

GENERAL TERMS AND CONDITIONS OF PURCHASE FŁT – KRAŚNIK S.A.

The General Terms and Conditions of Purchase shall be an integral part of every goods order made by FŁT – Kraśnik S.A hereinafter referred to as a Buyer.

1. GENERAL PROVISIONS

- 1.1. The Seller is obliged to deliver and to transfer the ownership to the Buyer according to the General Terms and Conditions of Purchase.
- 1.2. Specified subject of sale, date and place of issue, price, payment date, requirements for transport and insurance, goods delivery method are defined in a written order and technical conditions, which shall be the attachment to the order. The order shall be sent by e-mail, fax or by letter. The order number shall be mentioned on delivery notice, invoice and good issued note, acceptance protocol and on the any other transaction document
- 1.3. Delivery of subject of sale by the Seller with other specifications than defined in the order shall occur only after obtaining prior Buyer's special written approval.

2. PAYMENT TERMS

- 2.1. Offers and price lists shall apply at least 14 days after delivering it to the Buyer.
- 2.2. All the order prices are fixed and shall not be altered. Prices shall include all taxes (except VAT), margins, insurances and all the costs incurred by the Seller during the performance of order from the moment of delivering goods to the final location indicated by the Buyer and all the packing, protecting, supporting and mounting materials and all the required documents, accessories, tools, and/or appropriate equipment and all charges for using intellectual property rights including third parties rights.
- 2.3. Properly issued invoices shall be paid due to the date defined in the order. Payment period shall begin from the day of issuing the invoice. The Buyer shall have right to withhold the payment, if the goods delivered by the Seller do not meet the order requirements. In that case Sellers shall waive all the claims for interest (even for a part of the price), contractual penalty or any other compensation.
- 2.4. Invoice payment shall not constitute acceptance of all the ordered or delivered Goods. Acceptance of the Goods by the Buyer to be valid must be expressed explicit and it is only a confirmation of the Buyer that the Delivery was made.
- 2.5. Issuing just one invoice for more orders shall not be accepted, however it shall be acceptable to issue more invoices for one order e.g. if order is stretched over the time and its performance takes place in stages. Any potential changes shall be arranged with the Buyer.

3. PACKAGING AND IDENTIFICATION OF GOODS

- 3.1. The Seller is obliged to deliver goods in packaging that is suitable to goods'

characteristics and by using means of transport providing its proper carriage, adequate maintenance and protection which allow to deliver the goods without deterioration.

- 3.2. The Seller is obliged to identify goods properly pursuant to applicable standards and order specifications.

4. QUALITY

- 4.1. Before making any offer or request for proposal, the Sellers shall define and apply quality control programs and conduct necessary quality investigations and tests for the purpose of proper performance of orders.
- 4.2. Any requirements defined in quality system of the Buyer shall be considered as order's specifications. Sellers shall have the specified and implemented Quality System pursuant PN-EN ISO 9001/TS 16949 or with their equivalents (depending on the goods' type). The Buyer or his representative shall be entitled to control the quality and verify the quality system of the Buyer or his subcontractor
- 4.3. Sellers shall provide the Buyer with any information related to safety or environment which relate to Goods and/or their processing, service or use. To this end the Seller shall acquire information from the Buyer regarding any specifications of delivery place. The information given to Sellers shall not in any way restrict Sellers' responsibilities. If the Seller infringe any of requirements related to safety, health and environment, the Buyer shall be entitled to cancel the Order, with Sellers bearing all the expense and liabilities arising there from.
- 4.4. In the case of a complaint will be accrued for administrative costs issued complaint.
- 4.5. In case of rejection of the whole or a part of delivery, rejected Goods shall be stored and sent back by the Buyer at the expenses and risk of the Seller
- 4.6. Sellers shall take overall responsibility according to negative effects of their actions and or their lack regarding quality, safety and environment. Sellers shall act in this way towards the Buyer as well as for third parties, taking overall responsibility in the case of using the right of the Buyer to cancel the Order.

5. ACCEPTANCE CONDITIONS

- 5.1. The Seller is entitled to deliver goods in amount specified in order, made in compliance with the content of order and with existing standards, regulations and technical conditions mentioned by the Buyer in order.
- 5.2. The Buyer shall reserve the right to participate in qualitative and quantitative receptions and to see technical and production documentation of the Seller pursuant to regulations PN-EN ISO 9001 and ISO/TS 16949.
- 5.3. Unless otherwise agreed, all the Goods shall be sold pursuant to Incoterms DDP conditions – (pursuant to newest edition of the International Chamber of Commerce) and unload at the final delivery place indicated by the Buyer ('Delivery').
- 5.4. Delivery and transport:
 - Sellers shall control Goods in terms of conformity with order's specifications, quality, weight, physical measurements and for any Goods or packaging damage.
 - Goods shall be packed so that they shall not be damaged during the transport and carriage. On the Buyer's request, Sellers take all the packaging after the delivery. If Sellers require use of lifting equipment or the Buyer's employees at the place of delivery, the Buyer must be informed about this at least 24 hours before and all the responsibilities hand over the Seller.

- Packaging material and methods shall be chosen by Sellers in order to minimize cost of usage and to meet following requirements: safety, storing, recycling possibilities, Energy conservation and degradation.
- Sellers shall organize Goods transport to the Delivery place so to avoid Goods damage and difficulties by their unloading at delivery place of the Buyer.
- Dates defined in the Order shall be final. If the Order shall not be performed within specified time, the Buyer is entitled to cancel the order and claim damage compensation or to accept the order and withhold the liquidated damages from the Buyer's total amount. In case of delay of delivery, the Buyer is entitled to liquidated damages in the amount according point 7.6. The Buyer shall inform about the decision on withholding liquidation damages no later than at day of first invoice payment after following delay. Such liquidation damages shall not infringe the Buyer's rights to assert claims for damages related to other aspects of the Seller's operations.

6. TECHNICAL DOCUMENTATION – OPERATION AND MAINTANCE GUIDANCE

Sellers shall deliver technical documentation related to Goods such as operation and maintenance guidance, training guidance, drawings, data sheets, product safety sheets, factory inspection certificates, certificates of conformity and any other necessary documentation to the Buyer within agreed timeframe, but not later than at the moment of Goods delivery. Unless otherwise specified in the Order, delivery of software or goods including software shall encompass any related source or object code for the purpose of maintenance and/or adaptation. Such technical documentation or any special tools related to Orders shall be considered as an integral part of Goods hereby the General Terms of Purchase.

7. RESPONSIBILITY

- 7.1. The Seller shall take the responsibility for lack of conformity, even if it appears after the release of goods to the Buyer.
- 7.2. The Buyer is entitled to apply complaint due to lack of conformity in the written form, as soon as after recognition, but not later after 30 days after recognition lack of conformity.
- 7.3. In the case of lack of conformity about the amount of Goods, the Buyer shall claim at his discretion delivery of missing goods or withdrawal agreement within 30 days from the day of recognizing lack of conformity. In the case of delivery requirement for missing goods, the Seller is obliged to deliver Goods immediately, but not later than 7 days from requiring the delivery by the Buyer. If the Seller shall fail to deliver goods within this time, the Seller is entitled to withdraw from agreement within 30 days from the date of delivery of goods in conformity with agreement.
- 7.4. In other case than lack of conformity specified in point 7.3, the Buyer shall demand at his discretion exchange claimed goods for goods in conformity with agreement or servicing goods not in conformity or withdraw from agreement within 30 days after recognizing of goods in not conformity. In case of requirement of exchange goods for good in conformity with agreement or service goods the Seller is obliged to comply the requirement immediately, but not longer than within 7 days after the requirement of demand. If the Seller shall fail to deliver goods within this time, the Buyer is entitled to withdraw from agreement within 30 days from the date in which the Seller was entitled to exchange claimed goods for goods in conformity with agreement or service it.

- 7.5. In case of the Seller's delay in fulfilling obligations to the Buyer due to filed claims, in order to ensure continuity of production of the Buyer or an entity for which the Buyer has filed the complaint, further referred to as the Receiver, the Buyer reserves the right to have defective goods repaired or to make a substitute purchase of claimed lot from other seller. He shall charge the Seller with the costs incurred due to carrying out such operations.
- 7.6. In case of the Seller's delay in delivering the goods or remedy of lack in conformity of the goods with the contract, the Buyer shall be entitled to demand a contractual penalty in the amount of 0,1% of value of order for each full day of delay, not more than maximal 10%. The Buyer shall be entitled to claim damages exceeding the amount of the stipulated contractual penalty, in particular specified in Clause 7.

8. LIABILITY FOR DAMAGES

Notwithstanding the rights defined in Clause 7, the Buyer shall be entitled to claim for redressing the damage as a result of not fulfilling or improperly fulfilling the liability by the Seller. A compensation that is independent of the Seller shall comprise also any fines and compensations that the Buyer is obliged to pay to the Receiver due to not fulfilling or improperly fulfilling the obligation by the Buyer for reasons directly attributable to the Seller.

9. INTELLECTUAL PROPERTY RIGHTS

The Seller guarantees that neither the Goods nor the sale thereof covered by the order shall violate or infringe any trademarks patents, copyright or other legal rights of third parties. The Sellers shall indemnify and release the Buyer from civil liability for any suits or complaints, losses, costs, counsel fees, expenses and compensations due to or arising from any infringement of intellectual property rights. The Sellers shall release the Buyer from any claims, proceedings or suits.

10. TERMINATION

- 10.1. The Buyer shall always be entitled, even though Sellers are not in breach of any obligation, to suspend the Order for a period of time determined by the Buyer, or to terminate the order in whole or in part, giving three days advance notice to the Sellers. In the event of such termination, the Sellers may charge the Buyer for the costs associated with the Order, that they incurred until the termination date. The Sellers are not entitled to receive compensation for incidental or consequential damages or loss of profit.
- 10.2. The Buyer shall be entitled to cancel the Order with immediate effect without further obligations and liabilities, if he has sufficient reasons to believe that the Sellers will be unable to properly fulfill their obligations.

11. FORCE MAJEURE

Neither party shall be liable to the other for not performing or failure in performing its obligations under this Contract to the extent that such delay or failure is caused by an event or circumstance that bears the characteristics of "Force Majeure". The Party subject to the occurrence of an Event of Force Majeure shall be obliged to inform the other Party of such occurrence up to 7 days after the date of commencement of such Event of Force, otherwise

such Party shall lose its rights deriving from the occurrence of Force Majeure. The deadline to fulfill the obligation shall be extended by the duration of the Event of Force Majeure.

12. CONFIDENTIALITY CLAUSE

- 12.1. Unless disclosure of information is made with prior explicit and written consent of the Buyer, the Seller shall undertake to treat as confidential all information supplied to him by the Buyer whether disclosed orally or disclosed or accessed in written, or in material form or on any electronic carrier. Confidential information includes originals as well as copies, faxes, notes, calculations, invoices, and other documents. Confidential information is also information concerning the Buyer's activity, including especially its contracting partners. In the further part of this clause, such information shall be referred to as Confidential Information.
- 12.2. The obligation defined above refers to any Confidential Information, whether or not the Seller has received them directly from the Buyer or through third parties acting on behalf of the Buyer.
- 12.3. The obligation of keeping the Confidential Information secret includes, in particular prohibition to disclose them to third parties in whole or in part without prior explicit and written consent of the Buyer, with reservations indicated hereafter.
- 12.4. The Seller shall use the Confidential Information only for the fulfillment of this contract.
- 12.5. The obligation of keeping the Confidential Information secret does not shall not apply when there is an obligation of their disclosure to third parties arising from binding provisions of law and such third parties demand the Seller to disclose them. The Seller shall be obliged to inform the Buyer without delay about such demand, unless disclosing such information is prohibited pursuant to binding law provisions or a decision of authority that demands the disclosure of Information. The Seller shall inform the Buyer, if possible, before the disclosure of Information to a person who is entitled to demand their disclosure.
- 12.6. The Obligation of keeping the Confidential Information secret is not limited in time, unless given piece of information is no longer confidential due to the fact that it was prior made public by the Buyer.
- 12.7. The Seller shall undertake to keep any Confidential Information expressed in the material form and supplied to him by the Buyer or which he accessed through third parties acting on behalf of the Seller in a way that no third parties can assess them.
- 12.8. The Seller shall be fully liable for any infringement of obligations arising from these provisions. The Seller undertakes to fully redress the damage suffered by the Buyer arising from not fulfilling or improper fulfilling the provisions of this Clause by an Intern.

13. SETTLEMENT OF DISPUTES

Both Parties shall declare to amicably settle any disputes that arise from this agreement's realization. In the event that the dispute is not resolvable, it shall be submitted to arbitration by a common court having jurisdiction over the seat of the Buyer.

14. ASSIGNMENT OF RECEIVABLES

The Seller shall not assign all or a part of receivables due to the Buyer to third parties, without Buyer's prior written consent.

15. INSURANCE

The Sellers shall take out and maintain appropriate insurance policies covering their civil liability in accordance with these General Terms and Conditions of Purchase. The Seller shall unconditionally and irrevocably agree to provide the Buyer with a certificate of insurance pursuant to any Buyer's requirements concerning the extent of cover. The Sellers shall undertake to fulfill these requirements, including third parties' requirements as well as liabilities to the Buyer.

16. SUBCONTRACTING

If the Sellers are entitled to subcontract all or a part of their liabilities to third parties, such subcontracting shall be made at their sole cost and responsibility. The Sellers shall inform every subcontractor about the provisions of these General Terms and Conditions of Purchase and about the provisions of the Order. The Sellers shall also provide all information concerning the Buyer's requirements. The Buyer reserves the right to refuse any subcontractors that fail to satisfy these conditions.

17. GOVERNING LAW

The Order shall be governed by and construed exclusively in accordance with the laws applicable at Buyer's place of residence. The United Nations Convention on Contracts for the International Sale of Goods from 1980 shall not be applicable.

18. PREVENTION OF CORRUPTION

Sellers shall ensure and undertake not to give and have given any donation or commission as well as not to agree or have agreed to give any commission to any Buyer's employee, agent, subordinate or representative in conjunction with the Order or any other agreement with the Buyer. Should the Seller or any third party acting on their behalf breach the above provisions, the Buyer can: cancel the Order and receive recovery from the Sellers for incurred loss arising from the cancellation, or receive full recovery from the Sellers for incurred loss arising from breaching this Clause, regardless of whether the Order has been cancelled or not.

19. FINAL PROVISIONS

- 19.1. Any amendment to these General Terms and Conditions of Purchase shall be null and void unless made in writing.
- 19.2. O behalf of the Seller, I accept the order for fulfillment according to the terms laid down above.