

General Terms of Sales

1. Preliminary provisions

1. The object of the agreement is determination of the principles of commercial cooperation between the Parties in the scope in which the Customer (hereinafter referred to as the Buyer) purchases products from Grupa Kęty S.A. (hereinafter referred to as the Seller), and specifically the method of concluding an agreement and its contents.
2. A sales agreement is concluded by way of acceptance by the Buyer of the conditions identified in the order confirmation (type, quantity, price of goods, and delivery date). Absence of the Buyer's objection within 3 business days of the receipt of order confirmation represents a consent to the conditions identified by the Seller.
3. The General Terms of Sales (hereinafter referred to as the GTS) supplement the contents of the sales agreement concluded, unless the Parties explicitly decide otherwise. The general terms applied by the Buyer are explicitly excluded.

2. Preparations for production

1. Before filing an order, the Buyer shall send to the Seller a drawing and technical specification, including quality requirements, for the Seller to prepare a quotation. The requirements identified in the specification are binding, providing that the Seller confirms them.
2. The Seller is not obliged to check the correctness of the Buyer's technical specification or drawings. The confirmation of the Buyer's drawing and specification by the Seller is deemed to be only a statement of the existence of technical capacity for the Seller to produce the ordered goods.
3. The Seller prepares a quotation, in which it identifies the price of the product and the method of the price calculation, as well as the cost of launching the production, which includes the price of a tool. The cost of a tool production is covered by the Buyer on the principles specified in a separate memorandum of agreement. A tool is a sole property of the Seller in each case, even if the Buyer has covered the costs of the tool manufacturing in whole, whereas the Seller shall not use the dies without the consent of the Buyer in performing orders for other customers.
4. If the Buyer accepts the method of covering the costs of production launching, and approves the final version of the technical drawing, the Seller shall undertake the necessary steps to launch the production.
5. The Buyer declares that the production of goods based on the technical documentation supplied by it does not infringe the rights of third parties, including specifically rights protected under the industrial property rights or copyrights regulations. In case a third party raises claims against the Seller on account of infringing its rights, the Buyer commits to remedy the loss incurred by the Seller, and take any steps to indemnify the Seller against the liability towards the third party. In case a third party raises claims against the Seller, the Seller shall immediately notify the Buyer about that. The Seller may suspend the production of goods by the time of a valid decision of a court hearing the case or by the time the Buyer and the third party enter into a composition agreement.

3. Order and delivery

1. The Parties declare that all people participating in filing and confirming orders possess adequate rights authorising them to do the activities. The Parties are not going to require any additional documents confirming the assignment of the authorisations.
2. Orders and order confirmations may be filed in writing and in forms which do not require hand signature, i.e. electronic and documentary. Orders and order confirmations may also be sent through electronic mail.
3. The Buyer files an order, identifying the type (product number in the Seller's offer) and quantity of goods and the proposed shipment date. The minimum quantity of the delivered batch shall be determined in the quotation.
4. Introduction of new quality requirements or new technical specification requires signing a memorandum of agreement by the Parties, upon reassessment of the technical capability of the order performance in need, and determination of the principles of covering the costs of the introduced changes, as well as the date of introducing them.
5. Orders are fulfilled at the dates identified in the order confirmation. The Seller reserves the right to change the date of delivery, if such condition has been reserved in the order confirmation.
6. An order is deemed to have been fulfilled within the quantitative tolerance of $\pm 10\%$ in reference to the quantity identified in the order confirmation.
7. Goods shall be released at the place identified in the order confirmation.
8. If the Seller is obliged to deliver goods to the place identified by the Buyer, the Seller remains the owner of the goods during transport, and the delivery is made based on DAP terms, Incoterms 2010. If

the Seller delivers goods, it is not responsible for unloading the goods. The Seller is solely entitled to claim indemnity against the carrier on account of loss, destruction or damage of goods. The Buyer commits to make a relevant entry in the consignment note and immediately notify the Seller about a failure to receive goods, or the goods destruction or damage, and provide the Seller with any information required by the Seller for the purpose of efficient claiming of indemnity against the carrier.

9. If, in compliance with the order confirmation, goods are to be collected at the registered office of the Seller, the Buyer shall collect them at the date identified in the order confirmation, and the delivery is made based on EXW terms, Incoterms 2010. The Buyer shall notify the registration number of the vehicle and the driver's details. The Seller is only obliged to properly load the goods.
10. If the goods are not collected by the Buyer at the date identified in the order confirmation, the Seller may:
 - a) charge the Buyer with the cost of storage, amounting to 0.1% of the order value for each day of storage, if the goods were to be collected by the Buyer;
 - b) charge the additional costs of the goods transport and storage (if the costs exceed the lump-sum cost of storage referred to above), if the goods were to be delivered to the Buyer by the Seller;
 - c) charge the costs of changing the method of packing the goods, if the process is necessary for ensuring the goods properties maintenance until the time of collection.
11. Unless otherwise agreed and in the case of cross-border delivery to Germany, the Buyer shall assume the take-back obligations of the Seller pursuant to Section 15 of the German Packaging Act and shall ensure that the packaging is taken back and properly and professionally recycled. The costs incurred for taking back and recycling shall be borne by the Buyer.

4. Price

1. The price, which includes the value and the binding period, or the method of its determining, is identified in the quotation. If the quotation does not clearly identify the price binding period, the price applies solely to the first order.
2. The value of the price and other price conditions may become an object of a separate memorandum of agreement, as referred to in paragraph 4.3. In the absence of such memorandum of agreement, the price will be each time identified in the order confirmation.
3. The Parties may enter into a separate memorandum of agreement with regard to fixing the goods price for a longer period, whereas the memorandum shall identify the quantity of goods the Buyer shall be obliged to collect during the term of the same. If a smaller quantity of goods is collected, the Seller may claim loss indemnity on the principles determined in that memorandum of agreement.
4. The price covers the cost of packing, if it complies with the method applied by the Seller.
5. The price may cover the cost of transport, whereas the detailed conditions of delivery shall be identified in the quotation.
6. The Seller may grant the Buyer a trade credit (deferred payment date). The total value of the trade credit to be granted may not exceed the value identified by the Seller and shall refer to all of the Buyer's orders jointly.
7. In case of refusal to grant a trade credit, the Seller may request prepayment before starting the order fulfilment, or before shipping the ordered goods.
8. If the order acceptance results in exceeding the value of the trade credit granted to the Buyer, the Seller may refuse accepting another (new) order performance or change the payment terms for the new order by way of shortening the payment term or claiming prepayment.
9. The value of trade credit varies and depends on the financial standing of the Buyer and the decision of the entity insuring the payment obligation of the Buyer (hereinafter referred to as the insurer). If the financial standing of the Buyer changes or the insurer changes the scope of insurance granted, the Seller may change the payment conditions, by way of shortening the payment terms or claiming prepayment, both as regards to the pending orders and future orders. The Parties may determine an alternative method of securing the Seller's claims.
10. The Seller may refuse to accept an order for performance, or suspend its performance or goods shipment by the time of payment, if the delay in payment of any of the amounts due exceeds 14 days. The enforcement of that right does not entitle the Buyer to raise any claims on account of non-performance or inadequate performance of contractual duties. As soon as the payment of the overdue amount is made, the Seller shall accept an order and reinstate order performance or release the goods to the Buyer. The new deadline for the Seller's duties performance is determined in consideration of the period needed for the order performance.
11. If the Buyer fails to make payment within the subsequent 14 days, the Seller shall be entitled to claim payment of all amounts, even those not yet due, setting out a minimum period of 14 days for the Buyer to make payment. Upon ineffective lapse of such period, the Seller is entitled to withdraw from the

orders (agreements) filed by the Buyer and scrap the produced goods. Moreover, the Seller shall be entitled to claim damages covering the costs of the material scrapping, the costs of the goods production, the costs of the goods storage, and the loss related to the purchase of material for the purposes of the Buyer's orders performance, unless the loss is covered by the money obtained for goods scrapping.

5. Complaints and loss liability

1. The Buyer is obliged to carry out quality control of the goods as soon as they are received.
2. By the time of accepting the goods, the Buyer is obliged to secure the delivered goods against destruction or damage, or the influence of external factors which may result in damaging the goods. The goods storage guidelines may be found on the website: <https://profile.grupakety.com/pliki-do-pobrania/>.
3. The incoming inspection covers both quantitative and qualitative check. The qualitative check refers to apparent defects, including specifically defects originating in transport. An apparent defect is one which may be discovered during an inspection with the naked eye, by way of slight magnification, or with the use of measuring devices used for dimensions control purposes. The incoming inspection consists in checking the goods compliance with the specification as regards correct dimensions and surface defects.
4. In case of defects originating in transport or goods non-compliance with the order, the Buyer shall immediately report them to the carrier, by way of a respective remark in the CMR consignment note, or if the defects may not be reported to the carrier, they should be notified to the Seller within 5 business days of the shipment receipt date, at the latest.
5. The object of the Buyer's complaint may only be goods non-compliance with the order. A qualitative defect is solely a non-compliance with a drawing or confirmed technical specification. The Seller is not liable for the defects of goods resulting from a faulty technical specification or design errors.
6. If the complaint applies to quantitative non-compliance of the goods, the claim may only refer to a delivery of goods in the quantity smaller or larger than that resulting from the order confirmation in consideration of qualitative tolerance determined in the order confirmation.
7. In the complaint letter, the Buyer shall state the number of the batch complained about, the order number and the identification of the goods complained about (in compliance with the goods identification applied by the Seller), as well as an exact defect description. Additionally, the Buyer shall provide the Seller with any explanations needed for handling the complaint, otherwise the complaint will not be handled. The Buyer is obliged to inform the Seller in advance, either in writing or in a documentary form (e.g. e-mail), about any activities which may result in incurring additional costs related to the defects of the goods, including the planned sorting of goods (e.g. the assumed effectiveness of sorting, scope of sorting and hourly rate for sorting).
8. The Seller shall respond to the Buyer's complaint within 14 days. At the request of the Seller, the Buyer shall keep samples of the defective goods or all the defective goods. Within 14 days of the date of the claim handling closure, the Buyer may report a reservation to the Seller's decision. Absence of a reservation within the aforesaid period is deemed to be an acceptance of the Seller's decision.
9. In case of faultiness of the delivered goods, the Buyer may claim the relevant price reduction for the value of the faulty goods (the amount for which the price will be reduced covers the value of the scrap received by the Buyer as a result of scrapping the goods). Notwithstanding the above, upon receipt of a complaint, the Seller may collect the whole batch of goods in which defective materials occurred and check it. However, if the goods are subjected to further treatment or kept by the Buyer, the reduction of the price will be adequate to the nature of the defects in the faulty goods.
10. If the complaint applies to quantitative non-compliance, the Seller may, at its discretion, collect the non-compliant quantity of goods, reduce the price specified in the invoice, or deliver the missing quantity of goods.
11. The above provision does not exclude another memorandum of agreement between the Parties as to the method of handling the complaint claims. Such memorandum should determine the method of handling the complaint and its closure, as well as a decision regarding the possible costs related to the complaint closure.
12. The claim for price reduction does not apply if the goods have been further processed, which includes combining them with another object or subjecting to a process which affects the goods physical, chemical, or mechanical characteristics.
13. The period of defects liability lasts 24 months.
14. The liability of the Parties depends on their default.
15. If the Buyer applies to the Seller with a claim for indemnity, the Buyer shall submit to the Seller any necessary documents and provide any information needed to check the legitimacy and value of the indemnity at the stage of loss adjustment proceedings carried out by the Seller's insurer with regard to third-party liability insurance.

16. If a third-party files a claim against the Buyer on account of faultiness of goods, the Buyer shall immediately notify the Seller about the claim and enable the Seller to actively participate in off-court proceedings, in order to verify the legitimacy of the third-party's claim.
17. The Parties are liable for the loss actually incurred by the other Party (*damnum emergens*) to the amount of PLN 200,000.00 per event in a year, and PLN 500,000.00 for all events in a year, unless the loss results from a premeditated action. The lost profit indemnity is explicitly excluded. The Seller's liability for defects in the goods under warranty is expressly excluded. The Seller is responsible for indirect losses related to a defect of goods, including the costs of sorting, administrative handling of the claim, and additional costs resulting from production delays which represent a loss, if the quantity of the defective goods delivered within a batch in which defects were found exceeds 4% of the weight of the delivered goods within the batch complained about.

6. Sanctions

1. The Buyer commits to abide by the regulations imposing economic sanctions passed by Poland, European Union, Great Britain, USA, United Nations, or country in which the Buyer has its registered office or place of business; the commitment refers also to entering into contractual relations with entities on which sanctions were imposed based on the aforesaid regulations.
2. Moreover, the Buyer commits to immediately notify the Seller about:
 - a) instigation of proceedings with regard to imposing economic sanctions against the Buyer or their beneficial owner, or any entity within the ownership structure between the Buyer and the beneficial owner, by Poland, European Union, Great Britain, USA, or United Nations;
 - b) instigation of proceedings with regard to breaching the regulations imposing economic sanctions against the Buyer or their beneficial owner, or any entity within the ownership structure between the Buyer and the beneficial owner, by Poland, European Union, Great Britain, USA, United Nations, or country in which the Buyer has its registered office or place of business;
 - c) imposing economic sanctions on the Buyer or their beneficial owner, or any entity within the ownership structure between the Buyer and the beneficial owner, by Poland, European Union, Great Britain, USA, or United Nations;
 - d) imposing penalties for breaching the regulations imposing economic sanctions, including international sanctions imposed by the country in which the Buyer has its registered office or place of business, on the Buyer or their beneficial owner, or any entity within the ownership structure between the Buyer and the beneficial owner.
3. Depending on the agreement, the Seller reserves the right to withdraw from the agreement binding between the parties in whole or in part, or to terminate the agreement with immediate effect if:
 - a) economic sanctions are imposed on the Buyer or their beneficial owner, or any entity within the ownership structure between the Buyer and the beneficial owner, by Poland, European Union, Great Britain, USA, or United Nations;
 - b) imposing penalties for breaching the regulations imposing economic sanctions, including international sanctions imposed by the country in which the Buyer has its registered office or place of business, on the Buyer or their beneficial owner, or any entity within the ownership structure between the Buyer and the beneficial owner;
 - c) economic sanctions are imposed on the Buyer or their beneficial owner, or any entity within the ownership structure between the Buyer and the beneficial owner, by Poland, European Union, Great Britain, USA, or United Nations;
 - d) proceedings with regard to breaching the regulations imposing economic sanctions are instigated against the Buyer or their beneficial owner, or any entity within the ownership structure between the Buyer and the beneficial owner, by Poland, European Union, Great Britain, USA, United Nations, or country in which the Buyer has its registered office or place of business;
 - e) the Buyer or their beneficial owner, or any entity within the ownership structure between the Buyer and the beneficial owner, try to bypass the regulations imposing economic sanctions adopted by Poland, European Union, Great Britain, USA, United Nations, or country in which the Buyer has its registered office or place of business.
4. A beneficial owner is understood to be any physical person having direct or indirect control over the Buyer by way of the rights possessed and resulting from legal or actual circumstances, which enable exerting a decisive influence on the activities or actions undertaken by the Buyer, or any natural person, on behalf of whom the economic relations are established or an ad-hoc transaction is carried out.

5. Sanctions are understood to be any limitations imposed by countries or international organisations resulting in a ban on entering into certain transactions, making financial transfers, importing or exporting, limits in travelling, or freezing assets.

7. Final provisions

1. Any amendments to the agreement or this provision may be made solely in writing, otherwise being null and void.
2. In any matters that have not been regulated herein the Polish law applies, excluding the Convention on Contracts for the International Sale of Goods (Vienna Convention) and the Convention on the Limitation Period in the International Sale of Goods (New York Convention).
3. The court competent in the event of a dispute is a Polish court having jurisdiction over the Seller.