

# Paragon Electronic Components Limited

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## Supplier Quality Requirements (Conditions of Purchase)

1. **Definitions**

“Company” means Paragon Electronic Components Ltd.

“Seller” means the person to whom the Purchasing Document is addressed.

“Goods” means the goods and/or work specified in the Purchasing Document.

“Customer” means the Company’s customer for whom the Goods are destined.

“Contract” means the contract for the sale and purchase of the Goods and consists of the Purchasing Document (including these Conditions of Purchase) and all documents annexed thereto or referred to therein.
2. **General**

The provisions of these Conditions of Purchase shall apply to the exclusion of all other terms and conditions of the Company or the Seller save for those stated in the Contract which, in the event of conflict, shall take precedence over these Conditions of Purchase.
3. **Acceptance**

The Contract shall not be binding upon the Company until accepted by the Seller. The Company reserves the right to reject any acceptance that is received by the purchaser more than fourteen working days after the date of the order. Other terms and conditions will only apply where expressly agreed in writing by a Director of the Company.
4. **Designs and Other Information**
  - a) Designs and other information provided by the Company to the Seller for the purposes of the Contract shall remain the property of the Company, shall be used or disclosed solely for such purposes, shall not be copied wholly or in part for any other purpose and shall be returned with all copies thereof to the Company when no longer required by the Seller but, in any event, on completion or termination of the Contract.
5. **Infringement of Patents etc.**

The Seller shall indemnify the Company against any and all liability, loss, cost or expense arising from any claim or action for infringement of any patent or other intellectual property right resulting from the use or resale of the Goods and in the event of any such claim, the Company shall permit the Seller to conduct all negotiations and litigation for the settlement of the same, subject to the Seller providing to the Company on request such reasonable security as the Company may require.
6. **Confidentiality**

The Seller shall not without the Company’s prior written consent publicise or otherwise disclose to third parties any information relating to the Contract except in confidence:

  - a) to any of its suppliers insofar as is necessary for the purposes of the Contract; or
  - b) to its insurers, bankers, auditors and legal advisers.
7. **Inspection and Testing**

The Seller shall perform all inspections and tests as specified in the Contract and shall permit the Company, the Customer or their appointed inspectors to inspect or test the Goods at all reasonable times at the premises of the Seller or its suppliers.
8. **Progressing**

The Company and the Customer shall be granted access to the premises of the Seller or its suppliers at all reasonable times to check the progress of work under the Contract and the Seller shall report such progress to the Company as reasonably required.
9. **Suspension**

In the event of any interruption of the Purchaser’s business due to circumstances beyond the Purchaser’s control such as but not limited to any industrial dispute, fire explosion or accident which would prevent or hinder the use of goods or work which is the subject of the Order the Purchaser shall have the right to suspend the Order until such circumstances have ceased.
10. **Statutory and Other Regulations**
11. **Packaging**

All Goods must be properly packaged to survive transit to the delivery address and to resist pilferage, distortion, corrosion or contamination. All packages shall be clearly and legibly labelled and addressed, all parts are to be identified in accordance with the Company’s order descriptions.
12. **Delivery**
  - a) The time or times stated in the Purchasing Document for the delivery of the Goods shall be of the essence of the Contract and the date of delivery shall be the date on which the Goods are delivered during normal business hours at the place stated in the Purchasing Document or, if no place is so stated then, at the Company’s Works.
  - b) Goods delivered prior to the date stated on the Purchasing Document will be treated as having been delivered on the required date unless the Company has agreed in writing to the early delivery.
  - c) If the Goods or any part of them are not delivered to the Company by the relevant time referred to in (a) above the Company shall have the right to terminate the Contract forthwith by notice in writing to the Seller.
  - d) The Seller recognises that late delivery may cause the Company consequential loss, such as inability on the part of the Company to meet other contractual commitments.
  - e) The Purchasing Document Number shall be prominently and securely displayed on all packages in the consignment and a detached Delivery Note included with the consignment.
  - f) Unless otherwise agreed containers will not be paid for or returned.
  - g) Section 32 of the Sale of Goods Act 1979 will not apply to the Contract.
13. **Transfer of Property and Risk**
  - a) Subject to (b) hereof, the property and risk in the Goods shall pass to the Company when the Goods are delivered in good condition into the custody of the Company. Section 33 of the Sale of Goods Act 1979 shall not apply.
  - b) Where the Company pays the Seller a sum on account of payment for the Goods in advance of delivery, the property (but not the risk) in materials ordered by or in the possession of the Seller which are
- b) All designs, specifications, software and other technical data developed under the Contract by or on behalf of the Seller together with intellectual property rights therein shall vest in the Company.
- c) The Seller shall grant the Company the right (transferable to the Customer and end user of the Goods) to use such of the designs, specifications, software and other technical data which are the property of the Seller as are necessary for the purposes of using, maintaining and operating the Goods provided that the same are used solely for such purposes.
- a) In performance of the Contract the Seller shall comply with all applicable statutory and other regulations having the force of law including, but without limitation, all requirements of the Health and Safety at Work etc. Act 1974 and current Environmental legislation.
- b) The Seller shall notify the Company in writing promptly if the Goods or any part thereof are or become during the course of the Contract subject to the export control regulations of any government authority.
- c) References in these Conditions of Purchase to the Sale of Goods Act 1979 shall include the Sale and Supply of Goods Act 1994 and 1995.
- d) Nothing in the Contract shall confer on any third party any benefit or the right to enforce any term of the Contract as provided under the Contract (Right of Third Parties) Act 1999.

intended for incorporation in the Goods up to the value of such advance payment shall pass to the Company on receipt by the Seller of the said payment.

- c) Any Goods delivered which are rejected by the Company under these Conditions may remain, wherever they may be, at the Seller's own risk and expense.

14. **Price and Payment**

- a) Unless expressly stated otherwise in the Purchase Order, the prices stated in the Contract are fixed prices inclusive of delivery and no amendment of such prices will be recognised unless agreed in writing by the Company.
- b) Prices shall be exclusive of value added tax which, if applicable, shall be shown as a separate sum on the Seller's invoices.
- c) Unless otherwise stated in the Purchasing Document, payment will be made by the Company 60 days after the end of the month in which the goods were received subject to the receipt of a properly rendered invoice quoting the Purchasing Document number.
- d) All payments made by the Company to the Seller shall be made without prejudice to the Company's right of rejection, cancellation or alteration whether arising under the Sale of Goods Act 1979 or otherwise and if the Company shall have paid any sum in excess of the sums due the Seller shall repay such sum to the Company on demand.

15. **Warranty**

- a) The Seller shall be responsible for making good by repair or replacement with all possible speed and at its own expense any non-conformity or defect in or damage to the Goods which arises from any defective materials, workmanship or design or from any non-compliance with the provisions of the Contract by the Seller within a period of 12 months commencing from the date on which the equipment in which the Goods are incorporated is put to use or the date 15 months following delivery of the Goods whichever is the earlier. Provided that the Seller shall have no liability for any such non-conformity, defect or damage arising from a defect in any design furnished by the Company for which the Seller has disclaimed responsibility in writing within a reasonable time, following receipt thereof.
- b) Any repair or replacement made under this Clause shall be warranted on equivalent terms for a period of 12 months from completion of such repair or replacement.
- c) If the Seller fails to remedy any defect promptly on request, the Company may by its own workforce or through others remedy such defect at the risk and expense of the Seller.
- d) Where the Goods comprise mechanical, electrical or electronic assemblies, the Seller warrants that it will provide on reasonable terms replacement parts, maintenance and repair services for such Goods during their reasonable working life.

16. **Lien**

The Seller shall not claim any lien or attachment in connection with the Goods and shall indemnify the Company against any claims of a like nature made in connection with the Goods by any third party.

17. **Indemnity and Insurance**

- a) The Seller shall indemnify the Company against injury (including death) to any person or loss or damage to any property which may arise out of the act, default or negligence of the Seller, its suppliers, their employees or agents in consequence of the performance or breach of the Contract and against all claims, demands, proceedings, damages, costs, charges and expenses whatsoever in respect thereof or in relation thereto.
- b) The Company shall indemnify the Seller for the duration of the Contract against injury (including death) to any person or loss of or damage to any property which may arise out of the act, default or negligence of the Company or any person employed by the Company (other than the Seller) and against all claims, demands, proceedings, damages, costs, charges and expenses whatsoever in respect thereof or in relation thereto.
- c) If either party suffers a claim by a third party for which the other party may be liable under (a) or (b) of this Clause, the other party shall be permitted to conduct all negotiations and litigation for the settlement of the same, subject to it providing to the indemnified party on request such reasonable security as that party may require.
- d) Without thereby limiting its responsibilities under (a) or (b) of this Clause each party shall insure with a reputable insurance company against all loss of and damage to property and injury to persons (including death) for which it may become liable under the Contract and against all actions, claims, demands, costs and expenses in respect thereof. Copies of such policies should be made available to the Company upon request.

18. **Insolvency**

If the Seller becomes bankrupt or insolvent or a receiving order is made against it or it compounds with its creditors, or being a corporation, a petition for compulsory winding up is presented or a members' voluntary winding up commences (other than for the purposes of reconstruction or amalgamation) or if a Receiver or Manager of its assets or an Administrative Receiver or an Administrator is appointed, the Company shall be entitled to terminate the Contract by notice to the Seller or such other person mentioned herein or any other person in whom the Contract has become vested.

19. **Assignment and Sub-Contracting**

- a) The Seller shall not assign or transfer or purport to assign or transfer the Contract or the benefits thereof to any other person.
- b) The Seller shall not sub-contract the performance of the Contract or any material part thereof without the

prior written consent of the Company which consent shall not be unreasonably withheld.

- c) On giving notice in writing to the Seller, the Company may assign the Contract wholly or in part to the Customer.

20. **Force Majeure**

If delivery is delayed by some cause totally outside the control of the Seller, then he shall give written notice of such cause within seven days of its occurrence and the Company may then (but without prejudice to his other rights) allow such extra time for delivery as is reasonable in the circumstances.

21. **Law and Jurisdiction**

- a) The Contract shall be governed by and construed in accordance with English law and the Courts of England shall have exclusive jurisdiction over all disputes arising in connection with the Contract provided that proceedings for enforcement may be instituted in the courts of any country.
- b) All the provisions of the Contract including these Conditions of Purchase are without prejudice to the Company's rights and remedies at law.

22. **Headings**

The headings of these conditions are included for convenience and ease of reference only and shall have no effect on the interpretation thereof.