

General Purchasing Terms and Conditions

DEFINITIONS

In the General Purchasing Terms and Conditions the below stated definitions have following meaning:

Buyer – means Metalwit;

Supplier – means a legal person, a company, or another business entity the Purchase Order is addressed to;

Goods – raw materials, parts, prefabricated elements, components, devices or equipment covered by the Purchase Order

Purchase Order – is issued by Buyer to Supplier.

1. GENERAL RULES

The following General Purchasing Terms and Conditions consist the integral part of each Purchase Order issued by Buyer to Supplier. Each deviation from the General Purchasing Terms and Conditions requires confirmation by both Buyer and Supplier. The General Purchasing Terms and Conditions relate to all supplies of goods and services that result from business relationship between Buyer and Supplier. If General Purchasing Terms and Conditions are partially or entirely counter to Supplier's General Conditions of Delivery or any other type of Supplier's documentation, the General Purchasing Terms and Conditions issued by the Buyer are the only agreeable document. While realizing the Purchase Order, Supplier agrees to each point of the General Purchasing Terms and Conditions. In case if Supplier does not accept the General Purchasing Terms and Conditions is obligated to immediately, prior to the confirmation of the Purchase Order, inform Buyer in a written form. In such instance Buyer reserves the right to cancel the Purchase Order.

2. CONFIRMATION AND ACCEPTANCE OF THE PURCHASE ORDER

Each Purchase Order should be confirmed in the written form by Supplier within three days from the date of its obtainment. Written confirmation of the Purchase Order can be sent by Supplier to the Buyer as paper document, fax or e-mail. By signing the Purchase Order Supplier confirms that agrees to the General Purchasing Terms and Conditions. Lack of Supplier's written confirmation of the Purchase Order in the above mentioned due term will be treated by Buyer as silent acceptance and realization of the Purchase Order on the terms stated in the Purchase Order and conformable with the General Purchasing Terms and Conditions. Supplier's acceptance of the Purchase Order with some deviations requires written confirmation issued by the Buyer within 3 days. Lack of acceptance of all deviations results in cancelation of the Purchase Order.

3. DATE OF DELIVERY, DELAY IN DELIVERY

Date and timeliness of delivery as well as its quality and quantity are of significant and strategic meaning for Buyer. Agreed date of deliveries are binding and imply the date of delivery of the goods to the Buyer's business location or different settlement which was agreed between the Buyer and

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Supplier. Delivery dates have to be rigidly controlled. In case of delay risk in delivery date, Supplier is obliged to immediately inform in written form about the predicted time of delay and enlist its reasons. Lack of the above mentioned information or information which states that delivery could not be accomplished in the due term, can form a basis to withdrawn Purchase Order by Buyer with consequences due to the 6th point of the General Purchasing Terms and Conditions. Buyer reserves the right to entirely or partially withdrawn from an unrealized Purchase Order within 7 days with no obligation to compensation payment. Buyer reserves the right to pursue claims for improper performance of the Purchase Order on the basis of general terms stated in the Civil Code and return of the costs incurred during alternative accomplishment of the Purchase Order.

4. PLACE AND CONDITIONS OF DELIVERY

Purchased goods have to be delivered to the legal address of Buyer or other place that was agreed in written form by Buyer and Supplier. Delivery that is considered as incomplete might be rejected. Each complete delivery must be provided with document containing the Buyer's Purchase Order number, specification of the delivered goods, quantity and value of the goods as well as all required certifications and warranty certifications. If the prior mentioned conditions are not fulfilled, Buyer will not take responsibility for the delay in delivery acceptance and payment date.

5. DELIVERY RISKS

Supplier is responsible for all damages arising as a result of delays, loss or failures caused by the unreliable labeling, packaging or identification of the shipment. Delivery of the ordered goods is considered to be accomplished if the terms of delivery are achieved and the risk of accidental loss or damage of the goods is transferred from Supplier to Buyer at the moment of the documented fail-safe receipt of delivery by Buyer in prior agreed settlement.

6. CONTRACTUAL PENALTIES

When Purchase Order is not accomplished or improperly accomplished Supplier is subjected to the following contractual penalties:

Supplier pays Buyer contractual penalties:

- For withdrawal from the agreement on realization of accepted Purchase Order for reasons attributable to Supplier or reasons beyond the control of Buyer – in the amount of 10 % of the Purchase Order value;
- For delay in supply in the amount of 0,6% of the Purchase Order value for each day of delay; also applicable for intermediate terms;
- For delay in elimination of defects found with receipt of goods or during guarantee period in amount of 0,4% of the Purchase Order value for each day of delay in defects removal with effect from the date indicated by Buyer.

Buyer has a right to deduct charged penalties from the liabilities to Supplier. In case of delay with realization of the Purchase Order or lack of fulfillment of the 3rd point of the General Purchasing

Terms and Conditions by Supplier – Buyer, without resigning from privilege for contractual penalty and additional compensation, is allowed to use one or more of the following privileges:

- to require the fulfillment of entire Purchase Order or its part;
- to fulfill the purchase within different entity at Supplier's expense and risk;
- to withdraw from the Purchase Order in a written form without granting additional deadline;

If the contractual penalty does not cover the damage sustained, Buyer might claim a right to additional compensation according to general binding rules.

7. GUARANTEE, WARRANTY, RETURNS

Accomplished Purchase Order is unequivocal with guarantee granted by Supplier for period stated in the Purchase Order.

The guarantee period is valid from the date indicated in the Purchase Order. The responsibility over guarantee conforms to the Civil Code regulations. Buyer shall inform Supplier about detected defects of the goods. Defects that were detected during the guarantee period are to be removed by Supplier in the term determined by Buyer. Buyer reserves the right to return at Supplier's expense all of the defective goods or request their exchange. Supplier is obliged to undertake all required actions in order to enable exchange or repair of the defective goods at their expense with due care. If the defects were not removed by Supplier during the applicable term, Buyer, upon a notification in writing, has a right to remove the defects instead of Supplier at Supplier's expense. The above shall not affect Buyer right upon contractual penalties, additional compensation and suspension of the commercial invoice payment. What is more, it shall not discharge Supplier from responsibilities over guarantee. Supplier provides Buyer with a guarantee card, no later than the day of the goods' supply. Irrespective of the right under the guarantee Supplier is responsible due to warranty according to the Civil Code regulations. The period of the warranty is equal to the period of guarantee granted by Supplier.

8. PRICE, COMMERCIAL INVOICE

Agreed prices are constant and unchangeable and their raising after acceptance is unpermitted. Prices include delivery to the agreed place of delivery at Supplier's expense.

Commercial invoice must include:

- Purchase Order number and date of its issue,
- delivered quantity and unit for each position,
- price and value per unit

Non-execution of the above mentioned conditions is associated with rejection of the commercial invoice which is considered as not issued. If otherwise stated, one commercial invoice should be issued to one Purchase Order.

9. SUBJECT MATTER

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The subject matter of delivery has to be performed in accordance with the Purchase Order, compliance with the mandatory rules and regulations and confirmed by necessary documents and certifications supplied by the Supplier along with delivered goods. In case of deficiency of required documents, delivery will be treated as incomplete which could involve its refusal.

10. PAYMENT TERMS AND CONDITIONS

All payments will be realized after verification that the goods are free from quality defects. If the Buyer detects and immediately informs Supplier about the quality defects of delivered goods, Buyer has a right to partially or entirely suspend the payment until the defects are removed. The acceptance of the delivered goods and the payment by Buyer is conditioned by the control of the commercial invoice and the assertion of remedies concerning guarantee and/or compensation for damages. Provided that the delivered goods and commercial invoice are compatible with specification and conditions of the Purchase Order, payments will be realized via bank transfer to Supplier's account in the term stated on the commercial invoice. Payment term of the incorrect issued commercial invoice will be counted from the date of receiving credit note and extended for the time until the credit note has been received. Payment for the goods is not a confirmation that Supplier has accomplished the obligations due to delivery agreement. Unless otherwise specified, the commercial invoice is issued in the currency of Buyer's country. Value-added Tax should be defined on the commercial invoice.

11. FORCE MAJEURE

Both, Buyer and Supplier has a right to withdraw from fulfillment of the Purchase Order in case of delays they have not caused. It is considered that non-culpable delays are caused by force majeure, i.e. random incident which could not be avoided or predicted which is understood as fire, flood, typhoon, earthquake, epidemic and other unsuspected rapid phenomena.

12. CONFIDENTIALITY

Any information arising from the General Purchasing Terms and Conditions, as well as information gained by Supplier in accordance with Purchase Order realization, especially organizational, trading and technical information concerning Buyer that are not made public, will be considered by the parties as confidential and as such will not be disclosed to any third party. This obligation does not apply to situation when information obligation implicitly results from law principles. Supplier, in particular, commits to treat as confidential any information concerning the value of the trade, prices applied, discounts, goods specifications, logistics agreements, technological data, under pain of withdrawal from the Purchase Order for reasons attributable to Supplier. Supplier declares that will not employ confidential information for other purposes than those necessary for the Purchase Order realization and that the confidential information will be adequately protected. Obligation not to disclose any confidential information shall remain in force after the realization of the Purchase Order and may be revoked only with the written consent of Buyer.

13. MATTERS IN CONTESTATION

In the case of matters not regulated by this General Purchasing Terms and Conditions suitable principles of the Civil Code will be applicable. In the event of dispute concerning the interpretation or

performance of the Purchase Order and the rules of General Purchasing Terms and Conditions which the parties will not be able to settle amicably will be competent Dispute Settlement Body appropriate for Buyer's location.

14. FINAL PROVISIONS

Without a prior written Buyer's consent Supplier is not allowed to remit rights consequent upon the realization of the Purchase Order to another party. Present Purchasing Terms and Conditions form an integral part of the Purchase Order issued by Buyer to Supplier. In case of any disagreement decisive importance has the content of the Purchase Order. Any amendments and additions to the General Purchasing Terms and Condition shall be made in written form under pain of invalidity.



METALWIT

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