

GENERAL TERMS OF DELIVERY (GTD)

These general terms of delivery together with order and enclosed documentation set up the contract of delivery concluded between parties.

DEFINITIONS:

- "the purchaser" / BUYER – FAMET S.A.
- „the supplier” – the firm, which concluded the contact of delivery with the purchaser,
- "order/contract" - order/contract, that contains these general terms of delivery
- "goods"- materials, machines, facilities together with instructions, drawings, documentation etc., that have to be delivered by the supplier as per the order/contract. Provisions concerning goods will be applied adequately to performance of services by the supplier in the purchaser's firm or in other place indicated in the order/contract
- Place of delivery / CONSIGNEE – respectively Zakład Produkcyjny 1,2,3,4,or 5

Art.I: DELIVERY TERMS

- The purchaser may check the progress of his order's performance at his own expense informing the supplier 5 days before arrival.
- The supplier will inform the purchaser about the predicted delay of delivery. However it does not exclude his liability for the delay.
- At the latest 7 days before planned delivery the supplier will give notice to the purchaser including following data: a)the number of the order, b)the fact weather the delivery covered all goods or some of them only, c)the way and the date of consignment, d)instructions necessary for correct unloading of goods.
- The supplier is liable for proper package and designation of goods, in order to protect them before damage during the transport and the short time of storage in the purchaser's firm.
- The supplier will deliver goods to the purchaser's place of business or to other place indicated by the purchaser in contract ("the place of delivery") – DDP, INCOTERMS 2010.
- "The date of delivery" is a date of good's delivery at the place of delivery fixed in the contract.
- A change of the date or the place of delivery needs written consent of the purchaser. Difference in costs charges the supplier, unless it is the purchaser, who has required the change of delivery place or date.
- A part delivery needs the consent of the purchaser. In this case the date of delivery means the date of delivery of the last part of goods. The above concerns also all instructions, documentation, certificates etc. required according to the contract.
- In case of imported goods the supplier is liable for their admission by authorised offices to the turnover in Polish customs area, according to Polish regulations.

Art.II: ACCEPTANCE OF GOODS

- The purchaser will examine goods immediately after their delivery and will make up the minutes of acceptance. The supplier may participate in the control at his own expense informing the purchaser about his arrival with anticipation.
- The supplier is liable for the conformity of goods with the contract and specification. He will deliver the missing goods at his own expense – DDP, INCOTERMS 2010. It does not exclude his liability for delay in performance.
- The supplier places the goods at the purchaser's disposal at delivery place and time on the mean of transport without unloading.
- The risk of loss and damage passes to the purchaser at the moment of delivery according to above provisions.

Art.III: TERMS OF PAYMENT AND INVOICE

- Mentioned price is netto price of which an tax value VAT will be added according to the valid regulations at the date of invoice issue
- If the price of goods is fixed in foreign exchange then an average rate of currencies of NBP (National Polish Bank) from day before the invoice issue should be applied.
- The supplier is obligated to issue the invoice at the latest within 5 days after delivery. Otherwise, the supplier will cover the purchaser's loss resulting from delayed invoice issue.
- On the basis of the invoice issued by the supplier the purchaser will pay the price within 30 days by transfer into supplier's account. The day of payment is a day of charging purchaser's account.
- If the supplier fails to perform his obligations the purchaser may suspend the payment, until the time of the counter obligation performance.
The Proper fulfilment of the contract should also be understood as the delivery of all documents required in the order of FAMET S.A., constituting an integral part of the concluded contract. In this case, the payment deadline is counted from the date of delivery to the Orderer the set of required documents.
- The basis for the Orderer's payment for goods or services is VAT invoice to be issued correctly. An invoice is considered as a VAT invoice issued correctly, when the invoice meets the formal requirements indicated in art. 106e of the Act of 11 March 2004 on Value Added Tax and includes the number of the contract / order issued by the Orderer, terms and date of payment, details of the recipient and place of delivery, as well as the PKWiU number appropriate for a given the good or service. The name (type) of the good or service shown on the VAT invoice should correspond to the name of the good or service specified by the Orderer in the contract / order. If a VAT invoice is delivered and that does not meet the conditions set out in the previous sentences, the payment for the good or service shall be withheld until the VAT invoice is corrected. In this case, the payment deadline is counted from the date of delivery to the Orderer the correction to incorrect issued VAT invoice
- The purchaser declares, that he is the value-added tax payer and he authorises the supplier to issue invoices without purchaser's signature.
- The supplier will save invoices' copies for 5 years, since the end of the year, in which the invoice was issued.
On the basis of these invoices the purchaser may require tax decrease or reimbursement from authorised offices. If the supplier violates the above provision, then the purchaser may demand from him to cover the loss, following from the decision of an authorised office charging the purchaser with tax, interests and other financial sanctions. The above concerns only suppliers, who act in Poland.
- The correct issued invoice must be send to (delivered) the Purchaser / BUYER
- Outstandings arising from this contract / order can not be transferred to a third party without written permission of FAMET S.A.

Art.IV: CONVENTIONAL PENALTY AND AVOIDANCE OF THE CONTRACT

- If the supplier does not meet the deadline of delivery or the deadline of defects' removal, the purchaser may require from him the conventional penalty of 1% of the price agreed in the contract for each day of delay, but not more then 15% of the price.
- The supplier will pay the conventional penalty within 14 days from the date of issuing debit note received from purchaser. The purchaser may deduct amount of conventional penalty from the amount of the supplier's invoice.
- If the supplier fails to perform his obligation and the purchaser bears a damage that exceeds the settled conventional penalty, he may claim damages according to general rules in the part that exceeds the conventional penalty.
- The purchaser may declare the contract avoided without setting an additional date of delivery, if the supplier fails to perform his obligations in the deadline fixed in the contract. The avoidance of contract may apply to both the whole or the part of the contract. The declaration of avoidance has to be made in writing.

Art.V: GUARANTEE

- The supplier grants a guarantee for delivered goods and he assures of their conformity with contractual terms, drawings, specification, technological requirements and intentional application.
- The supplier grants the guarantee for 18 months from the date of signing the minutes of acceptance by the purchaser, but for not longer then 24 months from the date of delivery.
- During the guarantee period supplier is liable for non-failure operation of the delivered goods, provided that the purchaser uses them correctly and in accordance with the supplied documentation.
- The purchaser is obligated to give notice to the supplier immediately about discovered defects and failures. At the latest within 2 business days the supplier will send his representative to fix methods and time of repair and will take up immediately appropriate actions
- Otherwise, the purchaser may take up appropriate actions by himself to repair delivered goods or remove occurred damages at the supplier's expense.
- The supplier bears all expenses of actions connected with repair of goods within the scope of granted guarantee (especially: disassembly, reassembly, shipment of faulty parts, travel and accommodation of the supplier's staff). Replaced faulty parts will be taken back by the supplier from the purchaser's firm – EXW, INCOTERMS 2010. And new parts will be delivered to the purchaser's firm – DDP, INCOTERMS 2010.
- The purchaser may repair within his own scope or with the help of a third person minor defects, if they have to be repaired immediately to avoid farther losses or because of other important reasons. The purchaser may charge the supplier with costs of these repairs. The above does not impact on the supplier's liability, that follows from the guarantee.

Art.VI: PROPERTY PROTECTION

- Parties of the contract are liable for protection of property, patents, proprietor's rights etc. and they bear costs following from the other persons claims – each party within the scope of his activity.
- The supplier assures the purchaser that he will not be liable for any infringements of any third person's rights to the subject of the contract of delivery.

Art.VII: FORCE MAJEURE

- Parties are not liable for a failure to perform any of their obligations, if the failure was due to an impediment beyond the party's control, which the party could not avoid or overcome and could not predict it at the time of conclusion of the contract (especially: wars, inner disturbances, disasters, legal strikes).
- The exemption from the liability caused by force majeure has an effect only for the period during which the impediment exists.
- If the party's failure is due to the failure by a third person whom he has engaged to perform the whole or a part of the contract, then the party is exempted from liability only if the impediment occurred at both the party and the engaged third person.
- The agreed date of delivery will be extended for the period of force majeure existence and its direct consequences, that make the performance of party's obligations impossible.
- The party who fails to perform must give notice to other party of the impediment within 5 days since the party, who fails to perform knew or ought to have known of it. Otherwise he will not be exempted from the liability.
- If the force majeure makes that the party can not perform his obligation for at least 2 months, the other party may declare the contract avoided.

Art.VIII: Conflict Minerals

The Purchaser expects from his suppliers and subcontractors determine the source and origin of minerals, which are applied in their products in order to check and confirm, that they are not come from the conflict zone, and that they are not financed and benefits of armed groups in the Democratic Republic of the Congo or any adjoining countries or other groups in conflict zone.

According to the laws of the United States of America (as defined in Section 1502 from 2010 of the Dodd-Frank Wall Street Reform and Consumer Protection Act) minerals which are extracted in a conflict zone are: tin, tantalum, wolfram, gold and their derivatives.

The Purchaser may request in any time from his Supplier submission of a declaration or questionnaire "Conflict Minerals" (CMRT-cfsi) in order to gain an information about the origin of conflict minerals in products or materials delivered to the Purchaser within a framework of Purchase Order.

Art.IX: FINAL PROVISIONS

- The supplier will formally confirm the acceptance of the order with available mean of indirect communication at the latest within 3 days after receiving the order. **No confirmation within 3 days is tantamount to acceptance of all conditions specified by purchaser in the Purchase Order**
- Realization of the Purchase Order is subject only to the conditions specified in the purchaser "General Terms of Delivery ". Allows the realization of the purchase order on the basis of supplier "General Terms of Delivery" only after the written approval of the purchaser before placing an order.
- Dates and values settled in these General terms of delivery are binding for both parties, unless the delivery contract does not fix different terms.
- The parties will make every effort to settle all disputes arising from the contract out of court. If they do not reach any agreement, then the disputes will be settled by the court appropriate for the purchaser's place of business.
- All changes to the contract will be introduced by the mutually agreed written annex.
- The Ordering Party reserves the right to calculate a one-time additional complaint fee (handling costs - analysis of the non-compliance found and all additional control and verification activities related to it) in the amount of EUR 60 or its equivalent expressed in PLN currency converted according to average exchange rate of the National Bank of Poland on the day of issuing the complaint protocol. The above amount will be added to the total cost of the complaint and will be submitted in full to the supplier for payment.