

SUBJECT: <b>WORK INSTRUCTION NO CSOI 0099</b>	REVISION No: 1	ISSUE No: 2	PAGE No:
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## **PURCHASING POLICY**

### **Terms and conditions**

The following terms and conditions are incorporated by reference into each Capewell Springs purchase order issued to you, the Supplier.

The “Buyer” or “Purchaser” is Capewell Springs and the “Seller” or “Supplier” is the Company on the face of the purchase order. The “Order” is Capewell Springs purchase orders and other relevant documentation issued to you as the Supplier in hard copy via facsimile, electronically or via any other mode of transmission.

#### **1.0 Acceptance of Order**

The Supplier will be deemed to have accepted the Order, indicating goods required, quantity, price and delivery date, when the Supplier acknowledges the Order in writing. Acceptance is expressly limited to the written Terms and Conditions of the Order. When accepted, this offer together with these Terms and Conditions, and any other documents specifically incorporated in the Order or separately agreed to in writing, such as specifications, drawings, requirements of Capewell Springs customer or quality requirements, will constitute the entire contract between the parties.

#### **2.0 Modification of Order**

This Order may only be modified or altered in writing, by an Authorised Representative of the Buyer and of the Supplier.

#### **3.0 Delivery Quantity**

The Supplier is expected to supply the correct quantity as indicated on the Order. Any deviation from the order quantity must be communicated to the Buyer and agreed upon prior to shipment of the goods.

#### **4.0 Delivery Date**

The delivery date shall be the date agreed upon by the Buyer and the Supplier. In the event that the Supplier fails to deliver any Order or release for goods on the agreed delivery date, the Buyer, in addition to other rights or remedies it may have, shall be entitled at its option, to cancel the Order or release for the goods which was not timeously delivered without any obligation or liability to the Supplier and to purchase such goods from a third party. As time is of the essence, the Supplier agrees to use reasonable efforts to deliver all orders 100% “on time”.

#### **5.0 Cancellation**

The Buyer reserves the right to cancel any Order in whole or in part if goods are [A] (i) defective (ii) not shipped as specified in the Order or in any change notice (iii) are not in accordance with specifications, or [B] (i) if Supplier fails to comply with the terms and conditions of the order (ii) fails to perform any of its promises or warranties in connection with the order or the goods ordered (iii) becomes insolvent or commits an act of bankruptcy (iv) has a voluntary or involuntary petition in bankruptcy filed against it (v) has legal proceedings instituted for the appointment of a receiver or trustee.

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## 6.0 Warranty

The Supplier warrants that all goods covered by the order will conform to any drawings, material and specifications designated by the Buyer and that they are manufactured from first class materials and workmanship, will be free from defects, contamination and rust, and will be packaged and marked correctly.

## 7.0 Certificates of Conformance/Treatment

Certificates of Conformance (CoCs) relating to the goods requested and supplied must accompany each and every delivery.

Certificates of Treatment relating to the appropriate treatment/fumigation of packaging materials and any other items involved in supplying the goods from abroad must accompany each and every delivery.

Should these Certificates not be supplied with the delivery, the Buyer shall request duplicate copies and withhold payment of the goods until such time as the Certificates are received.

## 8.0 Compliance to Quality Procedures

During the term of this Agreement, the Supplier agrees to participate in the Buyers Supplier Quality and Development Programs. The Supplier acknowledges that the Buyer is ISO 9001:2000 certified and agrees to take actions reasonably requested by the Buyer to assist in maintaining this certification. The Supplier agrees to obtain certification by an accredited certification body to a current version of ISO 9001:2000 or ISO/TS 16949, plus any requirements specified by the Buyers customer. The Supplier agrees to provide the buyer with such written monthly reports as may be required, including without limitation, quality and delivery performance reports. The Buyer and its customers, at the buyers cost and expense, shall have the right during reasonable business hours and upon at least two, (2) days prior written notice to inspect the Suppliers facilities and to perform quality audits with respect to the materials supplied.

## 9.0 Compliance with the Law

The order is subject all International and Local statutes, laws, rules, regulations and ordinances, delivery of any goods or performance of any service covered by the Order shall constitute the Suppliers representation to the Buyer that there has been full compliance to the law.

## 10.0 Goods Manufactured and Supplied from Europe - EUR. 1 Certificate

A valid EUR. 1 Certificate must please be provided and must accompany each and every delivery of goods manufactured and supplied from any Country within the European Community. This document must be included with all the original shipping documents.

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**11.0 Transport and Shipping**

Unless otherwise provided in the order, the Supplier will, at no additional cost to the Buyer, pack and mark the goods so as to secure safe passage and to arrive at the Buyers premises free of damage or deterioration. All packaging and crating materials will become the property of the Buyer.

**12.0 Payments**

The Buyer will pay the prices stipulated on the order for goods delivered and accepted, less deductions if any, upon submission by the Supplier of an invoice and within the agreed upon payment period. The prices for the goods will not be subject to any variation without prior written consent of the Buyer.

**13.0 Ethics Policy**

The Buyers employees are prohibited from soliciting or accepting kickbacks, bribes and inappropriate gifts or entertainment. The Supplier is required to avoid any action to induce the Buyers employees to accept any improper consideration, whether legal or illegal.

Graham Montgomery  
Managing Director

Date: 12<sup>th</sup> August 2008