

PURCHASE AGREEMENT

Nifco UK Limited a company registered in England and Wales (Company Number 01392769) with its registered office at Nifco House, Durham Lane, Eaglescliffe, Stockton on Tees, Cleveland, TS16 0PS (the "Company") has agreed to purchase certain goods and services from **[Insert Seller Name]** a company registered in England and Wales (Company Number **[]**) with its registered office at **[insert Seller's address]** (the "Seller").

Certain words and expressions used in and principles of interpretation applicable to this Agreement are defined in paragraph 1.1 of Schedule 1 to this Agreement.

1. The Seller agrees to supply and the Company agrees to purchase certain Goods and/or Services in accordance with the terms of this Agreement.
2. All Orders placed by the Company shall be governed by the terms of this Agreement to the exclusion of any other terms and conditions which are purported to apply by the Seller whether attached to order acknowledgements or otherwise.
3. Each Order shall form a separate "Contract" as that term is defined in Schedule 1.
4. The Agreement between the parties consists of this document and the Schedules to this document. If there is any conflict or inconsistency between this document, the Schedules and any Order, the following order of precedence shall apply, to the extent of the conflict:
 - 4.1 this document;
 - 4.2 [Schedule 4 (Tooling Supply Terms)];
 - 4.3 the Order;
 - 4.4 Schedule 1 (General Conditions of Purchase);
 - 4.5 Schedule 2 (Advanced Production Planning Document); and
 - 4.6 Schedule 3 (Substances of Concern Standard).
5. [If the Company supplies the Seller with Tooling to enable the Seller to supply the Goods or perform the Services, the provisions of Schedule 4 shall apply and the provisions of paragraph 13 of Schedule 1 shall not apply.]
6. By signing this Agreement below, the Seller agrees to supply the Goods and Services in accordance with the terms of this Agreement and the Company agrees to pay the Price.

**For and on behalf of
Nifco UK Limited**

Date

**For and on behalf of
[Insert Seller's name]**

Date

SCHEDULE 1

GENERAL CONDITIONS OF PURCHASE

1. DEFINITIONS

1.1 In this Agreement:-

“Agreement”	means the purchase agreement to which these Contract Terms are attached and these Contract Terms;
“Authorised Officer of the Company”	means the Company’s Purchase Manager from time to time or any other authorised representative of the Company;
“Authorised Officer of the Seller”	means a Director or a Partner or an employee of the Seller who is authorised or who might reasonably be expected to be authorised, to accept contractual terms or variations on behalf of the Seller;
“APPD”	means the Company’s advanced production planning document as amended from time to time as set out at [insert website link] the latest version of which is attached at Schedule 2;
“Contract”	means each contract between the Company and the Seller for the sale and purchase of the Goods or the supply and acquisition of the Services (or both) governed by the Agreement;
“Contract Terms”	means these standard terms and conditions of purchase and includes any special terms agreed in writing between the Company and the Seller;
“Goods”	means the goods (including any articles, materials or part thereof) described in the Order;
“Good Industry Practice”	means in relation to any undertaking in any circumstances, the degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected from a highly skilled and experienced person in the same or similar circumstances;
“Intellectual Property Rights”	means any rights in inventions, patents, registered designs, design rights, know-how, trade marks and service marks, copyright and all or any other intellectual or industrial property rights whether or not registered or capable of registration;
“Insolvency Event”	means: <ul style="list-style-type: none">a) any action, legal proceedings or other procedure or step which is taken or the Company reasonably believes may be taken by any person in any jurisdiction in relation to or with a view to:<ul style="list-style-type: none">(i) the winding up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Seller (except that no right to terminate will arise in respect of any procedure commenced for the purpose of a solvent

amalgamation or reconstruction);

- (ii) a Debt Relief Order being made in respect of the Seller;
- (iii) the appointment of a liquidator, trustee in bankruptcy, receiver, administrative receiver, administrator, nominee, supervisor or similar officer in respect of the Seller or any of its assets;
- (iv) the enforcement of any security over any assets of the Seller;
- (v) the attachment, sequestration, distraining upon or execution over or affecting any material asset of the Seller,

in each case which is not withdrawn or dismissed as soon as reasonably practicable;

- b) the Seller is unable to pay its debts as they fall due taking into account contingent and prospective liabilities, as interpreted in accordance with the relevant legal authority from time to time;
- c) the Seller enters into a composition or arrangement with its creditors or any class of them;
- d) the Seller ceases to carry on its business or substantially all of its business, or is struck off and/or dissolved; or
- e) the commencement of any analogous procedure or step in relation to the Seller in any jurisdiction other than England and Wales;

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“New Seller”

means any person, firm, company or other organisation or entity appointed or to be appointed by the Company to provide services which are the same as or similar to the Services (or any part of them);

“Order”

means the Company’s purchase order submitted to the Seller for the purchase of goods and/or services;

“Packaging”

shall include bags, cases, cylinders, drums, pallets, Octibins, boxes and any other containers;

“Price”

means the price of the Goods and/or Services;

“Services”

means the services (if any) described in the Order;

“Specification”

includes any plans, drawings, data, description or other information relating to the Goods and/or Services;

“Tooling”

the tooling identified at Schedule 5;

“Tooling Location”

the premises which have been approved by the Company at which the Tooling shall be located; and

“TUPE” the Transfer of Undertakings (Protection of Employment) Regulations 2006.

1.2 In these Contract Terms “indemnify” means on demand to indemnify and keep indemnified, and hold harmless, the party to be indemnified on an after tax basis.

2. **BASIS OF PURCHASE**

2.1 The Order constitutes an offer by the Company to purchase the Goods and/or acquire the Services, subject to these Contract Terms.

2.2 Any of the following are deemed to constitute the Seller’s acceptance of the Order:-

2.2.1 any offer and/or acceptance of an Order by the Seller (notwithstanding any conditions attached to such offer or acceptance or any purported incorporation of terms other than these Contract Terms);

2.2.2 the commencement of any work by the Seller; or

2.2.3 the delivery of any Goods or the performance of any Services by or on behalf of the Seller.

2.3 Any variation to the Order or the Agreement shall become binding only if agreed in writing by the Authorised Officer of the Company and the Authorised Officer of the Seller.

3. **PRICE**

3.1 The Price of the Goods and the Services shall be as stated in the Order or where not stated in the Order, the price listed in the Seller’s published price list from time to time notified to the Company in writing and, unless otherwise so stated, shall be:-

3.1.1 fixed;

3.1.2 exclusive of any applicable VAT (which shall be payable by the Company subject to receipt of a VAT invoice); and

3.1.3 inclusive of all charges for packaging, packing, shipping, carriage, insurance and delivery of the Goods to the Company’s specified delivery address and any import duties, taxes or levies other than VAT.

3.2 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 written consent of the Authorised Officer of the Company.

4. **SPECIFICATIONS AND VARIATIONS**

4.1 The quantity, quality and description of the Goods and the Services shall be as specified in the Order and/or in any applicable Specification supplied by the Company to the Seller or agreed in writing by the Authorised Officer of the Company.

4.2 The Company shall have the right during the execution of the Order by notice in writing from the Authorised Officer of the Company to change any details specified in the Order by written instructions. If any such change affects the time of performance or delivery costs involved an equitable adjustment shall be made to the delivery schedule and/or Price as the Authorised Officer of the Company may agree.

4.3 Where the Seller receives any instructions from the Company to vary the Order which would result in an amendment to the Price or the time for delivery of the Goods or the time for completion of the Contract, the Seller shall promptly advise the Company in

writing to that effect giving the amount of any such amendment which shall be ascertained and determined at the same level of pricing as the Price originally agreed in the Contract.

- 4.4 Any Specification supplied by the Company to the Seller or specifically produced by the Seller for the Company in connection with a Contract shall be the exclusive property of the Company and delivered to the Company with the Goods or supply of the Services.
- 4.5 Goods made to the Company's Specification shall not be manufactured for or supplied to any other party and the Seller shall not alter any of the Goods, except as directed in writing by an Authorised Officer of the Company.

5. **ACCEPTANCE, PROPERTY AND RISK**

- 5.1 The Goods shall only be accepted by the Company after they:-
 - 5.1.1 have satisfied all requirements and passed all tests specified in the Order and any Specification; and
 - 5.1.2 have thereafter been accepted in writing by and to the full satisfaction of the Company.
- 5.2 The Company shall not be deemed to have accepted any Goods and/or Services until the Company has had a reasonable time to inspect or test them following delivery or, if later, within a reasonable time after any latent defect has become apparent.
- 5.3 Until delivered to and accepted by the Company, the Goods shall remain at the sole risk of the Seller, who shall at its own cost insure the Goods in the name of the Seller against all insurable risks which are likely to affect the Goods with insurers and on terms approved by the Company. Satisfactory evidence of such insurance and payment of the current premiums shall be shown to the Company on request.
- 5.4 Property in the Goods shall pass to the Company on delivery or, if earlier, when payment for the Goods is made.

6. **DELIVERY**

- 6.1 The Goods shall be delivered to, and the Services shall be performed at, the address specified by the Company on the date or within the period stated in the Order, in either case during the Company's usual business hours. The Company reserves the right to amend any delivery instructions. Delivery shall be deemed to be made on receipt of the Goods and/or the Services by the Company in accordance with all terms of the Contract.
- 6.2 In order to confirm receipt of a delivery of Goods the Seller shall obtain, on delivery, the signature of a representative of the Company or the person to whom the Seller has been instructed to effect delivery of the Goods. This confirmation shall be evidence of delivery only but shall not amount to acceptance of the Goods.
- 6.3 Time of delivery of the Goods and of performance of the Services is of the essence of the Contract. Notwithstanding this, if for any reason the Company requests delivery or performance to be delayed, the Seller shall agree to such request at no extra cost to the Company and the provisions of this Contract Term 6 shall apply to any such revised date for delivery or performance.
- 6.4 The Goods shall be marked in accordance with the Company's instructions and shall be properly packed, secured and despatched at the Seller's expense to arrive in good condition by the delivery date and at the place specified in the Order.

- 6.5 The Seller shall, at its own expense, furnish such production and delivery plans as the Company may reasonably require and shall give in writing notice to the Company immediately if such programmes are or may be delayed.
- 6.6 If the Goods are delivered to the wrong destination the Seller will be held responsible for any additional expense in delivering them to their correct location.
- 6.7 Unless otherwise provided by the Contract, all Packaging supplied by the Seller shall be considered as non-returnable, and their cost included in the Price. Where the Company agrees to return Packaging, full disposal particulars must be quoted on the Seller's delivery advice note. The empties must have legible marks to show to whom they belong and the Seller will be required to bear all carriage and cartage charges of the Packaging. The Company accepts no liability for Packaging lost or damaged in transit.

7. **PAYMENT**

- 7.1 Unless otherwise stated in the Order, the Seller may only invoice the Company on or after delivery of the Goods or supply of the Services with a separate invoice for each individual delivery or supply.
- 7.2 In the absence of any express condition in the Order, the Company shall pay the Price of the Goods and the Services within 60 days after the end of the month of receipt by the Company of the Seller's invoice or, if later, after acceptance of the Goods or Services in question by the Company.
- 7.3 Invoices must be addressed to the Company department indicated on the Order. The completed Order number must be quoted on all invoices.
- 7.4 The Company shall be entitled to deduct from the Price:-
- 7.4.1 the unit price for such proportion of the Goods as may be defective and rejected by the Company together with the costs of returning such Goods to the Seller;
 - 7.4.2 any costs or expenses incurred by the Company as a consequence of the Seller failing to deliver the Goods to the correct destination;
 - 7.4.3 the fees or other charges or other costs incurred by the Company arising out of any Services not provided or provided inadequately by the Seller to the Company;
 - 7.4.4 any amount which is disputed by the Company, pending resolution of such dispute; and
 - 7.4.5 any sums owing by the Seller to the Company or any other company within the Seller's group on any Contract.

8. **QUALITY AND DESCRIPTION**

- 8.1 The Company shall have the right to inspect all Goods at the Seller's works and the works of sub-contractors at all reasonable times and to reject Goods that do not comply with the terms of the Order. Any inspection, checking, approval or acceptance given on behalf of the Company shall not relieve the Seller or its sub-contractor from any obligation under the Contract.
- 8.2 The Seller warrants to the Company that it is fully experienced, qualified, equipped, organised and financed to perform its obligations under the Contract and warrants to the Company that the Goods:-

- 8.2.1 shall conform in all respects with the particulars and requirements contained in the Order and any relevant Specification or samples, drawing plans or patterns and be supplied, where applicable, in compliance with the Company's APPD;
 - 8.2.2 will comply with all statutory requirements, regulations and EU directives and regulations relating to the manufacture and sale of the Goods, product safety, packaging, labelling, environmental aspects and hazardous substances (including the appropriate British Standard or equivalent specification unless otherwise agreed);
 - 8.2.3 will comply with the general requirements of safety in terms of risk presented to the health and safety of persons;
 - 8.2.4 be capable of any standard of performance specified in the Contract and conform to Good Industry Practice;
 - 8.2.5 be of satisfactory quality and be fit for such purposes as shall be made known by the Company to the Seller at the time the Order is placed and in this respect the Company relies on the Seller's skill and judgement; and
 - 8.2.6 will not infringe any Intellectual Property Rights of any other person.
- 8.3 The Seller warrants to the Company that the Services:-
- 8.3.1 will be performed by appropriately qualified and trained personnel, with due care and diligence as it is reasonable for the Company to expect in all the circumstances and in accordance with Good Industry Practice; and
 - 8.3.2 will comply with all statutory requirements, regulations and EU directives and regulations relating to the performance of the Services.

9. **COMPANIES RIGHT TO REJECT**

- 9.1 Each right or remedy of the Company is without prejudice to any other right or remedy of the Company, whether or not under the Contract.
- 9.2 The Company reserves the right to reject all or any part of the Goods delivered or Services performed which are not in accordance with the Contract, including a right to reject defective Goods even if the defect is minor.
- 9.3 The making of payment shall not prejudice the Company's right of rejection. Goods rejected under this Contract Term 9 shall not be considered as having been delivered under the Order and shall be removed from the Company's premises by the Seller at its own expense within five (5) working days from the date of the receipt of notification of rejection or within such greater period as the Company may agree. In the event of the Seller failing to remove all or any rejected Goods within such a period, the Company shall be at liberty to return the rejected Goods or any of them at the Seller's cost and risk.
- 9.4 If Goods are not delivered or Services are not performed on the due date then the Company shall be entitled to cancel the Order (or any part) without liability to the Seller and purchase substitute items or services elsewhere and recover from the Seller any loss or additional costs incurred.
- 9.5 If any Goods or Services are not supplied or performed in accordance with the Contract, then the Company shall be entitled:-
 - 9.5.1 to require the Seller to repair the Goods or (at the Company's sole option) to supply replacement Goods or Services in accordance with the Contract within seven (7) days (and the provisions of this Contract Term 9 shall apply to any such repaired or replaced Goods or Services); or

9.5.2 whether or not the Company 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.

9.6 The rights and remedies provided by the Agreement are cumulative and (unless otherwise provided in the Contract) are not exclusive of any rights or remedies provided by law in the Agreement.

10. **INDEMNITY**

The Seller shall indemnify the Company in full against all liabilities, losses (whether direct or indirect and including loss of profits), damages (including special and consequential damages), costs and expenses (including legal expenses) awarded against or incurred or paid by the Company as a result of or in connection with:-

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

10.2 any claim that the Goods infringe, or their importation, use or resale infringes, or the performance of the Services infringes the Intellectual Property Rights of any other person, except to the extent that the claim arises from compliance with any Specification supplied by the Company;

10.3 any claim made against the Company in respect of any breach or alleged breach by the Company of any statutory provision, regulation arising from the acts or omissions of the Seller or its employees, agents or subcontractors;

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

10.5 any liability under the General Product Safety Regulations 2005 in respect of the Goods and any claims which might arise as a result of the Goods being a risk to health and safety/unsafe; and

10.6 any act or omission of the Seller or its employees, agents or sub-contractors in supplying, delivering and installing the Goods and in performing the Services, including any injury, loss or damage to persons caused or contributed to by any of their negligence or by faulty design, workmanship or materials (except to the extent that the injury, loss or damage is caused by the negligent act or omission of the Company).

11. **FORCE MAJEURE**

11.1 Neither the Seller nor the Company shall be liable to the other or be deemed to be in breach of the Contract by reason of any delay in performing, or any failure to perform, any of its obligations in relation to the Goods or the Services, if the delay or failure was beyond that party's reasonable control.

11.2 Without prejudice to the generality of the foregoing, the following shall be regarded as causes beyond either party's reasonable control including an Act of God, act of terrorism, explosion, flood, tempest, fire or accident, war or threat of war, sabotage, insurrection, civil disturbance or requisition, acts, restrictions, regulations, bye-laws, prohibitions or measures of any kind on the part of any governmental, parliamentary or local authority, import or export regulations or embargoes.

11.3 If, during the currency of the Contract, the Company is prevented from or hindered in the use of the Goods or receiving the benefit of the Services due to a reason specified in Contract Term 11.2, then the Company at its option may partially or wholly suspend deliveries of the Goods or performance of the Services during the continuance of such causes and the time for delivery or performance shall be correspondingly extended but if such suspension continues for more than one month, the Company may give written notice to terminate the whole or any part of the Contract thereby affected without liability

but without prejudice to the accrued rights of either party. If the Seller postpones delivery at the request of the Company pursuant to this Contract Term, the Seller shall store, protect and insure the Goods until actual delivery and the Company shall be liable for any reasonable costs (including insurance) for its so doing.

12. **HEALTH & SAFETY, HAZARDOUS GOODS AND ENVIRONMENTAL**

12.1 **Hazardous Goods**

12.1.1 The Seller shall ensure that any Goods which are hazardous goods are marked with the name of the material in English and the Seller shall observe the requirements of the United Kingdom, the European Union or any government or public body or any international agreement or convention of whatsoever nature and by whomsoever imposed relating to the packaging, labelling, distribution and carriage of hazardous goods.

12.1.2 The Seller will promptly inform the Company of any dangers and special instructions relating to the handling or use of hazardous goods.

12.2 **Health & Safety at Work Act 1974**

The Seller shall make available to the Company adequate information as to the use for which an article or substance has been designed and tested and any conditions necessary to ensure that when put to that use the article or substance will be safe and without risk to health.

12.3 **Substances of Concern (SOC)**

The Seller shall ensure that all Goods comply with the Company's Substances of Concern Standard as amended from time to time and set out at [insert website link], the latest version of which is attached at Schedule 3, the European End of Life Vehicle Directive 2000/53/EC, and/or any specific requirements specified by the Company.

12.4 **Environmental**

The Seller shall ensure that all relevant environmental legislation is complied with during the manufacture and supply of the Goods and the performance of the Services.

13. **ARTICLES ON LOAN AND USE OF INFORMATION**

All tools, materials, drawings, Specifications and other equipment and data (the "Articles") loaned by the Company to the Seller in connection with the Contract will remain at all times the property of the Company and be surrendered to the Company upon demand in good serviceable condition (fair wear and tear allowed) and are to be used by the Seller solely for the purposes of completing the Contract. The Seller agrees that no copy of any of the Articles will be made without consent in writing of an Authorised Officer of the Company. Such Articles shall be at the risk of the Seller and insured by the Seller at the Seller's own expense against the risk of loss, theft or damage.

14. **CONFIDENTIALITY**

14.1 All information supplied to the Seller by the Company at any time in connection with the Contract and any Specification:-

14.1.1 is and remains the Company's property and must be returned to the Company on request;

14.1.2 shall be regarded as confidential; and

- 14.1.3 shall not without the prior written consent of the Company be published or disclosed to any third party or used by the Seller except for the purpose of implementing the Order.
- 14.2 The provisions of Contract Term 14.1 shall not apply to Confidential Information to the extent that it is or was:
- 14.2.1 already in the possession of the other free of any duty of confidentiality on the date of its disclosure;
- 14.2.2 in the public domain other than as a result of a breach of this Contract Term 14;
- 14.2.3 required to be disclosed:
- (a) pursuant to any applicable law, or the rules of any recognised exchange on which the securities of a party are or are to be listed; or
- (b) in connection with proceedings before a court of competent jurisdiction or under any court order or for the purpose of receiving legal advice,
- but only to the extent and for the purpose of that disclosure.
- 14.3 The Seller shall not advertise or announce the supply of the Goods and/or the Services to the Company without the Company's prior written consent.
- 14.4 The obligations under this Contract Term shall remain in force notwithstanding completion, cancellation or termination of the Contract.
- 14.5 Each party acknowledges that confidential information is valuable and that damages might not be an adequate remedy for any breach of this Contract Term 14 and accordingly a party will be entitled, without proof of special damage to an injunction and other equitable relief for any actual or threatened breach of Contract Term 14.
- 15. INTELLECTUAL PROPERTY RIGHTS**
- 15.1 If the Services involve design and /or development work, but not otherwise, the provisions hereinafter set out in this Contract Term 15 shall apply.
- 15.2 All rights in the Intellectual Property Rights arising as a result of the performance by the Seller of the Services shall belong to and be the sole legal and beneficial property of the Company and the Seller shall as soon as practicable communicate and, upon request, deliver up to the Company all such works or materials all of which shall be the exclusive property of the Company.
- 15.3 The Seller shall not, other than in the performance of its obligations under this Agreement or with the Company's prior written consent, use or reproduce any information relating to the Services or Goods.
- 15.4 The Seller shall at the request and cost of the Company (whether during or after termination of this Agreement) sign and execute all such deeds and documents and do all such acts and things as the Company may reasonably require to apply for, obtain and vest and maintain in the name of the Company alone (unless the Company otherwise directs) any Intellectual Property Rights referred to under this Contract Term 15, and defend any proceedings in respect of such applications.
- 16. TERMINATION**
- 16.1 The Company 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 without incurring any liability to the Seller other than to pay for Goods and/or Services already delivered or performed at the time of such notice.

16.2 The Company shall be entitled to terminate immediately any Contract or the Agreement without liability to the Seller and reserving all rights of the Company by giving notice to the Seller at any time if:-

16.2.1 the Seller is in material breach of any of its obligations under the Contract or the Agreement and that breach cannot be remedied; or

16.2.2 the Seller is in material breach of a material obligation under the Contract or the Agreement which can be remedied, but the Seller fails to do so within 28 days starting on the day after receipt of notice from the Company; or

16.2.3 an Insolvency Event occurs in relation to the Seller.

16.3 If delivery is incomplete then, without prejudice to its other rights, the Company may accept or reject the Goods or Services delivered or performed and cancel or vary the balance of the Order.

17. **ANTI-BRIBERY**

17.1 The Seller shall:

17.1.1 comply with all applicable laws, statutes, regulations, and codes relating to anti-bribery and anti-corruption including but not limited to the Bribery Act 2010;

17.1.2 and shall use reasonable endeavours to ensure employees, agents, subcontractors and anyone else acting on behalf of the Seller shall not engage in any activity, practice or conduct which would constitute an offence under sections 1, 2 or 6 of the Bribery Act 2010 if such activity, practice or conduct had been carried out in the UK; and

17.1.3 ensure that any person associated with the Seller who is performing Services or providing Goods in connection with this Contract does so only on the basis of a written contract which imposes on and secures from such person terms equivalent to those imposed on the Seller in this Contract Term 17. The Seller shall be responsible for the observance and performance by such persons of such terms and shall be directly liable to the Company for any breach by such persons of such terms.

17.2 Breach of this Contract Term 17 shall be deemed a material breach for the purposes of Contract Term 16.2.1.

18. **TUPE**

18.1 The Seller shall indemnify the Company and/or any New Seller against any and all liabilities, losses (whether direct or indirect), damages (including special and consequential damages), costs and expenses (including legal expenses) incurred by the Company or the New Seller (as appropriate) arising out of or in connection with any claim, allegation or demand by, on behalf of or in relation to any person employed or engaged or formerly employed or engaged by the Seller arising from any act, fault or omission of the Seller or any third party and/or any other matter, event or circumstance occurring on or before the expiry or termination of this Agreement (in whole or in part) or, as applicable, the cessation of Services (or part of them).

18.2 If, in the event of expiry or termination of this Agreement (in whole or in part) or in the event that the Seller shall cease to provide the Services (or any part of them), any person employed or engaged or formerly employed or engaged by the Seller shall transfer to the Company or a New Seller or allege that they have or should have so transferred (whether

pursuant to TUPE or otherwise) the Company or the New Seller (as appropriate) shall be entitled immediately (but shall not be obliged) to terminate the contracts of employment or engagement of any or all such persons, and in such circumstances the Seller shall indemnify the Company and/or the New Seller against all liabilities, losses (whether direct or indirect), damages (including special and consequential damages), costs and expenses (including legal expenses) incurred by the Company or, as applicable, the New Seller relating to the costs of their employment or engagement, any dismissal and any claim such a person may have arising out of their employment or engagement (whether with the Seller, the Company and/or the New Seller) or the termination of that employment or engagement, including any claim for unfair dismissal, wrongful dismissal and for outstanding remuneration and, for the avoidance of doubt, references in this Contract Term 18.2 to dismissal, employment and engagement include but shall not be limited to references to purported dismissal, purported employment and purported engagement.

18.3 Any New Seller may enforce the terms in this Contract Term 18 in its favour.

19. **GENERAL**

19.1 The Order is personal to the Seller and the Seller may not, without the prior written consent of the Company, transfer, assign, charge, dispose of or deal with in any manner or purport to do the same any of its rights or beneficial interests.

19.2 The Seller shall not sub-contract any of its obligations under the Contract.

19.3 Any waiver by the Company of any breach is not a waiver of any subsequent breach.

19.4 Failure or delay by the Company in enforcing or partially enforcing any provision of the Contract is not a waiver of any of its rights under the Contract.

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

19.6 The Contract shall be governed by the laws of England, and the parties submit to the exclusive jurisdiction of the English courts. This Contract Term is for the benefit of the Company only and as a result the Company shall not be prevented from taking proceedings in any other courts with jurisdiction, whether concurrently or not.

19.7 The Contract does not create, confer or purport to confer any benefit or right enforceable by any person not a party to it by virtue of the Contracts (Rights of Third Parties) Act 1

SCHEDULE 2

ADVANCED PRODUCTION PLANNING DOCUMENT



**ADVANCED PRODUCT
PLANNING AND
DEVELOPMENT.**

**PROCEDURES FOR
SUPPLIERS**

PLEASE NOTE LATEST CHANGES ARE IN RED

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INTRODUCTION

The purpose of this manual is to ensure that suppliers and sub-suppliers meet the quality requirements of Nifco UK limited both before and after commencement of volume production.

It is intended that this will be achieved by the use of Advanced Planning & Development techniques during pre-production, as outlined in section 1 of this manual and by compliance with Section 2 which specifies those procedures which must be followed during volume production to maintain the supply of defect free products. By prior agreement, suppliers own documentation may be substituted for documents listed in section 3 of this manual.

In addition to the requirements of this manual , an audit of the suppliers system for achieving the desired quality requirements may be undertaken by a representative of Nifco UK Limited .

The elements of this manual are based upon the requirements of QS 9000, and further explanations of the techniques used may be found within the QS 9000 group of documents.

In addition, as an ISO14001 and TS16949 accredited company, Nifco UK limited recognizes that the protection of the environment and the development and maintenance of an effective quality management system must be an integral part of our operations and activities. As a consequence we are committed to ensuring that our suppliers develop their activities with Nifco UK limited along similar lines. This is reflected in certain sections of the documentation.

NIFCO



SECTION 1

PRE-PRODUCTION PARTS **REQUIREMENTS**

SECTION 1. ADVANCED PRODUCT PLANNING DURING PRE-PRODUCTION

1.1 SUPPLIER MASTER TIMING PLAN

Introduction A Master Timing Plan is required at the outset of the project and must be in the form of a Gantt chart. The purpose of the timing plan is to detail when the Advanced Quality Planning activities, required by this manual, are to be completed.

Submission The supplier must submit a Master Timing Plan to Nifco UK limited QA and Purchasing departments at the outset of the project.

Completion The Master Timing Plan should be completed by the person with overall responsibility for the project.

The Master Timing Plan should detail milestones for the following:

- Project Start
- FMEA
- Significant Characteristics (Component Review Team)
- Inspection Standard
- Quality Control Plan
- IMDS
- Testing
- Production Tooling / Gauging
- Capacity/Run at Rate
- Parts Manufacture and Submission
- Sub-Supplier Approval
- Capability Study
- ISIR Approval
- SOP

The plan should also detail who has responsibility for each item.

The timing plan must be completed in accordance with the overall project timing plans, as issued by Nifco UK limited Engineering Department, which are derived from the customers requirements (as detailed in the sketch below).



1.2 FAILURE MODE AND EFFECT ANALYSIS

Introduction

Failure Mode and Effect Analysis (FMEA) is an analytical technique used to ensure that all recurrence prevention items, previous concerns and potential concerns have been considered and addressed during the development of a product or process. The FMEA identifies high-risk items for improvement activities or special controls.

In order to anticipate and prevent concerns during the production preparation activity, the supplier should actively involve representatives from all affected areas in the completion of an FMEA.

A FMEA should be completed for each part (**where practicable**) or **by** generic process and should form the basis for the Quality Control Plan.

Submission

should be

The FMEA should be started at the outset of the Project and reviewed at each parts submission stage.

The FMEA should be reviewed and updated as required after any customer concern.

may

With agreement from Nifco UK QA, the suppliers own format be used.

Completion

process following:

The document should be completed detailing each stage of and manufacture and for each stage detail the

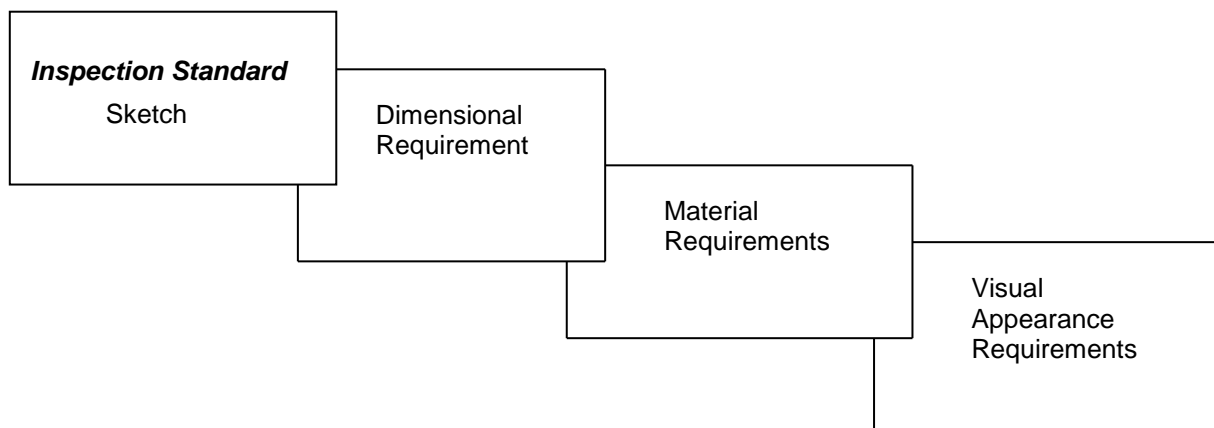
- Potential Failure Modes (consider previous concerns on similar products)
- The Potential Effects of these failures on the customer (internal as well as external)
- The Potential Causes of the failure
- The current controls already existing within the process (if any)
- Any recommended actions detailing when they will take place and by who
- A review of these actions
- Each potential failure should be graded according to the scoring system detailed in QS 9000.
- Update FMEA copies may be requested following a parts concern

1.3 INSPECTION STANDARD

Introduction	The Inspection Standard is a supplement to the product specifications and drawings. It is used to define and clarify the methods used to assure product quality and to define ongoing production confirmation requirements.
Submission project trial	The Inspection Standard shall be started at the outset of the And shall be updated and available for submission prior to each Stage.
Completion information:	The Inspection Standard should include the following

- Key features which would affect fit, function, serviceability and process capability items.
- Standards of acceptance where the drawing requires or specification requires Further clarification, e.g. colour, gloss, grain, appearance etc.
- Confirmation of material acceptability (test reports / certificates of conformity).

The Inspection Standard should follow the following schematic layout:



1.4 INITIAL SAMPLE INSPECTION REPORT (ISIR)

Introduction

The Inspection Report is a standard report form, to communicate product quality data (as identified in the Inspection Standard). **The Inspection report should only report on the status for the specific features identified on the Inspection Standard.**

However an Initial Sample Inspection Report (ISIR) covering all dimensions, tolerances, testing and any other requirements specified on the drawing will be required when the production process and tooling has been confirmed.

The layout of the Inspection Report should reflect the format used for the Inspection Standard (Ref 1.3). The ISIR can be submitted in the supplier's own format.

Submission

An Inspection Report, must be submitted to Nifco UK limited with each trial parts submission.

A full Initial Sample Inspection Report (ISIR) must be submitted once production process and tooling has been confirmed. This should include the following features:

- Full drawing dimensional data. (include all cavities and suites if applicable)
- Material Certification
- Visual Clarification and Inspection Records
- Test results (if applicable)
- A drawing referencing identifying all inspection points

In the event of subsequent design changes after the commencement of volume production, full ISIR may be required at Nifco UK limited request.

Unless otherwise specified by Nifco UK limited quality dept, an I.S.I.R. (accompanied by PSW and capability studies on SC features) will be required to be submitted on an annual basis for each part.

Completion

The inspection report should contain the following information for 5 Parts: In the case of multi-cavity tools 5 parts from each cavity are required.

- Nifco part number and description

- Design level for the part(s).
- Characteristic checked, tolerance and specification
- The actual values
- Final Judgment OK / NG

1.5 PART SUBMISSION WARRANT (PSW)

Introduction

The Part Submission Warrant is a supplier confirmation that sample parts have been supplied to and meet a given level of documentation and process/product development. The document indicates submission levels and reasons for submission i.e. initial submission, process change.

Submission

The PSW is submitted after satisfactory completion of all the requirements for measurement and testing. A separate PSW must be completed for each part number unless otherwise agreed by the responsible Nifco UK limited Quality Engineer. Sample part evaluations must be submitted for each cavity, mold tool, die, Pattern, or production process (i.e. cell/ line). The specific cavity, cell etc shall be identified on the PSW in the mold /cavity/production process section.

Completion

The supplier will complete all information required. The submission level shall be by agreement with the responsible Nifco UK limited Quality Engineer and is to be to the minimum level stated by the relevant OEM customer specific requirements. Where no OEM customer specific requirement is available the submission level will default to level 3 PPAP (ref. QS9000).

1.6 APPEARANCE APPROVAL REPORT (AAR)

Introduction The Appearance Approval Report is a supplier confirmation that a sample part has been supplied to and meets a given level of documentation and process / product development.

Submission Appearance Approval Reports are required when an appearance item has been identified on a design record, typically the AAR applies to parts with colour, grain or surface requirements. The AAR is submitted after satisfactory completion of all the requirements for measurement and testing. A separate AAR must be completed for each part number unless otherwise agreed by the responsible Nifco UK limited Quality Engineer.

Completion The supplier will complete all information relevant to the submitted part. The information required for submission shall be by agreement with the responsible Nifco UK limited Quality engineer.

1.7 QUALITY CONTROL PLAN

Introduction The Quality Control Plan is used to enable the supplier to understand and develop the requirements for each stage of the process and to plan an appropriate method of control. This should include the control methods used to ensure correctly labeled product is shipped to Nifco UK limited. The Quality Control Plan should be compiled using input from the suppliers QA, Design (if applicable); Engineering and Manufacturing departments based on an analysis of the FMEA.

Submission The Quality Control Plan must be documented as soon as the production process is established and be available for submission with the ISIR. Submission is acceptable on the supplier's own format.

Completion A Quality Control Plan must be completed for each product or part number and contain the following information:

- The Nifco UK limited part number and description.
- A Process Sequence Diagram from goods-inward through to despatch, this will include all sub-processes and should identify any significant features.
- A description of the process stage.

- The type of equipment or machine
- Specific control points and checks on defined characteristics including the detailing of the inspection equipment being used, the specification, the frequency of checks and the methods used to record these checks.

1.8 PRODUCTION CAPACITY PLAN

Introduction The Production Capacity Plan is used in conjunction with the Control plan. It is used during production preparation to record total production capacity of suppliers, allowing evaluation of their ability to support Nifco UK limited annual volume.

Submission To be completed on confirmation of nomination of business, thereafter to be updated after any design or process change during the model life which affects capacity

Completion. The supplier shall complete and submit the Production Capacity Plan listing all processes identified on the Process Flow Chart. The supplier should highlight any key bottlenecks within the process. Capacity and planning assumptions must be shown against each process, including supporting sub-component process whether external or internal.

1.9 PRODUCT / MACHINE CAPABILITY SUMMARY

Introduction The supplier shall calculate the capability index for those key products, characteristics and features identified on the Quality Control Plan. It is recommended that other machines, processes and operations be studied to evaluate the extent of variation.

Submission Machine Capability Studies should be completed as soon as the production process is finalised and established. Details of the studies should then be forwarded to Nifco UK limited on the suppliers own documentation.

A minimum of 1 submission is required prior to S.O.P. However, submission during the last two trial stages is preferred.

Completion

The supplier shall carry out the study on components produced consecutively, using a sample size of not less than 50. This study must be completed on all key characteristics, which must be agreed with Nifco UK limited QA.

The final Cmk value must not equal less than 1.67.

It should be noted that once initial Cmk level has been achieved, ongoing capability on features identified by Nifco UK should fall below Cpk 1.33

1.10 PACKAGING METHODS

Introduction

A supplier concept packaging approval request form shall be submitted for each part supplied to Nifco UK limited. Due consideration must be given to reusable packaging. If this is not possible then the supplier must assume that empty packaging will be returned to the supplier for recycling or recovery.

Submission

The form must be completed and submitted for each part a minimum of 4 weeks prior to the first production trial, or as directed by the responsible Nifco UK limited Project Engineer.

Completion

The form should detail packaging requirements in relation to individual parts and individual packages.

1.11 INITIAL PRODUCT CONTROL

Introduction

'Initial Products' are those products, which are produced within the following criteria:

Trial parts / materials currently in development stage prior to SOP

Newly designed products

Parts produced to a modified design

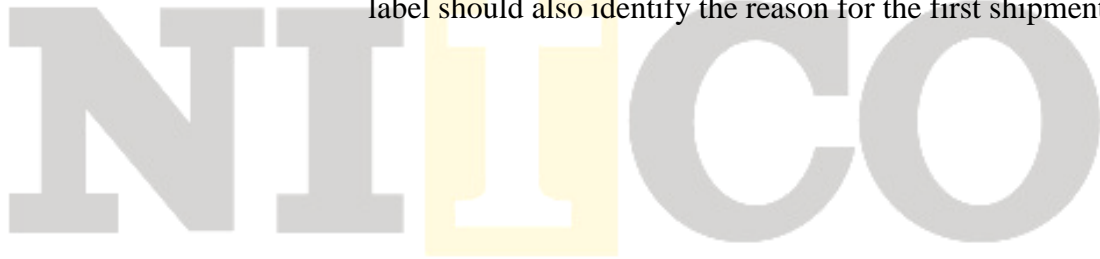
Products produced from altered processes (which have been agreed with Nifco UK limited through the Process Change document).

Submission

Each delivery of 'Initial Products' must be identified using the 'First products shipment' label. These labels should be attached to each discrete box or container that holds 'Initial Products'.

Completion

The 'First Production Shipment' label should detail the part name and number, the design level and design note that the parts were manufactured to as well as the supplier name. The label should also identify the reason for the first shipment.





SECTION 2.

QUALITY CONTROL DURING **VOLUME PRODUCTION**

SECTION 2

QA DURING PRODUCTION

2.1 RESPONSIBILITY FOR QUALITY ASSURANCE

Introduction

The supplier shall assume full responsibility for the Quality Assurance of their parts, products and services supplied to Nifco UK limited.

The supplier shall appoint a person with overall responsibility for quality assurance and his/her deputies) and notify Nifco UK limited via the 'Quality Responsibilities' document.

The principal person responsible for Quality Assurance shall be the person who has responsibility for developing company Quality policy i.e. Quality Manager.

Submission

The supplier shall submit the completed 'Responsibility for Quality' form within 10 working days of receipt of the manual.

In the event of change to organisational structure or personnel, then this document must be re-submitted.

Completion

The supplier shall complete the 'Responsibility for Quality' form as directed and submit to Nifco UK limited indicating whether it is Initial Notice i.e. for first submission, new supplier etc. Or Change Notice i.e. change to personnel etc.

2.2 PROCEDURE FOR PROCESS CHANGE

Introduction

During volume production it may become necessary to change the process of manufacture i.e. process sequence, manufacturing equipment, standard operations etc. Such changes must be properly considered whether they are the result of cost saving ideas or process improvement.

There are two levels of process change: -

- Those requiring approval from Nifco UK limited **before** implementation.
- Those requiring reporting for Nifco UK limited information.

Submission

The supplier must submit an 'Application for Process Change' form before adapting any of the changes listed in the table below.

TYPES OF PROCESS CHANGE LEVEL	LEVEL OF APPLICATION
Change of material specification. Change of material supplier. Change of material production method.	Approval required
Change of Process Control method or equipment in processes identified as being critical on <i>Quality Control Plan</i> .	Approval required.
Change of manufacturing location. Change of Sub-Supplier or subcontractor.	Approval required
Change of Inspection Method for finished goods.	Approval Required

The form should be submitted to Nifco UK limited QA prior to the changes being, this should be one month before the adoption date.

In the case of an ‘Application for Approval’, Nifco UK limited will return a signed off copy of the form to the supplier to indicate acceptance. If the application is deemed not acceptable, the supplier will be informed of the reasons why by Nifco UK limited QA.

In the case of changes not listed above, the supplier should contact Nifco UK Q.A. for advice on whether formal approval is required. If formal approval is not required, the supplier may adopt the change but must retain details of the change within their internal systems. If additional data, revision of the change etc. is deemed necessary by Nifco UK limited then this will be reported to the supplier immediately.

The first delivery of parts following ‘Process change’ must be controlled into Nifco UK limited using the ‘Initial Product Control’ procedure as detailed in section 1.11.

Completion

The supplier must detail the following:

- All part numbers affected by the change.
- The level of change e.g. application or report.
- The reason(s) for process change.
- Details of the process change including timing plans.

2.3 TREATMENT OF NON-CONFORMING PRODUCT

Introduction

It is responsibility of the supplier to deliver defect free parts and materials to Nifco UK limited. In the event of non-conforming parts or materials being found at Nifco UK limited, then the supplier has a duty to take emergency steps to isolate, replace, inspect or remove affected material.

2.3.1 Concerns reported to suppliers by Nifco UK limited.

All quality concerns and non-conformances found within Nifco UK limited will be reported to suppliers in writing via an Incoming Materials Rejection Report (I.M.R.R) (suppliers will normally be informed immediately by tel./ fax). It then becomes the supplier's responsibility to take emergency steps to isolate, replace, inspect or remove affected material. Any associated costs incurred by Nifco UK limited will be passed on to the supplier. Where it is necessary to rework or sort parts on site the supplier will be given the opportunity to provide support or accept the costs of Nifco UK limited carrying out the work.

When a quality concern has been raised against a supplier, it is the supplier's responsibility to thoroughly investigate the cause of the concern. Investigation should be detailed on an 8d format and any timing plans submitted on a CCAR. When the cause of the concern has been established a countermeasure must be sought and adapted to prevent reoccurrence. Both the cause and countermeasures are to be detailed on the **8d**, along with the timings and responsibilities. This report must be returned to Nifco UK limited within the timing specified by the Nifco UK limited Quality Engineer.

N.B. The statement 'Operator re-instructed' or similar is not an acceptable countermeasure.

2.3.2 Non-Conforming material Shipped to Nifco UK limited

When a supplier discovers that a batch or lot containing (or suspected of containing) non-conforming material has been shipped to Nifco UK limited, then the supplier must inform Nifco UK limited QA as soon as possible by telephone. The supplier should supply the following information:

- Detail of concern and causes
- Delivery date (into Nifco UK limited), delivery qty, lot / batch number etc.
- Emergency steps to be taken by the supplier i.e. isolate, replace, inspect or remove affected material.

Any associated costs incurred by Nifco UK limited will be passed on to the supplier. Where it is necessary to rework or sort parts on site the supplier will be given the opportunity to provide support or accept the costs of Nifco UK limited carrying out the work.

2.4 APPLICATION FOR CONCESSION / DEVIATION

Introduction

In the case where a supplier has produced non-conforming product, but believe it may still be acceptable for use by Nifco UK limited, then they may request approval for the parts to be delivered under concession.

In the case where the supplier cannot meet some part of the specification on an ongoing basis, and where a permanent drawing change cannot be made, then the supplier may apply for a deviation to be approved.

Submission

Concession – The application for concession must be made to Nifco UK limited **QA** at least 10 days in advance of the proposed delivery date.

Nifco UK limited may also require a small number of parts in question to be supplied along with the concession in order to assess their suitability.

Completion The *Application for Concession / Deviation* form should be completed detailing the following:

- Part name / number
- Reason for the request
- A detailed description of the concession / deviation
- Period and quantity requiring concession

If approval is given to supply under concession / deviation, Nifco UK limited QA will return an approved copy of the Application for Concession / Deviation form to the supplier. Only then can the supplier deliver the materials in question.

Any parts or materials delivered under concession / deviation must be controlled into Nifco UK limited using the 'Initial Product Control' procedure as detailed in section 1.11 and identify the parts as being delivered under concession.

2.5 REPORT ON THE USE OF SECONDARY CONTRACTORS

Introduction

In the event that the supplier uses sub-suppliers or subcontractors to carry out all or part of manufacture or processing on Nifco UK limited products, then the supplier must keep Nifco UK limited fully aware of these activities.

Submission

The supplier must submit the 'Report on the use of Secondary Contractors' form detailing what activities are being carried out

and by who. This should be cross referenced to the *Quality Control Plan*.

Completion

The supplier should detail the following:

- What part numbers / names are subject to these operations
- The type of work being carried out
- Which company is carrying out the work.

2.6 SUPPLIER MONITORING

Vendor Rating

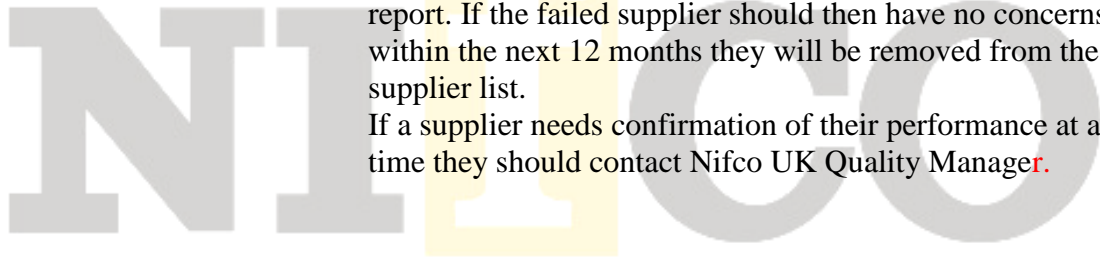
Nifco UK vendor rating system is based on the supplier evaluation prior to supply of production parts and expects all suppliers to attain 100% performance.

Suppliers who do not receive a vendor rating report can conclude that their performance is acceptable.

No report indicates that the supplier has 100% quality and delivery performance with zero Ppm.

If a supplier has one quality or delivery concern they will be added to the failed supplier system and issued with a regular report. If the failed supplier should then have no concerns within the next 12 months they will be removed from the failed supplier list.

If a supplier needs confirmation of their performance at any time they should contact Nifco UK Quality Manager.





SECTION 3.

FORMS & DOCUMENTATION

3.1 USE OF FORMS

Requirement As stated in the introduction, by prior agreement a supplier may substitute a Nifco UK standard form with their own. This is to be agreed with the Nifco UK Quality Engineer. Any substituted form must at a minimum contain all data required by Nifco UK standard form.

Forms and documentation that should be submitted during the product realization process are detailed within this standard but are also listed in 3.2

Nifco UK standard forms are available upon request.

3.2 REQUIRED DOCUMENTATION

Forms & Documents

Supplier Master Timing Plan

Failure Mode & Effect Analysis

Inspection Standard

Inspection Report

Initial Sample Inspection Report

Part Submission Warrant

Appearance Approval Report

Quality control plan

Production Capacity Plan

First Production Shipment label

Quality Responsibilities

Packaging Methods

Process change request/ notification

Incoming Material Reject Report

8D Report

Concern & Corrective Action Request (CCAR)

Re-work costs of Supplied Product Nifco UK.

3.3 RECORD RETENTION

All suppliers should have a document retention system that ensures records of the product realization process are maintained.

Documents that are not submitted to Nifco UK and are deemed by Nifco UK as a requirement for the product realization process must be made available for review upon request.

Retention periods vary by document, information on this subject can be obtained from Nifco UK Quality Engineer.



SCHEDULE 3

SUBSTANCES OF CONCERN STANDARD



SUBSTANCES OF CONCERN MANAGEMENT STANDARD (SOCMS)

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SECTION 'A' SUPPLIER REQUIREMENTS

1.0 Background

It is Nifco UK Limited policy to comply with all applicable laws wherever in the world we do business. Many countries where our products are sold and our customers now impose strict limits on the amounts of certain substances that can be found in our products. In the case of the automotive industry these limits are stated in the **European Directives 2000/53/EC (End of Life Vehicle) and 76/769/EEC (PFOS Reduction)**.

It is also expected that all suppliers of substances and articles to Nifco UK will supply said substances and articles in compliance with **European Directive EC1907-2006** and **UK Regulation SI2008-2852** concerning the Registration, Evaluation and Authorisation of Chemicals (REACH).

REGULATION (EC) No 1907/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18 December 2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH)

Nifco UK expect all suppliers to remain 100% compliant with REACH Regulations. Suppliers must regularly review the ECHA Candidate List (Latest list can be found at http://echa.europa.eu/chem_data/candidate_list_table_en.asp and notify Nifco should any substances on there be contained in any of the products supplied to Nifco.

The consequences of not meeting these limits can include an inability to sell our products. Also, it is critically important for us to know that our products are safe to use. To accomplish this, we are issuing this our mandatory Substance of Concern Management Standard. (SOCMS)

This standard is not optional. We fully expect all our contract manufacturers and materials suppliers, to comply with it in all respects. We will perform audits, to monitor, and ensure, compliance with this standard. We expect all vendors to understand and be responsible for SOC reporting for the full supply chain of their product content.

We recognize that this change may represent a difficult transition for some of our manufacturing partners, and we are committed to providing clear instructions and all reasonable assistance to you as we introduce this standard.

We will amend the supply agreements we have with our suppliers to ensure that all of our trading partners are fully notified of their obligation to comply with this standard as well as our quality standards.

We require the signature of your company CEO (or designee), acknowledging receipt and agreeing to meet the requirements of this standard, on the Form attached. Please return the signed form to your primary Nifco contact.

Failure to agree to the reporting requirements of this standard will result in analysis being carried out by Nifco UK Limited on your behalf and all costs incurred will be recharged to your company.

Please also note that we will update these standards to reflect changing legal or customer requirements. We are committed to working with you to give you as much advance notice as possible of any changes to the standard.

2.0 Scope

This standard applies to the following commodity groups :

- a) Raw materials.
- b) Metal fasteners, plated pressings.
- c) Specialist assembled components (e.g. Thermostats, PCV Valves, *upholstery* etc.)
- d) Secondary operations i.e. Painting, Plating, Flocking etc.
- e) Packaging.

Data must be either entered onto the IMDS database as described in section 4. or supplied in the format described in section 5. of this standard. (Note: SOC Data submission also needs to be included on PPAP Warrant).

A declaration will be required from all suppliers to confirm that no PFOS (reference 76/769/EEC) is present in any item purchased by Nifco UK Ltd.

Please note that when using the Nifco spreadsheet, the declarations given must include the packaging of the product you supply.

In all cases evidence of the continuing validity of the results must be supplied. This may be in the format of inclusion in an annual layout review or by Certificate of Analysis (C of A).

3.0 Declarable substances.

Please note that Nifco UK Limited staff are not technical experts on these chemicals. We are providing this information for general background purposes. It is advisable to consult your own internal materials experts or seek outside expertise to learn more about these specific substances and their potential occurrence in your products.

A full listing of the materials which are declarable can be found at the Global Automotive Declarable Substance List (GADSL) website at www.gadsl.org

If you do not have access to the internet a copy of the listing is available from your contact at Nifco UK Limited.

Definitions

Substances : Chemical elements or chemical compounds as parts of materials or Preparations.

Preparations : Mixtures, composed of two or more substances: Chemical elements, chemical compounds or preparations thereof in finished state used to manufacture products/articles

Products/articles : Materials, which have been transformed during production to take a specific shape, surface or form, which has a greater influence on their function than their chemical composition does.

Parts : Single components made up of one or more homogenous material(s)

Declarable Substance Classification

A declarable substance when present in a material or part in a vehicle will be shown on the GADSL as "P" or "D", defined as follows:

P = Prohibited

A substance designated “P” is either prohibited by regulation for use in certain applications or may not exceed regulated threshold limits.

D = Declarable

A substance designated “D” must be declared if it exceeds the defined threshold limits. Depending on its specific application, the same substance could be classified “P” in one end use and “D” in another end use. When this is the case, both classifications for the substance will be shown on the GADSL with examples under the application column.

In addition to the substances/ limits identified in the GADSL there may be other substances & limits that may be set by our customers. These will be notified to you on an individual basis.

4.0 Reporting Using the IMDS Database

2. Where possible Nifco UK expect suppliers to subscribe to the International Material Data System (IMDS) and submit all requests for material composition of products by Nifco UK to this system. Suppliers will require Internet connection and browser software to access IMDS. Minimum requirements are described on the IMDS web site, www.mdsystem.com

Nifco UK do not provide training for the IMDS but will support suppliers with information on training and/or data submission when requested.

Data should be submitted to IMDS as per IMDS Training Manual and User Guide.

Nifco UK understands that not all suppliers at present subscribe to IMDS, so where suppliers do not subscribe, data should be submitted as per Section A – 5.0 of this standard.

5.0 Reporting Using the Nifco Spreadsheet

If suppliers do not have access to the internet or at present do not subscribe to IMDS, then material submission data should be reported on Nifco UK Component Material Content Data Sheet S0353.

Data sheet/s will be provided by Nifco IMDS administration for completion for each part that requires data submission. Blank copies of form can also be obtained from Nifco IMDS administration for review.

Data sheets should be completed with relevant details of material content as explained in 5.1 below.

5.1 Completion of Spreadsheet

Form Headings

Nifco Part No.

Drawing No.

Customer No.

Part Name

All data below should be supplied by the supplier

Measured Weight

Assembly Item Name

Qty

Data Required

To be completed by Nifco IMDS administration

When applicable, to be completed by Nifco IMDS administration

When applicable, to be completed by Nifco IMDS administration

To be completed by Nifco IMDS administration

Total weight of part to be supplied by supplier

If part is not an assembly and is only single part, the word “Single” should be entered.

If part is an assembly, then all parts of the assembly must have material content listed and the name of each item should be entered into this field.

If a single part then one should be entered into this field. Otherwise, if an assembly, the quantity of each sub-part should be entered.

Material Name	Material name for each part or sub-part should be entered into this field.
Material No.	Abbreviation or material number
Classification (material name) Definition. (D/P)	A description of material type State whether the material is declarable (D) or Prohibited (P) .
Measured Weight (g)	The weight of each individual part, in grams, should be supplied
Environment Rated Substance Content (%)	The last three fields should be completed with relevant data that can be obtained from the Global Automotive Declarable Substance List (GADSL) website at www.gadsl.org
Cas No.	Each single or individual part of an assembly, must have the basic substance reported on the data sheet.

Note: If there are any issues with completion of data sheet the supplier should contact the IMDS administration at Nifco UK.

Once completed data sheet should be returned to Nifco UK.

SECTION 'B' Nifco UK Limited REQUIREMENTS

2.0 Scope

This standard is written to support and implement the Nifco UK Limited Environmental Policy. Also to ensure that the correct actions are taken to ensure that both our suppliers and Nifco meet the requirements of the European Directive 2000/53/EC, 76/769/EEC and any other End of Vehicle Life requirements as stated by our customers.

3.0 Classification of Suppliers

For the requirements of this standard our suppliers are classified as follows.

- Class 1..... Bought out component supplier.
- Class 2..... Secondary process supplier (Painting, plating, Flocking etc.)
- Class 3..... Raw material supplier (Polymers, pigments etc.)
- Class 4.....Packaging supplier
- Class 5.....Service supplier

4.0 Identification of Requirements

The need for a supplier of any given class to supply data regarding SOC's will be identified during the development of each and every deliverable product supplied by Nifco UK Limited. Records of the identification and subsequent document generation will be recorded in the development records.

5.0 Reporting using the IMDS/Customers Specific System

Nifco UK are committed to reporting all product content on to the IMDS (International Material Data System), customer specific system e.g. Honda or via customer required declaration. On request from customer for submission of part, Nifco IMDS administrator will establish relevant information (material) by interrogating Nifco BOM (Bill of Material) and IMDS. If all information is available, ID reference numbers will be noted and product structure tree will be created by IMDS administrator as per IMDS Training Manual and User Guide.

If data is required to complete IMDS tree, suppliers will be contacted and asked to submit data to IMDS (see Section A – 4.0) or to Nifco UK using Component Material Content Data Sheet (see Section A – 5.0)

As stated, Nifco are committed to removing all prohibited substances from its products. If any restricted substances are found and IMDS submission is rejected by the customer, supplier/s will be notified and Nifco UK expect relevant supplier/s to take action to remove substance from product. Timing of this action should be communicated to Nifco UK IMDS administration.

6.0 System Audits

Regular audits will be conducted both on the use and implementation of this management standard and also on the data supplied by our customers against this standard.

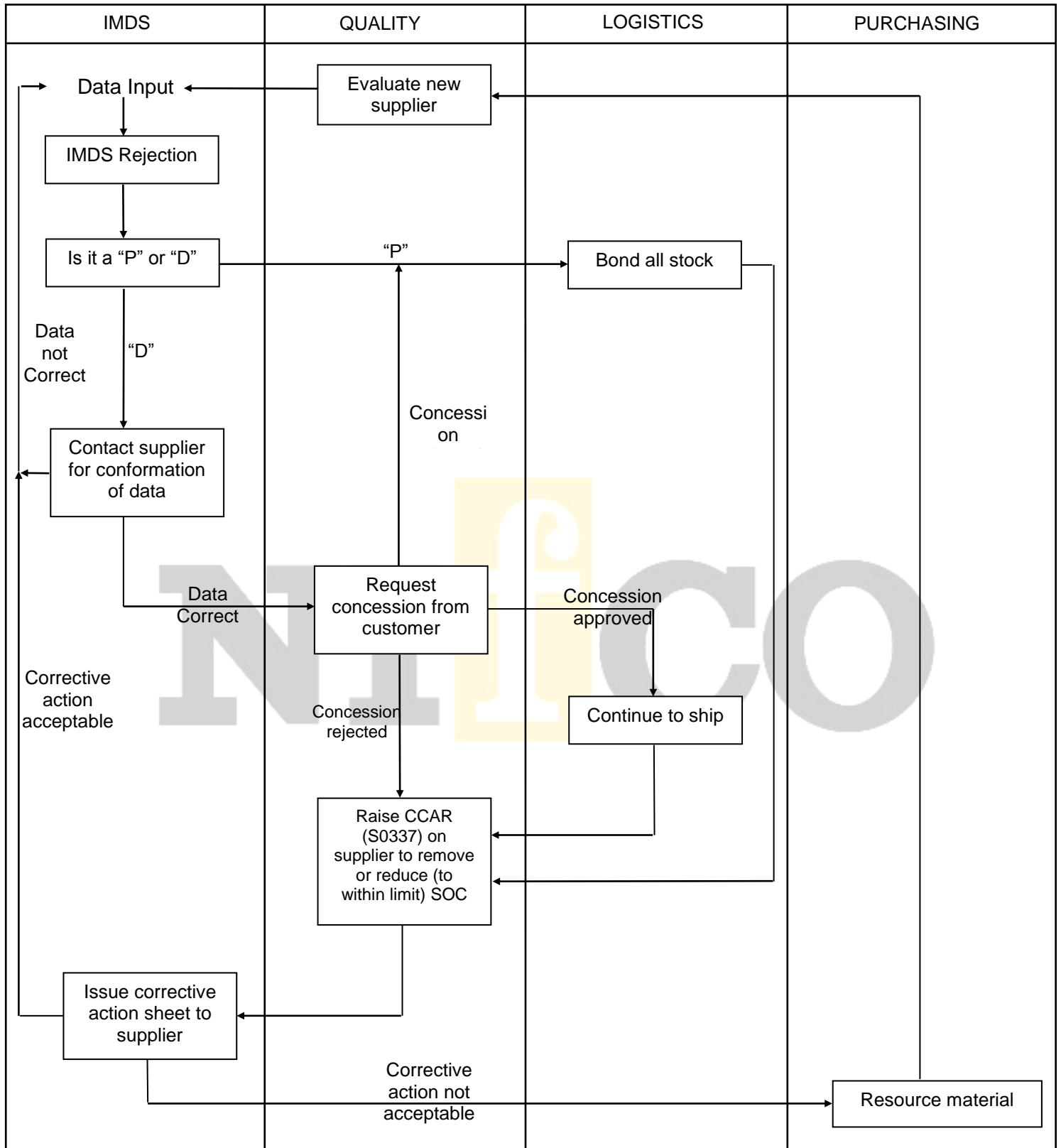
Customer audits will be scheduled based on, strategic importance, criticality of results and also on a random basis.

7.0 Steering Group Approval

This standard has been developed and authorised by the Nifco UK Limited S.O.C. Steering Group, details of which can be obtained through Nifco UK Limited IMDS administration.



8.0 S.O.C. IMDS Detection Response Flow



Note: Presence of PFOS will be actioned in line with the above flow chart.

9.0 Amendments

DATE	REV	CHANGE
04/05/05	1	New Standard
07/11/07	2	All changes in red italic. Section A : 1.0 Background – “and 76/769/EEC (PFOS reduction)” added. 2.0 Scope – “upholstery” added. “A declaration will be required from all supplier to confirm that no PFOS (reference 76/769/EEC) is present in any item purchased By Nifco UK Ltd” added. Section B : 2.0 Scope – “76/769/EEC” added. 5.0 Reporting – “or via customer required declaration” added. 8.0 Flow Chart – “Note: Presence of PFOS will be actioned in line with the above flow chart ” added.
13/10/08	3	Signatures added to page 7
01/01/12	4	Background: Reference to R.E.A.C.H. added
<i>19/09/14</i>	<i>5&6</i>	<i>Section 1: Clarification of supplier requirements under REACH added.</i>



SCHEDULE 4

TOOLING SUPPLY TERMS

1. DURATION AND RIGHT TO USE

- 1.1 The Company grants the Seller a right to use the Tooling exclusively for the purposes of supplying the Goods to the Company, which commences on the date that the Company or any third party on the Company's behalf delivers the Tooling to the Tooling Location and continues until the right to use the Tooling is terminated in accordance with paragraph 8.1 and 8.2 of this Schedule 4.
- 1.2 All risk of loss or damage to the Tooling shall pass on loading of the Tooling onto the relevant delivery vehicle. The Seller shall obtain carriage insurance to not less than the full replacement value of the Tooling as notified by the Company to the Seller.
- 1.3 Property in the Tooling shall at all times remain with either the Company or a customer of the Company who owns the Tooling (as applicable).

2. APPROVAL OF TOOLING

- 2.1 In good time prior to the delivery of the Tooling, the Seller shall review the Tooling specifications, the Company's required quality standards, the Seller's relevant processes and the Tooling, to assess compatibility of the Tooling with the Seller's own equipment and raise any concerns in relation to compatibility.
- 2.2 The Company shall take account of any concerns raised by the Seller under paragraph 2.1 above and where practicable shall modify or procure the modification of the Tooling as appropriate to address such concerns. The cost of such alterations shall be borne by the Seller and is deemed to be included in the Price.
- 2.3 The Seller acknowledges that it is an expert in the use of the Tooling or equipment similar to the Tooling and that it shall prior to use of the Tooling or incorporation of the Tooling into any other equipment:
 - 2.3.1 inspect the Tooling to ensure that it is fit for the Seller's intended purpose;
 - 2.3.2 satisfy itself that the Tooling is compatible with the other equipment operated by the Seller and in the Seller's operating environment generally.
- 2.4 Without prejudice to the other provisions of this Agreement, the Company shall have no liability to the Seller for any loss, damage or claim suffered by the Seller as a result of the failure by the Seller to comply with paragraph 2.3. The Seller further shall indemnify the Company in respect of any loss, damage or claim suffered by the Company which results from the failure by the Seller to comply with paragraph 2.3.

3. SELLER'S OBLIGATIONS

- 3.1 The Seller shall:
 - 3.1.1 undertake such preparatory work and provide such facilities and skilled personnel to enable the Tooling to be installed, used and stored by the Seller correctly, including (without limitation) in accordance with any instructions provided by the Company;
 - 3.1.2 comply with the instructions of the Company from time to time regarding installation, use, storage, maintenance and repair;

- 3.1.3 not modify, add to or alter the Tooling in any manner whatsoever (other than carrying out repairs authorised by the Company or required to be carried out by the Seller in accordance with this Agreement);
 - 3.1.4 not display or stick any sign or mark in any way to the Tooling other than an acknowledgement that the Tooling is the property of the Company or such third party as the Company may notify to the Seller;
 - 3.1.5 not hold itself out as the owner of the Tooling;
 - 3.1.6 on reasonable notice and at reasonable times, permit the Company or its representatives or any representative of the Company's customer that owns the Tooling access to the Tooling Location or procure such access to allow the Company to inspect the Tooling;
 - 3.1.7 not sell, let, underlet, pledge, mortgage, charge, encumber, part with possession or otherwise dispose of the Tooling, or attempt to do any of the same or allow the Tooling to be seized in satisfaction of debts or for any legal process or create or allow to be created any lien over the Tooling (whether for repairs or otherwise);
 - 3.1.8 comply with all relevant legislation and regulations relating to the Tooling, its use, storage, maintenance and repair including obtaining all necessary licences and registrations;
 - 3.1.9 at the Seller's own expense, keep the Tooling in good and substantial condition and repair and working order in accordance with Good Industry Practice which shall include but not be limited to planned, preventative and reactive maintenance and if, in the sole opinion of the Company, the Tooling is not so kept, to permit the Company to enter the Tooling Location for the purpose of carrying out repairs and maintenance and to repay to the Company the full costs and expenses incurred by the Company in effecting any such repairs; and
 - 3.1.10 keep the Tooling at all times at the Tooling Location and not remove or permit the removal of the same without obtaining the prior written consent of the Company.
- 3.2 The Seller shall be responsible for all costs of repair, whether under paragraph 3.1.9 or due to its default, misuse, lack of use or neglect of the Tooling which are needed to make good the Tooling to the Company's satisfaction.
- 3.3 If the Tooling is lost, stolen, damaged or destroyed or where its repair would be uneconomic, the Seller shall be liable for its replacement cost and any other losses suffered by the Company as a result (irrespective of any insurance carried by the Company in respect of the Tooling), as notified to it by the Company.
- 3.4 The Seller agrees to indemnify the Company against all liabilities incurred by the Seller or arising as a result of any breach of the obligations set out in this Schedule or incomplete or negligent performance or failure in performance by the Seller of the terms of this Schedule.

4. **DELIVERY**

- 4.1 The Company shall deliver or arrange for a third party to deliver the Tooling to the Tooling Location on the date that the Company notifies to the Seller. All dates for delivery are estimates only and the Company shall have no liability to the Seller for late delivery.
- 4.2 On receipt of the Tooling, the Seller shall inspect the Tooling and notify the Company immediately if the Tooling does not conform to the relevant specification or has not been altered in accordance with paragraph 2 above.
- 4.3 The Seller shall be obliged to accept the Tooling if it conforms to the relevant specification and has been altered in accordance with paragraph 2 (as applicable).

4.4 If on delivery, the Tooling is not compatible with the Seller's equipment, the Seller having been given the opportunity to check such compatibility in accordance with paragraph 2, any further modifications to the Tooling shall be at the cost of the Seller and subject to the prior written approval of the Company.

5. **INTELLECTUAL PROPERTY RIGHTS**

5.1 Nothing in this Agreement shall give the Seller any rights in respect of any Intellectual Property Rights in the Tooling or otherwise of the Company or of the goodwill associated with any of them. Ownership of all software and all Intellectual Property Rights in the Tooling belongs to and will remain with the Company or the relevant third party owner at all times.

5.2 The Seller shall at the request and cost of the Company (whether during or after termination of this Agreement) sign and execute all such deeds and documents and do all such acts and things as the Company may reasonably require to apply for, obtain and vest and maintain in the name of the Company alone (unless the Company otherwise directs) any Intellectual Property Rights in respect of the Tooling and defend any proceedings in respect of such applications.

6. **WARRANTIES**

The Seller represents, warrants and undertakes that:

6.1 it will comply with the instructions, recommendations and directions of the Company issued from time to time regarding the use of the Tooling; and

6.2 only personnel trained to a standard acceptable to the Company in the use of the Tooling will use the Tooling.

7. **LIABILITY**

7.1 The following provisions of this paragraph 7 (Limitation of Liability) set out the maximum liability of the Company in respect of the following (each being an "Event of Default"):

7.1.1 a breach by the Company of the Agreement; and

7.1.2 a tortious act or omission (including negligence), breach of statutory duty, or misrepresentation or misstatement, of the Company in connection with the Agreement.

7.2 The Company's total financial liability for all Events of Default shall not exceed £50,000.

7.3 Without prejudice to the Seller's responsibilities under paragraph 2.3 of this Schedule 4, nothing in this Agreement shall operate to limit or exclude the liability of either party for death or personal injury caused by its negligence, fraud or any other liability to the extent that it cannot be excluded or limited by law.

7.4 In no event shall the Company be liable, whether for breach of contract, any tortious act or omission (including negligence) breach of statutory duty or otherwise, under or in connection with the Agreement for any loss or liability for which the Seller has assumed the risk under the Agreement or for loss of profit, loss of reputation, loss of business, revenue or goodwill, anticipated savings, loss or damage to data, or for any consequential or indirect loss, and regardless of whether the loss or damage would arise in the ordinary course of events, is reasonably foreseeable, is in the contemplation of the parties, or otherwise.

8. RETURN OF TOOLING

- 8.1 The Company may at any time immediately on written notice to the Seller, require that the Tooling be returned to the Seller's premises or such other address as the Seller may specify from time to time (the "Return Notice").
- 8.2 The provisions of paragraph 8.3 shall apply if the Agreement or all Contracts in relation to which the Tooling is supplied are terminated.
- 8.3 On receipt of the Return Notice or termination of the Agreement or all Contracts to which the supply of Tooling relates the Seller shall:
- 8.3.1 immediately make available to the Company for collection at the Company's expense the Tooling in good and substantial condition and repair and working order (fair wear and tear excepted);
 - 8.3.2 if the Tooling is required to be de-installed, carry this out at its own expense; and
 - 8.3.3 promptly deliver to the Company at the Seller's expense all insurance policies, licences, registrations and other documents relating to the Tooling.

