

GENERAL TERMS AND CONDITIONS OF SALES AND DELIVERY

valid from 9th of August 2019

1. The scope of application of the General Terms and Conditions of Sales and Delivery

1.1. These General Conditions of Sales and Delivery (hereinafter referred to as GTCSD or General Terms and Conditions) govern the delivery and sales of goods and services performed by each company belonging to the PGO SA group with its registered office in Katowice, hereinafter referred to as the Company, for the benefit of the recipient of goods and services, hereinafter referred to as the Buyer. A Company is considered to belong to the group PGO S.A. if the group PGO S.A. is its parent company within the meaning of the Polish Code of Partnerships and Companies.

1.2. The General Terms and Conditions constitute an integral part of each offer of the Company and each order placed by the Buyer and are valid throughout the duration of the commercial cooperation with the Buyer. Placing an order by the Buyer is a confirmation of the Buyer that he has read and accepts these terms. The acceptance of General Terms and Conditions at the first order is tantamount to their acceptance for subsequent orders until their content is changed or revoked.

1.3. The change of rules resulting from the General Terms and Conditions requires an explicit consent of the Company expressed in a written form or in a document form under pain of nullity and applies only to a specific contract.

1.4. All assurances of the Company's employees require a written form for their validity

1.5. The application of all general terms and conditions of contracts used by the Buyer is excluded, unless the Company expressly agrees in writing or document form. The exclusion of the use of these GTCSD reserved in the text of any general terms and conditions of contracts used by the Buyer is invalid and ineffective.

2. Initial quotation and offer

2.1. The validity period of all offers of the Company is 14 days from the date of their preparation, unless otherwise clearly stated in the content of the offer. After expiry of this period, the offer loses its validity each time.

2.2. In order to shorten the response time to the Buyer's inquiry (until the final offer is prepared), the Company uses the initial quotation to answer for the price inquiry. Such quotation is of informative nature, does not constitute an offer to conclude a contract in the legal sense and does not carry any obligations of the Company to comply with the conditions contained therein.

3. Prices

3.1. All prices are given as net prices (without value added tax, hereinafter referred to as VAT), which is calculated according to the applicable rate in Poland.

3.2. All prices are quoted on the EXW basis according to Incoterms 2010, unless the Parties agree otherwise in writing or document under pain of nullity. Only data contained in documents issued by the Company are relevant to establish the price of the product. The final price of goods and services is determined in the confirmation of the order to be processed.

3.3. If the delivery of goods meets the definition of intra-Community supply of goods, the Buyer undertakes to confirm the delivery on the documents required by the Company and deliver them to a carrier acting on behalf of the Company, and in a situation where the Buyer receives deliveries by own transport (own collection) immediately send them to the Company.

3.4. In the event of non-delivery of the documents indicated in Section 3.3 within 20 days from the date of receipt by the Buyer of goods or services, the Company is entitled to issue a correcting invoice on the basis of which the Buyer will be burdened with the non-refunded VAT according to the rates applicable in accordance with Polish tax law (usually 23 %).

4. Quantity

4.1. The product is sold in quantity in sales units (items, kg).

4.2. The buyer should check the delivered quantity of goods upon a delivery and confirm the fact and quantity of the received goods on the delivery documents issued by the Company or the forwarder's documents. All quantitative complaints should be reported upon the receipt of the goods under pain of losing the right to submit a complaint in this respect at a later date and in accordance with the principles described in Section 9. Defects

4.3. For some products (die forgings, automatic molded iron castings) the Company has a quantitative tolerance in relation to the ordered quantities, in the amount of +/- 5%, which means that delivery of goods in an amount smaller or larger than ordered, but within these limits, does not constitute an improper performance obligation and does not authorize for a demand of supplementation of a delivery or a refusal to pay for goods delivered above the ordered quantity.

5. Quality

5.1. Requirements concerning technical parameters, quality, attestations and certificates should be specified by the Buyer in the request for a price quotation. After submitting the offer, any change of the said requirements in relation to those from the request for an price quotation requires for its validity the acceptance by the Company in a written or documentary form; in the absence of such consent, it is considered that the order has not been changed and the Company executes it on the basis of the requirements originally specified and performs the obligation correctly.

5.2. The Buyer is solely responsible for ensuring that the technical, qualitative, quantitative data regarding goods, as well as the required tests and certificates specified in his inquiry or order corresponded to his needs.

5.3. All technical information contained in advertising materials, in brochures or on the website are for informational purposes only and cannot be the basis for claims against the Company in the event of a discrepancy with the actual state.

5.4. In the event that the Buyer requests a qualitative examination of the product not agreed at the stage of placing the order, the Company may refuse to perform it. If the Company agrees to perform the test, it takes place only in the Company, before the goods are released. The costs of testing shall be borne by the Buyer. In the event that the quality of the goods is questioned as a result of this examination, an expert shall be appointed whose costs shall be borne by the party whose statements will not be upheld by the expert.

6. Payment

6.1. Payment for the goods should take place on time and on terms specified in the invoice issued by the Company. Payment term is calculated from the date of invoice.

The payment date shall be deemed to be reserved exclusively for the benefit of the Company.

6.2. All settlements should be made via bank transfers, and the date of payment is the date on which the account indicated on the invoice is credited.

6.3. The Company is entitled to demand an immediate payment of all receivables, including those resulting from invoices not yet required, and to demand payment in advance for deliveries and services if the Buyer is in arrears with some or all of the payments.

6.4. Notwithstanding the provisions of Section 6.3, in a situation when the Company has justified doubts as to the Buyer's financial condition, or the Buyer delays payment for any goods already delivered, the Company has the right to refrain from further delivery of goods, requesting adequate security for payment for all orders accepted in the contract within 7 days, and after the expiry of this period the Company is entitled to rescind the contract within no longer than further 30 days, without the Buyer's right to any claims for the suspension of deliveries.

6.5. The Company reserves the right to set an individual debt limit for each Buyer in the written confirmation of acceptance of the order for execution, which consists of the value of following elements: balances of receivables, inventories and orders accepted for execution. In the case of exceeding the abovementioned individual debt limit the Company stops to process accepted orders that have not yet been sent for production. The Company will inform the Buyer about exceeding the

individual debt limit. The decision on the resumption of orders will be made by the Company after the Buyer's obligations are reduced below the individual debt limit and positive verification of the Buyer by the Company. Information about the resumption of production will be transferred to the Buyer in writing.

6.6. The Company reserves the right to settle each payment from the Buyer according to the order of payment, regardless of the different indication of the Buyer; the application of Article 451 of the Polish Civil Code is excluded. The Company may exercise this right no later than within 30 days from the date of payment.

6.7. The Buyer waives the right to deduct his receivables against the Company's receivables and exercise the right of retention.

7. Delivery time

7.1. The date of delivery of the goods is specified each time in the Company's offer, in response to the Buyer's offer inquiry, contract or written confirmation of acceptance of the order by the Company for execution. The term shall be deemed to be reserved exclusively for the benefit of the Company.

7.2. The delivery date is also considered to be met if:

- a) before its expiry, the goods are sent to the Buyer (transport is at the discretion of the Company),
- b) the Buyer is notified that the goods are ready for collection (transport at the discretion of the Buyer) even if the actual collection of the goods did not take place within the specified time due to reasons attributable to the Buyer.

7.3. The company is entitled to carry out partial deliveries and issue separate invoices for them.

7.4. A delay in the picking of the goods despite its notification to be collected by the Company does not release the Buyer for a timely payment for the goods. In such cases, the payment period runs from the date the Buyer is informed by the Company that the goods are ready to be collected.

7.5. The Company reserves the right to charge additional amounts for the Buyer's delay in the picking of goods (storage) lasting more than 7 days from the date of notification of the Buyer on the readiness of the goods to be collected in the amount of 0.5% of the gross price of goods for each commenced storage week.

7.6. The company is not responsible for delays in the delivery, if it is caused by circumstances beyond its control, force majeure, including the operation of nature forces such as fire, flood, etc.; strikes, lockouts, stoppages at the borders of countries or during transport, as well as stoppages and delays caused by the Buyer, sudden machine failures, media outages (energy, water, gas) or acts of state authorities.

7.7. The usual delay of delivery does not entitle the Buyer to withdraw from the contract or to claim compensation. If the delivery period is significantly exceeded by more than 30 days, the Buyer has the right to withdraw from the contract, but without the right to compensation, if the reason for the delay was an event independent of the Company.

7.8. The delivery date may be postponed if the documentation has to be modified for the time necessary for the introduction of required changes.

7.9. In the event of a change in any technical conditions for the production or collection of the product during the processing of the contract, the Buyer is obliged to purchase all products made in accordance with the previous conditions. The company reserves the right to change the price and delivery date of previously ordered products while taking into account all required changes or technical conditions of its execution.

7.10. In the event of Company delay, the Buyer may only depart from the non-executed part of the order.

8. Terms of delivery

8.1. The conditions of a specific delivery of goods are each time specified in the Company's offer, contract or confirmation of acceptance of orders for execution.

8.2. In principle, deliveries are performed basing on the EXW (Ex Works) rule according to Incoterms 2010. The cost of transport shall be borne by the Buyer, unless otherwise agreed in writing or in document form under pain of nullity. Possible costs of insuring the goods during transport shall be borne by the Buyer.

8.3. Liability for damage or loss of goods passes to the Buyer at the time of placing the goods at his disposal or at the disposal of the carrier indicated by him. In the case of a delivery to the registered office of the Buyer by the Company's efforts, this responsibility passes to the Buyer when the means of transport reaches the place of delivery.

8.4. In the case of storage of the Buyer's goods by the Company for any reason (waiting for the picking, no collection of goods on time, etc.), liability for damage or loss of goods passes to the Buyer at the time of notification of readiness for the picking.

8.5. Unless agreed separately with the Buyer, the Company specifies the type and method of dispatch and the manner how the goods are packed.

8.6. The goods are shipped in principle without a protective package against corrosion.

8.7. In the event of sending goods via the carrier, the Buyer who finds a loss or damage made to the goods or packaging of the goods during the transport is obliged to perform all actions necessary to determine the carrier's liability and document the facts recorded in the shipping documents (waybill).

8.8. In the event of refusal to accept the goods, the Buyer shall bear all transport and storage costs, regardless of its payment obligations.

9. Defects

9.1. The Buyer should examine the accepted goods immediately after receiving the delivery for possible defects and compliance with the order. The Buyer should examine the goods and notify the Company about the defect within 5 days from the day of delivery. This does not apply to hidden defects which should be reported within 5 days from the date of their detection.

9.2. After carrying out all actions of a goods control agreed between the parties, the possibility of notifying about defects that should be detected during such inspection is excluded. This also applies if the customer received a certificate of acceptance trials and waived the right to make an inspection.

9.3. The company is not liable for defects in goods marked as defective or for defects which the Buyer was aware of at the time of the contract execution.

9.4. In the case of hidden defects of goods and services, the Company is obliged, at its option, to repair or replace defective goods at its own expense, within three months of reporting the defect. If the repair or substitute delivery fails, the Buyer is entitled, at his own discretion, to demand a reduction of the purchase price or a withdrawal from the contract.

9.5. Deviations from the quality, form, colour, weight or equipment that are customary in the industry or are small or impossible to avoid from a technical point of view, such as the repair of castings by welding, will not be considered as defects and cannot be subject of complaints. This also applies to a delivery in accordance with samples and master castings. Reports of defects should include detailed information (with photographic documentation when possible) and they should be submitted immediately after their detection.

9.6. The rules for reporting defects are set out in the Rules for reporting and processing complaints, constituting an attachment to these GTCSDs.

9.7. Defective goods should be secured and left to be inspected by the Company in the condition they were in the time of delivery.

9.8. The Company's liabilities are excluded for defects arising in connection with improper use, further processing interfering with the ownership of the goods, lack or defective maintenance, unusual environmental influences or a damage resulting from its transport.

9.9. In addition, the Company shall not be liable for damage or consequential damages caused by a defect in goods or services or for the loss of the benefit of the Buyer related to the defect of the Company's goods or services. The exclusion of liability also applies to services provided by the Company.

9.10. According to Article 558 of the Polish Civil Code the Company declares that it excludes liability under the warranty, and the Buyer expresses the consent for the above by making purchases on these terms.

9.11. With the exception of intentional misconduct, the total liability of the Company towards the Buyer - if it is found - for any claims, liabilities, damages, costs or expenses related to the sale and delivery of goods and services is limited to the amount paid by the Buyer to the Company.

10. Final Provisions

10.1. The Buyer is obliged to protect the Company against any claims that may result from the Buyer's order in cases where, due to the Buyer's instructions related to specific quality and other features, and based on provided drawings, pattern sets, tools, etc., such an order violates national or international intellectual property rights of third parties, including but not limited to copyrights, patent rights, trademark rights and copyrights to projects.

10.2. In the case of disputable matters, the competent court to settle them is the court *ratione loci* and *ratione materiae* for the registered office of the Company performing the given obligation.

10.3. Assignment of rights under the concluded contract, including receivables, their encumbrance with any right or the right to assert them, except for granting a proxy to a professional proxy, may take place only with the consent of the Company expressed in writing or in the form of a document under pain of nullity. In the event of a breach of this obligation, the Buyer shall be obliged to pay the Company a contractual penalty amounting to 10% of the gross amount of the claim affected by the infringement.

10.4. The place of performance is each time the registered office of the Company belonging to the PGO S.A. group which performs the given obligation.

10.5. The Company declares that the data administrator, within the meaning of the Regulation of the European Parliament and of the Council (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, with regard to personal data of natural persons representing the Buyer, which the Buyer provides to the Company, is a Company from the PGO Group that executes the order. The Buyer will receive appropriate information from the Company in this respect which it is obliged to provide to persons whose personal data is processed.

10.6. Personal data of persons representing the Buyer (name, surname, position, telephone number, e-mail address) will be processed only for the purpose and scope necessary to perform the tasks of the data administrator related to the contract concluded between the Company and the Buyer.

10.7. The person representing the Buyer has the right to access their personal data, supplement, update, rectify personal data, temporarily or permanently suspend their processing or remove them if they are incomplete, out-of-date, untrue or have been collected in violation of the Regulation or are no longer required for the purpose they were collected.

10.8. In issues not governed by the GTCSDs, the provisions of Polish law and the jurisdiction of the court of the registered office of the Company performing the obligation apply.

10.9. If individual provisions of these General Terms and Conditions of Sales and Delivery become invalid in whole or in part, the remaining provisions will remain in force. The contracting parties agree that such an invalid provision will be deemed amended to achieve the economic effect as close as possible to the original one.

Attachment:

- Rules for reporting and processing complaints.