

## Terms and Conditions of Purchase of Raw Materials Version 14-001 – applicable from 09/01/2014

**Unless otherwise agreed in writing, these Terms and Conditions of Purchase shall apply in their entirety.**

### 1. Definitions

The "Supplier" shall mean the company that supplies products and/or raw materials to Stena Aluminium in accordance with these General Terms and Conditions. The "Agreement" shall mean the written agreement in the form of a supply contract and/or Call-Off Orders between Stena Aluminium and the Supplier regarding purchase of products. These Terms and Conditions of Purchase of Raw Materials shall constitute an integral part of the Agreement.

The "Products" shall mean all products purchased by Stena Aluminium in accordance with these Terms and Conditions of Purchase of Raw Materials. "Substandard Products" shall mean Products which do not meet the given specifications and/or Products that do not conform to the signed Agreement. If there are no documented requirements available from Stena Aluminium, "Substandard Products" shall be considered to be Products which do not correspond to the approved samples and, where no samples are available, Products which do not meet the universally accepted industry standard.

### 2. Delivery Terms

**2.1.** The Delivery Terms shall be interpreted in accordance with the latest version of "INCOTERMS". Unless the Delivery Terms have been agreed in detail, deliveries of products shall be made "DDP" and in accordance with a rolling schedule, as proposed by the Supplier.

**2.2.** Deliveries shall be made according to agreed delivery dates. The Supplier shall give advance notice of deliveries not later than 3 days before the delivery date in accordance with Section 2.2.1

**2.2.1** Notice shall be given to the following e-mail address: [avisering@stenaaluminium.com](mailto:avisering@stenaaluminium.com). Notifications shall include the following information:

- Name of shipper/supplier
- Place of dispatch
- Call-off order ID (APA/AP No.)
- Article (Item No. and designation)
- Weight in kg per article
- Delivery date (arrival at Älmhult)

**2.3.** The Supplier shall deliver the agreed quantity in kg. The tolerance range is  $\pm 5\%$ , however, not more than 3,000 kg compared to the agreed quantity. The weight measured at Stena Aluminium is decisive for the calculation of weight and shall be the weight paid to the Supplier regardless of what weight has been notified by the Supplier. The Supplier is entitled to be present during weighing, but this needs to be specified when the Agreement is signed. Stena Aluminium may not be held liable for Products supplied in quantities larger than agreed or delivered prior to the agreed date. Such Products may be sent back to the Supplier at the Supplier's expense. The risk of loss of such Products shall be borne by the Supplier.

**2.3.1** Each individual delivered loading platform/container may only contain one article. The Product may not be delivered packaged in plastic and/or any other kind of packaging. Exceptions are allowed in the event of prior agreement on this with the purchaser in charge at Stena Aluminium, which shall be specified in the delivery notice.

**2.4.** The Supplier shall notify without delay Stena Aluminium in writing of any known or expected events that may result in failure to meet the delivery date and shall notify Stena Aluminium without delay of the expected date of the actual delivery.

**2.5.** The Supplier shall be liable for any additional freight costs incurred for ensuring that the delayed deliveries reach Stena Aluminium on time.

**2.6.** The Supplier shall indemnify Stena Aluminium for all costs, damages, and losses caused to Stena Aluminium as a result of the delayed delivery.

### 3. Payment

**3.1.** Unless otherwise agreed in writing, payment shall be made within sixty (60) days of the delivery date of the Products. Payments may never be made prior to the delivery of the Product.

**3.2.** The receipt of payment shall not affect Stena Aluminium's rights according to this Agreement.

### 4. Quality, Ethical, Environmental and Safety and Health Requirements

**4.1.** The Supplier shall observe the UN Global Compact's ten principles in the area of human rights, labor, the environment, and anti-corruption (<http://www.unglobalcompact.org>) and shall ensure that all subcontractors approved by Stena Aluminium in accordance with Section 7 are legally obliged to comply with a corresponding obligation. Products shall be supplied in accordance with technical and other specifications which have been specified or otherwise laid down by Stena Aluminium. Stena Aluminium may refuse to approve Products which do not meet the applicable specifications, which will mean that the Products will not be considered to be delivered by the Supplier.

**4.2.** The Supplier shall maintain a valid quality and environmental ISO certificate or an equivalent thereof.

**4.3.** Delivered raw materials shall be of the same article as agreed in writing with the purchaser in charge at Stena Aluminium and shall be of the grade and quality as agreed in the Agreement. Sampling and analysis shall be conducted upon receipt of the Product. The Supplier is entitled to be present during sampling, but this must be specified when the Agreement is signed.

**4.3.1.** Upon delivery, the Product shall be free from any contamination in the form of, as follows: mechanical contaminants, oil, moisture, radioactive materials.

The Product may not have any properties that qualify it for being classified as hazardous waste in accordance with the applicable legislation. Mechanical contaminants shall mean any other material/substance than the ones agreed in the Agreement.

When it comes to delivery of mixed-alloy chips and/or Si-alloyed chips, any admixture of oil, moisture, grease, and dust that exceeds 5% of the weight measured by Stena Aluminium shall be

deducted from the payment.

When it comes to delivery of section chips, any admixture of oil, moisture, grease, and dust that exceeds 0% of the weight measured by Stena Aluminium shall be deducted from the payment. All Products shall be completely free from explosive substances.

**4.4.** Once Stena Aluminium has approved the respective Product specification/sampling, the Supplier may not change the function, appearance, properties, materials, or manufacturing location of the Products without Stena Aluminium's prior written consent.

**4.5.** Stena Aluminium's approval of the Products shall not affect the Supplier's liability pursuant to this Agreement.

**4.6.** The Supplier shall give Stena Aluminium immediate notice of any known or suspected Substandard Products. Stena Aluminium shall notify the Supplier as quickly as possible about possible Substandard Products before the raw material is made available to Stena Aluminium. In those cases where the Supplier and Stena Aluminium have not reached any agreement on Substandard Products within 10 days, Stena Aluminium shall be given preferential right of interpretation.

**4.7.** Where Stena Aluminium considers it necessary, on account of Substandard Products, to make an inspection of some or all supplied Products, such an inspection shall be conducted at the Supplier's expense and after consultation with the Supplier. The Supplier shall indemnify Stena Aluminium for the cost of such an inspection.

**4.8.** At Stena Aluminium's request, the Supplier shall immediately and at no extra charge indemnify or rectify Substandard Products or, if so requested by Stena Aluminium, indemnify Stena Aluminium for the value of the Substandard Products or for the cost of their rectification. The Supplier shall also indemnify Stena Aluminium for all costs, damages, and losses caused to Stena Aluminium as a result of the substandard Products.

**4.9.** Where Substandard Products have been incorporated into Stena Aluminium's products that have been delivered to Stena Aluminium's customers, Stena Aluminium is entitled to recall the respective products at the Supplier's cost.

**4.10.** The Supplier shall indemnify Stena Aluminium for freight costs incurred in connection with Substandard Products (including costs related to the incorporation of Substandard Products into Stena Aluminium's products) and, where the Substandard Products are returned to the Supplier, for the freight costs for returning the Substandard Products. All transportation of Substandard Products in connection with rectification of defects shall be at the Supplier's expense and risk.

**4.11.** The Supplier's obligation in accordance with Sections 4.5 to 4.8 above shall apply for a period of up to two (2) years after Stena Aluminium's products where the Substandard Products had been incorporated were delivered to any customer of Stena Aluminium. However, the period of validity of the obligation may not exceed three (3) years from the delivery of the Substandard Products to Stena Aluminium.<sup>1</sup> The deadlines in this paragraph shall not affect the Supplier's product liability in accordance with paragraph 11 below.

**4.12.** Once the Substandard Product has been rectified, the Supplier may be held liable for defects in the replaced or rectified Product in accordance with the same terms and conditions that apply to the original Product.

## **5. Inspection of Production**

**5.1.** Stena Aluminium is entitled to inspect the Supplier's production, take samples and conduct other necessary investigations of the Supplier's premises.

**5.2.** It is the Supplier's duty to ensure that Stena Aluminium can exercise its rights in accordance with Section 5.1 above, also in those cases where the production has been entrusted, in whole or in part, to another company.

## **6. Technical Modifications**

**6.1.** Stena Aluminium reserves the right to modify the agreed Product or Service Specification after the order has been placed. All such modifications shall be confirmed in writing. All price differences and/or changed delivery dates as a result of such modifications must be agreed between the Parties and confirmed in writing.

## **7. Subcontractors**

**7.1.** Stena Aluminium must approve the Supplier's use of a certain subcontractor in writing. Such use shall not discharge the Supplier from liability for ensuring compliance with the terms and conditions of the Agreement.

## **8. Intellectual Property Rights**

**8.1.** The Supplier pledges and guarantees that the Products do not infringe on third-party intellectual property rights. The Supplier shall indemnify Stena Aluminium for all costs incurred as a result of or in connection with the Products and/or the incorporation of the Products in the finished products that are sold by Stena Aluminium and/or by any other customer of Stena Aluminium if such products infringe on third-party intellectual property rights. The Supplier shall help Stena Aluminium and, if so requested by Stena Aluminium, shall defend, at the Supplier's expense, Stena Aluminium in disputes involving Stena Aluminium as a result of such infringement.

**8.2.** If the Supplier creates any records, reports, data or any other information at Stena Aluminium's expense regardless of the medium used for this (jointly referred to as the "Materials"), the Materials shall be considered to be the sole ownership of Stena Aluminium. If the Materials, as a result of the provisions of the law, are not considered to be Stena Aluminium's property, the Supplier shall assign the ownership to such Materials, including all copyright to them, to Stena Aluminium. The Supplier may not use any Materials prepared for Stena Aluminium without Stena Aluminium's prior written consent.

**8.3.** If the Supplier improves a product of Stena Aluminium, Stena Aluminium shall be given full ownership of all such improvements that are invented or implemented by the Supplier in connection with the performance of the order. The Supplier agrees to disclose without delay such improvements and assigns all intellectual property rights to them to Stena Aluminium. The Supplier also agrees to provide reasonable assistance to Stena Aluminium, at Stena Aluminium's expense, for guaranteeing all intellectual property rights in accordance with Sections 9.2 and 9.3 of this Agreement.

## **9. Acts and Ordinances**

**9.1.** The Supplier shall abide by all relevant acts and ordinances.

## **10. Product Liability and Insurance**

**10.1.** To the extent Stena Aluminium may incur product liability on its behalf or on behalf of third parties, the

<sup>1</sup> **Note on paragraph 4.10:** If German civil law applies, Sections 470 and 479 of BGB shall remain unaffected.

Supplier shall indemnify Stena Aluminium to the extent Stena Aluminium's liability is owing to Substandard Products. The Supplier shall present proof of business and product liability insurance with sufficient coverage for the business effect that may arise for Stena Aluminium in connection with the purchasing of Products. The Supplier must maintain such insurance for the risk covered and the respective insurance amount for the whole duration of the Agreement. Such insurance shall also cover subcontractors or subsuppliers the Supplier may come to use in accordance with the Agreement.

## 11. Termination

**11.1.** A Party may terminate the Agreement with written notice with immediate effect without any liability for damages if the other Party becomes insolvent, is assigned an administrator or a receiver to manage its assets or if this Party has filed for bankruptcy or if other bankruptcy proceedings have been initiated.

**11.2** Stena Aluminium may terminate the Agreement by written notice with immediate effect and without liability for damages if a competitor of Stena Aluminium acquires shares in the Supplier or if a third party acquires more than 50% of the Supplier's shares.

**11.3.** When Products and/or Services are delivered after the agreed delivery date or when Substandard Products are not rectified or replaced within a reasonable period of time, Stena Aluminium is entitled to terminate the Agreement in whole or in part, without affecting Stena Aluminium's other rights.

**11.4.** If the Supplier fails to meet its obligations under the Agreement, Stena Aluminium is entitled to terminate the Agreement with immediate effect, including any outstanding orders.

## 12. Force Majeure

**12.1.** None of the Parties shall be bound to any obligations it cannot meet because of a force majeure circumstance, including, e.g., riots, civil unrest, fire, flood, war, confiscation, or if competition is limited by regulatory intervention or ordinance, or by any other circumstances beyond this Party's reasonable control which this Party cannot be reasonably expected to have predicted at the time of the purchase and whose consequences could not have reasonably been avoided or overcome by the Party.

**12.2.** If delivery delays caused by any of the reasons above exceed or are expected to exceed six (6) months, the Party is entitled to terminate the part of the Agreement that applies to the delayed or missing delivery without assuming any liability to the other Party.

**12.3.** If a Party wants to take advantage of the force majeure clause, this Party must notify the other Party without delay of the emergence and cessation of the force majeure event.

## 13. Confidentiality

**13.1.** Where so requested by the disclosing Party, the receiving Party shall return all documentation and computer-readable data, including copies, received by the disclosing Party. Copies made by any of the Parties or on behalf of any of the Parties shall be destroyed immediately.

**13.2** The Supplier may not announce or otherwise disclose the fact that the Supplier is a supplier of or has been tasked to supply Products to Stena Aluminium without Stena Aluminium's prior written consent. The Supplier may not use Stena Aluminium's name, logo, brand, or identifying feature without Stena Aluminium's prior written consent, either.

**13.3.** Patterns, samples, drawings, plans, and programs ordered by Stena Aluminium shall be Stena Aluminium's property.

**13.4.** On delivery, the Supplier shall give Stena Aluminium the agreed number of copies, or at least one, of documents and drawings that must be sufficiently detailed to enable Stena Aluminium to install, start, operate, and maintain the Products.

## 14. Applicable Law

**14.1.** The Agreement shall be interpreted and applied in accordance with the law of the country where the purchasing Stena Aluminium company is headquartered, without any obstacles from this country's provisions regarding applicable law. The United Nations Convention on Contracts for the International Sale of Goods (CISG) of April 11, 1980 shall not apply.

## 15. Arbitration

**15.1.** All disputes, conflicts, or claims arising out of or in connection with the Agreement as well as its breach, termination, or invalidity shall be settled, in the first instance, through negotiations. As a last resort, a final decision may be taken by means of arbitration proceedings in accordance with the Arbitration Rules of the Chamber of Commerce and Industry of Southern Sweden, as published on October 1, 1996 and revised on March 1, 2002

1. Ordinary arbitration proceedings,

"All disputes arising out of or in connection with this Agreement shall be settled finally by one or more arbitrators in a way as prescribed in the Arbitration Rules of the Chamber of Commerce and Industry of Southern Sweden, which shall apply in their entirety."

2. Simplified arbitration proceedings when the disputed amount does not exceed EUR 50,000,

"All disputes arising out of or in connection with this Agreement shall be settled finally in accordance with the Simplified Arbitration Rules of the Chamber of Commerce and Industry of Southern Sweden."

**15.2.** The arbitration proceedings shall be held in Gothenburg. Unless otherwise agreed, the arbitration proceedings shall be held in Swedish or English.