greater than the overall reduction in Goods available for sale by Supplier. In the event the duration of a Force Majeure exceeds sixty (60) days or is reasonably expected to exceed sixty (60) days, AkzoNobel may terminate the GPC, without liability, by giving written notice of termination to Supplier.

16. Confidentiality

All data or information obtained by Supplier from or concerning AkzoNobel, whether obtained verbally, in writing or otherwise is and will remain the property of AkzoNobel. Supplier shall not disclose said information to any third party, shall use said information solely for the purpose of performing its obligations hereunder and shall make said information available only to such of its personnel as have a need to know said information for said purpose. Supplier shall not disclose or refer to any part of any Order in any external communication or in any publication without the prior written consent of AkzoNobel. Supplier shall not in any way use or cause to be used the name or mark AkzoNobel, or any AkzoNobel logo or trademark or any mark or name resembling them for any purpose including but not limited to advertisements, sales promotion materials or publications of any kind, in each case without the prior written consent of AkzoNobel. Supplier shall not advertise or publish that Supplier does business with AkzoNobel without the prior written consent of AkzoNobel.

17. Applicable Law and Dispute Resolution

The GPC and all disputes arising out of or relating in any way to performance under the GPC, including disputes involving the parent company, subsidiaries or affiliates of any party to the GPC, will be governed by the laws of the country and, if applicable, state or province, in which AkzoNobel is located, excluding always the United Nations Convention on Contracts for the International Sale of Goods and any choice of law rules that direct the application of the law of any other jurisdiction. Any dispute arising under or relating to the GPC will be resolved in the following manner. Either party may institute the dispute resolution process by sending to the other a notice of the dispute (the "Dispute Notice"), stating the nature of the dispute and the party's position in reasonable detail. The other party shall, within fifteen (15) days of the date of the Dispute Notice, respond in writing stating the responding party's position with respect to the dispute in reasonable detail (the "Dispute Response"). Within thirty (30) days of the date of the Dispute Response senior representatives of the parties shall meet in good faith and attempt to resolve the dispute. If they are unable to resolve the dispute within sixty (60) days of the date of the Dispute Response, either party may bring suit in the courts (federal, national, state, provincial or local) having jurisdiction over the subject matter of the dispute that are located in the city in which AkzoNobel is located. (Provided, however, that if no court having jurisdiction over the subject matter of the dispute is located in such city, suit may be brought in the court (federal, national, state, provincial or local) having jurisdiction over the subject matter of the dispute closest to such city.) Each party consents and agrees to the jurisdiction and venue of such courts and agrees that all disputes arising out of or relating in any way to performance under the GPC, including disputes involving the parent company, subsidiaries or affiliates of any party to the GPC which are not resolved by agreement of the parties shall be resolved exclusively in such courts and the courts having appellate level review over the decisions and rulings of such courts.

18. Survival; Severability

After termination or completion of the Order, regardless of the cause thereof, the provisions of the GPC and the Order which by their nature are meant to remain in force after termination or completion, shall remain in force between parties. No termination, completion, expiration or cancellation of any Order will terminate or extinguish any rights or remedies of AkzoNobel, including all warranties and indemnities provided by Supplier, all of which will survive. If any provision in the GPC, for any reason, is invalid, illegal or unenforceable, in whole or in part, in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision of the GPC or invalidate or render unenforceable such provision in any other jurisdiction.

19. Amendments

AkzoNobel may amend the GPC. Amendments and such will come into effect 30 days after AkzoNobel sends the amended conditions to Supplier.

AkzoNobel Aerospace Coatings Additional Purchase Conditions

Aerospace Coatings applicable conditions for raw materials delivered to
1 East Water St.
Waukegan, IL
60085 USA

1. AS 9100 D Standards

Supplier understands that Buyer must comply with Standard AS 9100 D, as amended, in carrying out its business. Buyer hereby flows-down AS 9100 D requirements to Supplier through the Articles below. Supplier acknowledges and agrees to be bound thereby, along with any reasonably related requirements set forth in AS 9100 D.

2. Quality Assurance

Supplier shall provide product(s) of the quality specified in the Purchase Order and any associated specification, design instruction, drawings, process requirements, inspection/verification instructions, or other technical data applicable to such product(s) (collectively, the "Quality Documents"). In planning and carrying out manufacturing, production, and related services, Supplier shall (a) make available and consult, as appropriate, information that describes the product and all applicable Requirements; (b) verify the quality of the product(s) using suitable monitoring and measuring equipment and sufficiently qualified personnel; (c) account for all products during production (e.g., parts, quantities, split orders, nonconforming products); (d) prevent, detect and remove any foreign objects from production processes; (e) monitor and control utilities and supplies (e.g., water, compressed air, electricity, chemical products) to the extent they affect product performance; (f) communicate standards for workmanship to workers in the clearest possible way (e.g., written standards, representative samples, illustrations); and (g) document all evidence that Supplier has followed the QA procedures herein. Buyer shall have the unqualified right to test, inspect, and/or verify Supplier's products supplied to Buyer in accordance with industry-accepted procedures. At Buyer's reasonable request, Supplier shall provide test specimens and provide Buyer access to Supplier's facilities, products, testing facilities and related documentation, reports and records to the extent to products and supplies furnished to Buyer. At Buyer's reasonable request, Supplier shall perform production process verification on first production run of any new part or assembly to verify that the production processes, production documentation and tooling are capable of producing parts and assemblies that meet Requirements.

Certificate of Acceptance/Conformance (COA): Supplier shall provide a COA evidencing that Supplier's QA Department has evaluated and approved products provided to Buyer. With Buyer's permission, Supplier may provide other documentation in lieu of a COA in such form as Buyer deems sufficient in Buyer's sole discretion. Such evidence means that the components sold to Buyer adhere to all applicable product specifications.

Quality Management System (QMS): AkzoNobel requires the supplier to maintain a Quality Management System (QMS), or provide compliance evidence that all of the quality assurance standards are met and that the quality system and production process are documented, and show evidence of being under control.

Certified QMS system shall be an accredited certification through an IAF recognized certification body. Supplier shall take steps to ensure that its processes used for monitoring or measuring equipment, processes, or products achieve the quality control objectives of this Article. Supplier shall continuously improve its QMS, updating it to reflect current minimum specifications, standards, warranties, and capabilities Supplier has promised or warranted or as generally required within Supplier's industry.

3. Process, Product or Location Changes

The following rules and procedures govern any actual or proposed changes in Supplier's manufacturing process, product, or site of manufacture: Supplier assures Buyer that the products it sells Buyer will not (1) be discontinued or (2) modified in design or through process such as product line pruning, consolidations, plant and process rationalization, etc. during the course of any open order. In the event Supplier discontinues a raw material, Supplier must notify AkzoNobel in a timely manner and cooperate with Buyer to secure supply of raw material for Buyer to fulfil demand of at least 2 years. Any change notification (raw material change, process change, manufacturing location change, etc) must be provided to AkzoNobel Purchasing to ensure coordination with AkzoNobel Research, Development, Innovation and any customer requirements, and continue to supply original formulation for a period of up to 2 years to allow for requalification as needed. Supplier shall control and document changes affecting processes, production equipment, tools or software programs and assess whether such changes achieve their desired effect without adverse consequences to product conformity.

4. Identification and Traceability

Supplier shall maintain quality records correlating to batch or lot acceptance testing for each lot shipped to Buyer. Such documentation will reference the quantity shipped to Buyer by lot number, date, quantity description. Supplier shall label materials any ozone depleting chemicals shipped to Buyer as required by the Clean Air Act of 1990, Section 611, 40 C.F.R., Part 82. Non-U.S. Suppliers shall include with each bill of lading a statement that the products conform to all applicable federal notification requirements.

5. Customer Property

Supplier shall identify, verify, protect and safeguard Buyer or Buyer's customer(s)' property in Supplier's possession or control. Supplier shall promptly notify Buyer in the event any such property is lost, damaged, or otherwise found to be unsuitable for use and maintain records relating to such notification.

6. Preservation of Product

Where appropriate or as reasonably directed by Buyer, Supplier will provide special product handling, which may include, without limitation: cleaning, prevention and removal of foreign objects, marking and labelling, shelf-life monitoring, stock rotation, and other special handling for products existing in sensitive or controlled environments.

7. Records Retention

Supplier shall maintain, and upon request make available for inspection, all quality records related or traceable to the quality conformance of the items supplied to Buyer (part number and product) delivered to Buyer for a period of not less than 10 years from the date of shipment to Buyer.

8. Right of Access

Upon reasonable notice by Buyer, Supplier shall permit the right of access by the organization, their customer, and regulatory authorities to the applicable areas of facilities and to applicable documented information, at any level of the supply chain related to the Goods.

9. Subcontracting and Sub-Tier Suppliers

Supplier shall not outsource or subcontract any product, component, service or other work for or on behalf of Buyer to any sub-tier supplier without Buyer's prior written approval. Supplier must flow-down these Standards to any sub-tier suppliers along with all other provisions Subcontractor is required to flow-down to such sub-tier supplier any applicable customer, regulatory and/or AS9100 D requirements, including, but not limited to, requirements in any purchase order or other purchase document issued by AkzoNobel under its contractual relationship with Buyer. All service work performed by a sub-tier supplier must strictly comply with the Purchase Order, these Standards, and Buyer's and its customer(s)' specifications.

10. Application of Acceptance Authority Media (AAM)

When acceptance authority media are used (e.g., stamps, electronic signatures, passwords), the organization shall establish controls for the media.

11. Supply/Demand

Supplier represents and warrants it is presently capable of meeting our anticipated increases in demand. Supplier shall notify Buyer of any constraint that may impose a risk that Supplier will not be able to meet demand under this Purchase Order.

12. Counterfeit Parts, Products, or Materials

Supplier represents and warrants that it has policies and procedures in place to ensure that none of the parts, products, or materials furnished or supplied under this Purchase Order are suspect or counterfeit parts, products, or materials, and certifies, to the best of its knowledge, that no such parts, products, or materials have been or are being furnished or supplied to the Buyer by the Supplier. Suspect or counterfeit parts, products, or materials are parts, products, or materials that may be of the manufacture, but are misleadingly labelled to provide the impression they are of a different class or quality or from a different source than is actually the case.

If the Buyer reasonably determines that the Supplier has supplied suspect or counterfeit parts, products, or materials to the Buyer, the Buyer shall promptly notify the Supplier and the Supplier shall immediately replace the suspect or counterfeit parts, products, or materials with parts, products, or materials acceptable to the Buyer. Notwithstanding any other provision contained herein, the Supplier shall be liable for all costs incurred by the Buyer to remove and replace the suspect or counterfeit parts, products, or materials including without limitation the Buyer's external and internal costs of removing such a counterfeit parts, products, or materials.

The Buyer may unilaterally terminate this Purchase Order depending on the impact of the delivery of suspect or counterfeit parts, products, or materials on the Supplier's overall performance on this Purchase Order. Supplier's warranty against suspect or counterfeit parts, products, or materials shall survive any termination or expiration of this Purchase Order. Buyer reserves the right to seize and quarantine any or all suspected counterfeit parts, products, or materials it receives from the Supplier on this Purchase Order. Suspect counterfeit parts, products, or materials may be forwarded to the Original Component Manufacturer and, or the appropriate Federal or State authorities for final analysis, possible confiscation and, or destruction. If parts, products, or materials furnished by the Supplier are determined to in fact be counterfeit, the Supplier agrees to reimburse the Buyer on the full purchase price paid as well as any shipping or 3rd party testing charges incurred by the Buyer.