

TERMS AND CONDITIONS OF PURCHASE for orders placed by KGHM ZANAM S.A. in Polkowice

Z-03/04

Valid from 17.05.18

1. Order and order confirmation.

1.1. The following terms and conditions apply to purchase contracts, specific task contracts and contracts for the delivery of products, services, repairs, technical agency and other contracts of similar nature concluded by KGHM ZANAM S.A.

1.2. Our order is binding if it is placed in writing and signed by authorised persons.

1.3. The Contractor shall confirm the order within 3 days of its receipt. If the Contractor fails to respond to an order in writing within 3 working days, such order shall be deemed to be accepted on the terms specified therein. However, if the Contractor fails to confirm the order, we reserve the right to withdraw from the contract within 14 days from the date of placing such order; the Contractor shall not have the right to pursue claims on this account.

1.4. The order confirmation means that the order has been accepted without reservation on the terms set out therein.

1.5. The terms of the order may be changed with the written consent of the Contractor.

2. Flow of correspondence relating to the order fulfilment.

2.1. The Ordering Party shall specify the number and specific reference numbers of the document which the Contractor is obliged to include in the correspondence relating to the specific order (in confirmations, shipment notices, shipping documents, invoices, etc.).

2.2. The Contractor shall be liable for damage caused as a result of incorrect marking of orders and documents.

3. Payment terms.

3.1. The Ordering Party shall pay for the goods delivered by bank transfer within 60 days or any other agreed period.

3.2. The payment period runs from the date of delivery/receipt of the goods and the date of delivery of the original invoice.

3.3. Payment shall be made after full delivery, unless partial deliveries and partial payments have been agreed between the parties.

4. Shipping and insurance

4.1. The Contractor shall deliver the shipping documents along with the specification no later than on the date of delivery/receipt of the goods.

4.2. Returnable packaging shall be returned. Any possible purchase thereof requires the prior consent of the Ordering Party.

4.3. The cost and risk of delivery to the Ordering Party shall be borne by the Contractor.

5. Date of delivery and receipt of the goods.

5.1. The delivery date is the date of delivery to the place of receipt or handover of the goods to the Ordering Party in accordance with the time limit specified in the confirmation of the order.

5.2. Failure to comply with the agreed delivery date shall constitute the basis for claiming damages and covering losses resulting therefrom.

5.3. The Ordering Party shall inspect the goods in terms of quality and quantity within 3 days after their delivery.

5.4 In case of force majeure, which is understood as unforeseen, sudden and extraordinary events, including, in particular, strikes, natural disasters, etc., the Ordering Party reserves the right to extend the acceptance period without compensation.

5.5. The confirmation of the acceptance of services is the current "Service Acceptance Report" - form Z-24/03 (in the case of the provision of services to the Service Department of ZWR, form Z-03/29 applies). The confirmation of the provision of transport services is the "Transport Service Provision Report" - form Z-25/03. The forms constitute the basis for issuing an invoice, to which they are annexed. Form templates are available at www.kghmzanam.com in the section about the company / materials to be downloaded.

6. Quality guarantee

6.1. The Contractor gives a guarantee on the goods delivered for a period not shorter than 15 months from the date of starting the machine which includes the purchased product.

6.2. If the goods delivered are defective, the Contractor is obliged to remove the defects at the Contractor's expense without delay, but no later than within 2 working days from the date of reporting them. If it is not possible to remove the defects, the Contractor shall replace the defective goods with defect-free ones no later than within 3 working days from the date of filing the complaint.

6.3 In case of a delay in the removal of defects by the Contractor, the Ordering Party may remove such defects at the Contractor's expense without losing the rights under the guarantee.

6.4 During the guarantee period, the parties agree that guarantee repairs may be carried out by the Ordering Party on the terms from time to time agreed with the Contractor, without losing the rights under the guarantee, which will be from time to time confirmed in writing by the Contractor. The Ordering Party shall charge the Contractor with labour costs and costs of materials used.

6.5 The Contractor is obliged to remove the consequences of failures reported by the Ordering Party within 3 working days from the date of reporting the failure or any longer period agreed by the parties.

7. Implied Warranty for Defects.

7.1. If the goods delivered are defective, the Ordering Party may withdraw from the contract in full or in part or demand a price reduction. Moreover, the Ordering Party may demand that the Contractor should make a new delivery at the Contractor's expense or repair the damage suffered as a result of a defective delivery.

7.2. However, the Ordering Party cannot withdraw from the contract if the Contractor removes the defects immediately, i.e. no later than within 2 working days from the date of reporting such defects, or - if it is not possible to remove the defects - the Contractor replaces the defective goods with defect-free ones no later than within 3 working days from the date of making the complaint.

7.3. If the Contractor fails to fulfil the above-mentioned obligations or refuses to fulfil them, as well as in urgent cases, in the event of an emergency, if the removal of defects is delayed by the Contractor, the Ordering Party may remove defects at the expense of the Contractor, retaining the claim for redress of damage.

7.4. A complaint shall be deemed to have been lodged within the specified time limit if the Ordering Party reports a physical defect within one month from the date of detecting it.

7.5. The rights under the implied warranty for physical defects expire one year after the goods have been handed over.

8. Liability for damages

8.1 The Contractor shall pay contractual penalties:

- a) in the amount of 10% of the value of the order for the withdrawal from the contract for reasons attributable to the Contractor,
- b) in the amount of 0.5% of the value of the order for each day of delay in the delivery of the goods or the removal of defects in the goods in accordance with the terms and conditions of the guarantee.

8.2 The Ordering Party shall pay contractual penalties:

- a) in the amount of 10% of the value of the order for the withdrawal from the contract for reasons attributable to the Ordering Party;

8.3 If the damage exceeds the contractual penalties, the parties may claim additional compensation on general terms.

9. Exclusivity right.

The Contractor shall not reproduce the details and items made on the basis of drawings, patterns, and designs of the Ordering Party without the express consent of the Ordering Party. All design documents must be returned to the Ordering Party no later than upon the delivery of the last batch of the goods concerned.

10. Assignment of claims.

The Contractor may not assign its claims under the contract to another person without the written consent of the Ordering Party.

11. Other provisions.

11.1. The provisions of the Civil Code shall apply to all matters not settled in the terms and condition.

11.2. Any disputes that may arise in relation to the fulfilment of the order shall be settled by the common court having jurisdiction over the Ordering Party.

11.3. If deliveries are made on the basis of drawings submitted by the Ordering Party, the Contractor will consider weight values specified in such drawings to be approximate. Differences between the weight specified in the drawing and the actual weight of the finished product cannot be the basis for any claims against the Ordering Party.