

# **General Purchase Terms and Conditions**

## **of PRONAR Sp. z o.o**

### **TERMINOLOGY**

In these General Purchase Terms and Conditions (GPT&C), the term:

- „Buyer” – means **PRONAR Sp. z o.o.** with the seat at the address: ul. Mickiewicza 101 A, 17-210 Narew, entered to the register of entrepreneurs kept by the District Court in Białystok, XII Economic Department of the National Court Register under KRS no. 0000139188, NIP no. 543-02-00-939
- „Supplier” – means a physical person, business, company, or another entity to which the order is addressed,
- „Goods” – means all raw materials, parts, semi-products, products or facilities purchased by the Buyer, in accordance with the purchase order placed,
- „Service” – activity that is not of material nature, undertaken to satisfy a defined Buyer's demand
- „Purchase Order” – means a purchase order that specifies: description of goods or service, catalogue number, price, payment deadline, quantity, unit of measure, terms and conditions, place and date of delivery.
- Final Customer – means a physical person, business, company or another entity that is a recipient, user of products fabricated by the Buyer with use of Goods delivered by the Supplier.

### **1. GENERAL PRINCIPLES**

These General Purchase Terms and Conditions constitute the integral part of all purchase orders placed by the Buyer at the Supplier's. Any deviations from the General Purchase Terms and Conditions require the mutual written confirmation by the Buyer and the Supplier to be valid. The General Purchase Terms and Conditions apply to all deliveries of goods and services resulting from mutual business relations between the Buyer and the Supplier. When executing the purchase order, the Supplier accepts the General Purchase Terms and Conditions in whole. Should the Supplier not accept the General Purchase Terms and Conditions, he is obliged to immediately – before confirming the purchase order – notify the Buyer about it in writing. The Buyer reserves the right to withdraw the purchase order in such a case.

### **2. ORDER CONFIRMATION AND ACCEPTANCE**

When accepting each purchase order for performance, the Supplier should confirm it in writing within 3 days since receiving it. The written confirmation can be in the form of a paper document, fax or e-mail sent to the Buyer by the Supplier. Acceptance of the purchase order means acceptance of these General Purchase Terms and Conditions by the Supplier. Lack of written confirmation from the side of the Supplier within the mentioned period shall be treated by the Buyer as silent acceptance of the purchase order by the Supplier that shall be fulfilled in compliance with the conditions defined in the purchase order and the General Purchase Terms and Conditions.

### **3. DELIVERY DEADLINES, SUPPLIER'S DELAY**

The delivery quality, deadline, timeliness and quality are of primary and strategic significance for the Buyer. The agreed delivery deadlines have been defined and are binding and indicate the date of delivering the goods to the Buyer's premises or another place mutually agreed upon by the Buyer and the Supplier in accordance with Incoterms 2010 determined in the purchase order. Such deadlines must be strictly observed. Should the delivery deadline be threatened, the Supplier is obliged to specify in writing the anticipated period of delay and the causes of its origin. Lack of such information or provision of information from which it can be found out that the delivery cannot be executed by the deadline may be the basis for the Buyer to waive the purchase order with the

consequences resulting from item 6 of these General Purchase Terms and Conditions. The Buyer reserves the right to waive in whole or partially, within 7 days, the purchase order that was not executed within the period defined in the purchase order without a duty to pay any compensation. At the same time the Buyer reserves the right to claim compensation from the Supplier for undue execution of the purchase order as per the general rules defined in the Civil Code and return of costs borne for substituted performance of the purchase order.

#### **4. DELIVERY PLACE AND CONDITIONS**

The ordered goods shall be delivered to the Buyer's premises or another place mutually indicated in writing by the Buyer and the Supplier.

The delivery may be considered incomplete and may be rejected if it is not accompanied with a delivery document issued by the Supplier and indicating the number of the Buyer's purchase order, specification of the shipped (ordered) goods, quantity and its value as well as all required certificates of conformity, other certificates and guarantee sheets. If such conditions are not fulfilled, the Buyer is not liable for the resulting delay in delivery acceptance and payment date.

#### **5. DELIVERY RISKS**

The Supplier is responsible for any damages resulting from each delay, loss or defects caused by incorrect marking, packing or identification of shipment. The delivery of the ordered goods is considered accomplished as regards compliance with the delivery conditions and transfer of the risk of accidental loss or damage of the goods from the Supplier onto the Buyer at the moment of defect-free documented acceptance of the subject of delivery by the Buyer in the agreed place.

#### **6. CONVENTIONAL PENALTIES**

Responsibility for a failure to perform or undue performance of the purchase order has been established in the form of conventional penalties in the following cases and amounts: The Supplier shall pay conventional penalties to the Buyer:

1. for a waiver to perform the purchase order that has been accepted but not fulfilled due to causes depending on the Supplier or by the Supplier due to causes that are not dependent on the Buyer – in the amount of 10% of the gross value of the purchase order subject;
2. for exceeding the delivery deadline in the amount of 0.2% of the purchase order gross value for each day of delay; this refers also to indirect deadlines;
3. for a delay in removal of defects found during receipt of the purchase order subject or during the guarantee and warranty period for the defects in the amount of 0.4% of the purchase order gross value, for each day of delay, counting from the deadline indicated by the Buyer for removal of defects.

The Buyer has a right to deduct the counted penalties from liabilities due to the Supplier. Should the Supplier be delayed with performance of the purchase order subject or fail to fulfill the duty defined in item 3. of the General Purchase Terms and Conditions, the Buyer may – without resigning of the rights to calculate the conventional penalty and the complementary compensation – make use of one or more of the following rights:

- demand performance of the purchase order in whole or partially;
- purchase from another entity at the cost and risk of the Supplier;
- waive the purchase order due to causes pertaining to the Supplier without indicating any additional deadline, upon written notification of the Supplier.

If the conventional penalty does not cover the damage incurred, the Buyer may seek the complementary compensation in accordance with the generally applicable rules.

## **7. GUARANTEE, WARRANTY, RETURNS**

Upon accomplishment of the purchase order, the Supplier grants guarantee and warranty for the delivered goods for the period of 24 months since the day of delivering the final product to the Final Customer, however not longer than for the period of 36 months since the date of delivering the goods from the Supplier to the Buyer. The guarantee liability is compliant with the Civil Code regulations. The Buyer notifies the Supplier about the defects found in the goods delivered. The defects found during receipt and during the guarantee period shall be removed by the Supplier within the period indicated by the Buyer. The Supplier shall undertake any required actions to assure replacement or, upon consent of the Buyer, repair of defective goods at his own cost with due care. Should the Supplier fail to remove the reported defect within the indicated period, the Buyer may remove the defect in lieu of the Supplier, at his cost, upon an earlier written notice provided to the Supplier.

The Buyer, at his own discretion, reserves the right to:

- a) return all defective goods at the Supplier's cost,
- b) demand their replacement at the Supplier's cost,
- c) demand the return of costs borne by the Buyer in relation to defects of goods.

All costs related to delivery of the defective goods shall be incurred by the Supplier. The Buyer is entitled to deduct (also conventionally) the mentioned costs from the amounts due to the Supplier. The above does not infringe the Buyer's rights for conventional penalties, complementary compensation and withholding payments of the Supplier's invoices and does not release the Supplier from the guarantee liabilities. The Supplier shall deliver the guarantee card (when required by the Buyer) to the Buyer at the latest on the purchase order subject delivery date. Regardless of the guarantee rights, the Supplier takes responsibility against the Customer under warranty in accordance with the Civil Code regulations. The period of warranty granted by the Supplier is equivalent to the period of guarantee granted by him.

## **8. PRICE, INVOICE**

The agreed prices are the fixed ones and their increase, once they have been established, is not permitted without an earlier consent of the Buyer. The prices cover delivery to the indicated place at the Supplier's cost – „DDP” delivery condition in accordance with Incoterms 2010 including packing, and if the „EXW” delivery condition has been agreed upon, in accordance with Incoterms 2010, transport is provided as approved by the Buyer, or in accordance with other agreed conditions compliant with Incoterms 2010.

The invoice must include, among others, the following information:

- number and date of the Buyer's purchase order,
- delivered quantity and unit of measure of each item,
- unit price and value for each item.

A failure to comply with the mentioned conditions results in a failure to accept the invoice and the invoice is considered as not issued.

## **9. AUDIT**

The Supplier will allow the Buyer to conduct periodic audits to verify the processes used in production and quality control. The audit will be completed with an audit report. The Buyer's auditors are obliged to treat the information obtained in the strictest confidence. If, as a result of the audit, the Buyer finds the need to introduce corrective and / or improvement actions, the Supplier shall immediately, no longer than 14 days from the date of signing the audit report, develop an action plan and implement it in accordance with the schedule.

## **10. DELIVERY SUBJECT**

The subject of delivery must be made in accordance with the content of the order, applicable standards and regulations, be the original subject of the contract, for which the Supplier will provide the necessary documents, approvals and certificates along with the delivery of the purchased goods. The lack of the documents required by the Buyer will be considered as an incomplete delivery, which may result in a refusal to accept it. It is forbidden to send non-original items, counterfeit items, substitutes and other details not approved by the Buyer.

All goods delivered by the Supplier, including their components delivered by the supplier's subcontractors, must be original, counterfeit, originally packed and fully compliant with all the requirements set by the Buyer, i.e. specifications, certificates and all data presented by the Supplier.

The Supplier guarantees that none of the delivery items will be counterfeit, inaccurately marked, improperly/ not originally packed or in any way falsely presented to the Buyer.

The Seller guarantees that the goods comply with the conditions set out in the Order, are suitable for the purpose for which they were intended or as provided for in the Order, and that they are free from defects. The supplier is obliged to subject the delivered goods to full quality control. The Buyer is not obliged to test the quantity or quality of the Goods upon receipt. The collection of the Goods by the Buyer does not release the Seller from any liability, in particular due to defects in the Goods or liability for improper performance of the Order. The Buyer may analyze the quality of the received Goods on his own, in terms of its compliance with the Order, in particular with the agreed quality specification.

At the request of the Buyer, the Supplier will provide all certificates of compliance in accordance with the requirements of the subject of delivery.

The Buyer is not responsible for the Supplier's payment for non-genuine / counterfeit goods under investigation.

## **11. PAYMENT CONDITIONS AND RESTRICTIONS**

All payment shall be made on the condition that the delivered goods are found to be free from quality defects. Should the Buyer find and immediately notify the Supplier about quality defects in the delivered goods, the Buyer has a right to withhold the payment in whole or partially until such quality defects are removed. Acceptance of the delivered goods and payment for them by the Buyer takes place upon verification of the invoice and the manner of seeking the guarantee rights and/or claims for compensation for losses. When the delivered goods and invoices are compliant with the purchase order specification and clauses, the Buyer shall remit payments onto the Supplier's bank account. The payment for the Supplier shall be made at least 30 days since the day of delivering the invoice to the Customer's premises together with the report on defect-free acceptance of goods or service, unless agreed otherwise in writing by the parties. The deadline for payment of incorrectly issued invoices is counted from the time of delivering the correcting invoices by the Buyer and extended by the time that lapsed since the date of receiving the VAT invoice till the date of receiving the correcting invoice. Settlement of the payment does not constitute the confirmation that the Supplier accomplished the obligations resulting from the delivery contract. The invoice is issued in the currency of the Buyer's country, unless agreed otherwise. The invoice should specify VAT.

## **12. FORCE MAJEURE**

Both the Buyer and the Supplier may withdraw from execution of the purchase order in case of a delay that takes place beyond their control. A delay beyond control is considered to be a delay caused by force majeure, i.e. a natural disaster that could not be prevented nor anticipated while maintaining due care, which in particular is understood as fires, floods, earthquakes and other natural disasters, as well as wars or other military maneuvers, emergency states, natural disasters, epidemics, quarantine restrictions, embargoes, prohibition of movement, sanctions, revolutions, and other reasons that the contracting authority he couldn't predict.

## **13. CONFIDENTIALITY**

Any information resulting directly from these General Purchase Terms and Conditions as well as the information obtained by the Supplier in relation to execution of the purchase order, including in

particular any organizational, commercial and technical information concerning the Buyer and not released to the public, shall be considered by the Parties to be confidential and as such shall not be disclosed to any third parties. This obligation does not refer to the situations in which the duty of providing the information results from the binding law regulations. In particular, the Supplier is obliged not to disclose the information concerning the quantity of commercial exchange, applicable prices, discounts, product specifications, logistic agreements, engineering data, under the pain of the Buyer's withdrawal from the purchase order due to reasons depending on the Supplier. The Supplier declares that he shall not use the confidential information for the purposes other than execution of the purchase order and shall assure appropriate protection of such information as applicable to their confidential nature. The obligation to keep the information confidential remains in force after execution of the purchase order and may be waived only upon written consent of the Buyer on the pain of invalidity.

Any goods fabricated by the Supplier based on the data or documents submitted by the Buyer may be used exclusively for performance for the purchase orders placed by the Buyer. The Supplier is not allowed to use such goods for his own purposes nor make them available to any - third parties.

#### **14. DISPUTES**

Regarding the situations that are not governed in these General Purchase Terms and Conditions, the appropriate Civil Code regulations apply. In case of a dispute concerning interpretation or execution of the purchase order and these General Purchase Terms and Conditions that the parties are not able to settle amicably, the appropriate authority to settle them shall be the court competent for the Buyer's premises location.

#### **15. FINAL PROVISIONS**

The Supplier is not authorized to assign or charge another person with the rights resulting from execution of the purchase order without an earlier written consent of the Buyer. These General Purchase Terms and Conditions constitute an integral part of the purchase order placed at the Supplier's by the Buyer. In case of inconsistency or discrepancy, the content of the purchase order prevails. The Buyer reserves the right to introduce changes and supplements to the General Purchase Terms and Conditions that require the written form to be valid. Should the provisions of General Purchase Terms and Conditions change, for the purchase orders submitted before such a date the General Purchase Terms and Conditions applicable on the date on which the Buyer submitted the purchase order shall apply.

Narew, date: 02-02-2022

Management Board of PRONAR sp. z o.o.