

Tecsolum General Terms and Conditions of Purchase

1. General Terms

These General Terms and Conditions of Purchase shall remain in force unless otherwise agreed in writing by Industrial Brush Manufacturers sp. z o.o., hereinafter referred to as the Principal, and the Contractor, which shall mean any entity executing an order, providing delivery, procurement or service as part of the business activity conducted. For the purpose of these General Terms and Conditions of Purchase, an order shall mean an order, delivery, procurement or any other service arising out of business relations between the Principal and the Contractor. If the Contractor's terms and conditions of cooperation are in conflict, in part or in whole, with the General Terms and Conditions of Purchase, the Principal's General Terms and Conditions of Purchase shall apply. By performing an order, the Contractor fully acknowledges the General Terms and Conditions of Purchase. If the Contractor objects to the General Terms and Conditions of Purchase, it shall immediately notify the Principal in writing prior to performing an order. In such an event, the Principal shall be entitled to withdraw the order. The Contractor shall not be entitled to any claims therefor.

2. Contract of Delivery / Confirmation of Order

Orders shall be only valid if made in writing with the signatures of authorised signatories. Agreements regarding the performance of orders, including contracts of delivery, shall only be valid if signed by the authorised representatives of the Principal and the Contractor. Unless agreed otherwise, orders and order changes must be confirmed in writing or fulfilled by way of delivery within two working days of the date of a given order. If the Principal does not receive a confirmation of an order in the above stated period, the Principal may withdraw from the order with no obligation to refund any costs to the Contractor.

If, in the period prior to goods/services provision, one or more parameters of the order are changed, the Principal shall be entitled to cancel the order with no obligation to refund any costs to the Contractor.

Accepting an order with deviations by the Contractor shall require a written agreement between the Parties. In such an event, fulfilment of the order shall require a written confirmation by the Principal. If the changes are not accepted in writing, such order shall be deemed invalid.

3. Deliveries / Requirements

The goods delivered must be delivered in accordance with the specifications made accompanying each order. A full delivery documentation and packing list should be included in each delivery. Such documentation must include the order/procurement number and the date of order, and each item should be assigned the Principal's material number, amount and unit, data enabling full identification of goods, in accordance with the provisions of the law. The Principal may refuse to accept a delivery if, due to incomplete delivery documentation, in particular due to the lack of packing list, identification of the delivery with the Principal's order is not possible or hindered. Unless additionally arranged otherwise, the goods delivered are to be appropriately packaged according to the principles conventionally adopted in trade, so as to minimise the risk of damage to the goods in transport. The Contractor shall be held responsible for any damage resulting from undue packaging of the goods. Notice of delivery is only necessary upon prior agreement.

For deliveries of equipment and machines, additionally to the above terms, delivery of instruction manuals (technical documentation) in Polish is required. If no instruction manuals are delivered with equipment or machines, delivery shall be considered incomplete, which may result in returning the equipment or machines or withholding payments until the deficiency is remedied.

4. Delivery Lead Time

The Contractor acknowledges that the lead time for delivery and number of deliveries are of the essence. If a delivery includes an amount of goods larger than specified in the respective order, and the surplus can be separated, the Principal may return the surplus at the Contractor's cost. If the

surplus cannot be separated, the Principal shall be entitled to return the entire delivery at the Contractor's cost.

The delivery lead times are fixed and invariant. The lead time shall be considered met if the goods are delivered to the Principal in accordance with the order. If the Contractor finds that the set lead time may not be met for any reasons, the Contractor is to immediately notify the Principal, providing the period of delay. If the delay is deemed excessive by the Principal, the Principal shall be entitled to cancel the order with no obligation to refund any costs to the Contractor. If new delivery lead time is agreed upon by the Parties and such new lead time is not met, the Principal shall, upon the lapse of such lead time, be entitled to claim damages for failure to fulfil the order, to purchase the goods with a third party or terminate the agreement. Accepting a delayed delivery shall not be deemed waiver of claims by the Principal. If a delivery is made before the agreed date, the Principal shall be entitled to return such a delivery at the Contractor's cost. If such an early delivery is not returned, the goods shall be stored until the prearranged delivery date at the cost and risk of the Contractor. Partial deliveries shall be accepted upon prior specific arrangement concerning in particular the amount of goods delivered in such partial deliveries. For partial deliveries, the remaining amount of the goods ordered must be delivered in the set lead time. Goods are loaded and unloaded between 8:00 a.m. and 4 p.m. on working days (Monday to Friday).

The above provisions shall be also applicable to orders for performance of services.

5. Assumption of Risk

Any risk shall be borne in accordance with the terms of delivery. Unless agreed otherwise, the risk related to loss of goods or decrease in value of goods shall be only borne by the Principal after unloading of the goods in the place of destination and confirming acceptance of the delivery in the transportation documentation or acceptance report.

6. Pricing / Invoices

The prices set are fixed and invariable. Subsequent increase in prices shall not be allowed. VAT should be included in the respective invoice. If no price is indicated in the order, it should be provided on the order confirmation. If the Principal raises no objections regarding the price within five working days of confirming the order, such price shall be considered applicable.

Invoices are not to be included in the delivery, except for cases subject to item 8. Invoices are to be sent after shipment of the goods, within a period enabling delivery of a given invoice to the Principal not later than by the third working day of the following calendar month. Unless agreed otherwise, a separate invoice shall be issued for each order. In addition to the information required by the applicable law, invoices must include:

- the number and date of the Principal's order
- the Principal's material number
- the delivered quantity and unit for each item
- the unit price and value for each item.

The Principal shall make the payment within 30 days of the date of receiving the invoice for goods accepted by the Principal or of the date of performing the services and issuing an invoice for the services. Payment shall be made subject to verifying the account. Other terms of payment and discounts must be agreed upon separately. Payment date for incorrect invoices shall be calculated from the date of delivery of corrective invoices to the Principal. In such an event, the period for payment shall be extended accordingly. Payment of amounts due shall not constitute confirmation of fulfilment of contractual obligations by the Contractor. Unless agreed otherwise, invoices shall be issued in the currency of the Contractor's country.

7. Stipulations Regarding Payment

All payments shall be made subject to a guarantee by the Contractor for the goods delivered or services performed concerning any physical and legal defects found later.

In the event of a quantitative complaint, the Principal shall be entitled to withhold payment for the missing goods, unless accepting a partial delivery or partially performed services is of no interest to the Principal. In such an event, the Principal may withhold the full payment for the order until the missing goods are delivered or full service is performed.

In the event of qualitative complaint, the Principal shall be entitled to withhold the payment for the order in part or in full until the causes of complaint are removed, whereas the set discount dates shall be applicable from the date of removing the causes of complaint.

If the Contractor requires an advance payment for the goods, the payment of the advance shall be made via PayPal. For transactions made via PayPal, the provisions of agreements made between PayPal and its users and the applicable PayPal terms and conditions shall apply. If the Contractor is not a user of PayPal, the advance payment shall be made by the Principal subject to a separate agreement concluded with the Contractor (prepayment agreement).

8. Customs and Origin

Due to customs regulations, import deliveries are to be dispatched with invoices including in particular:

- invoice number
- date of issue
- name and address of the Contractor issuing the invoice
- name and address of the Principal
- description of goods
- quantity of goods
- unit price and value in convertible currency, in the Polish currency or in foreign nonconvertible currency
- terms of delivery (e.g. according to INCOTERMS 2000)
- country of origin

For deliveries subject to customs clearance, invoices are to include separate information on:

- the installation and transport costs included in the price
- the value of repairs by material and costs of remuneration.

Any simplifications shall be subject to prior written acceptance by the Principal.

For charge-free deliveries, the value shall be nevertheless included (with a note: "Only for customs purposes"). In such an event, the invoice or the packing list is to include a reason for exemption from charge, e.g. free samples. If exporting or importing goods requires documentation for stating the intended use of the goods shipped, the Contractor shall be obliged to prepare and deliver such documentation to the purchaser at the Contractor's own expense.

The Contractor shall be obliged to determine and substantiate the origin of the goods. The Contractor shall be obliged to notify the Principal of any change of origin in writing. If the Contractor delivers goods that in the importing country require conducting customs clearance procedures, the Contractor shall be obliged to provide a certificate of origin. Such certificates are required for each shipment.

The Contractor shall be liable for any damage suffered by the Principal resulting from failure to fulfil the above requirements. The Contractor shall be obliged to provide the Principal with the support necessary to minimise customs fees.

The Contractor shall be obliged to provide the competent authorities with explication regarding the origin of the goods. Unless agreed otherwise, the customs clearance shall be conducted by the Contractor. If the Contractor conducts customs clearance with no notification to the Principal, the Contractor shall bear all costs of such clearance.

9. Force Majeure

Each Party may withdraw from the performance of contractual obligations if a delay unattributable to either of the Parties and resulting from force majeure occurs. Force majeure shall mean e.g. fires, floods, typhoons, earthquakes, epidemics, wars, statutory prohibitions or prescriptions, statutory limitations, unusual violent weather conditions and delays resulting from similar natural or statutory causes.

The above conditions do not affect any arrangements and rights of the Parties included elsewhere herein. When the performance of the agreement is withheld due to force majeure, the Principal may obtain the goods from different sources and reduce the quantity specified in the Contractor agreement accordingly if the Contractor fails to deliver the goods in the set extended period. Setting an additional

extended period of delivery is not necessary if it is certain that the extended period of delivery will not be met. Additionally, the Contractor shall be obliged to provide the Principal with exhaustive information regarding delays, insurance and emergency plans, at every request of the Principal.

10. Liability for the Product

The Contractor shall ensure that the Principal does not infringe any third party patents or rights by the delivery and use of the product. The Contractor shall inform the Principal of all such infringements. Save as otherwise provided herein, the Contractor shall be liable for compensation for any damage suffered by the Principal which result, either directly or indirectly, from the delivery of faulty goods due to a breach of safety regulations or due to infringements of other legal regulations.

The Contractor shall be obliged to compensate the damage if the Contractor's fault is ascertained.

If the Principal is held liable by a client or any third party due to liability for the product and if this damage results from delivery of a faulty product, the Contractor shall return to the Principal the amount equivalent to the compensation paid for the damage caused by the product. In such cases, the Contractor shall take the entire liability and cover all expenditures, including costs of withdrawal of the goods from the market, if necessary. Therefore, it is recommended to insure the goods. In all other cases, legal regulations shall be applicable.

Claims of the Principal shall be deemed unwarranted if the damage results from inappropriate handling, maintenance, inadequate use, as a result of wear and tear or incorrect repairs.

For means undertaken by the Principal to avoid damage (e.g. product recall) the Contractor shall be liable to the extent stipulated by law.

If any claims are raised against the Contractor, the Principal shall promptly and fully notify the Contractor and consult its actions with the Contractor. The Principal shall enable the Contractor investigation of damage. The Parties shall agree on the choice of measures, in particular in case of comparisons.

The Contractor shall comply with the applicable legal and administrative regulations while fulfilling the contractual obligations. Delivery and service shall comply with OHS regulations and the applicable standards. The Contractor shall deliver all the securities specified in the regulations within the agreed price. If the Contractor has doubts as for the Principal's performance requirements, the Contractor shall notify the Principal thereof in writing.

11. Third Parties

The Contractor shall not be entitled to subcontract the services or deliveries to third parties without express consent of the Principal.

The Contractor shall not be entitled to waive any claims under the agreement against any third parties without express consent of the Principal.

12. Confidentiality and Non-Use Obligations

No documents or attachments delivered to the Contractor by the Principal, including samples, drawings, models, data or other information, may be published, shared or provided to third parties, unless for the purpose of fulfilling the contractual obligations. Products manufactured with the use of samples, drawings, models etc. delivered to the Contractor by the Principal or made with the use of the Principal's equipment must not be used by the Contractor, or offered or delivered to third parties. The above provision also applies to printing orders. All auxiliary materials shall remain the property of the Principal.

The Contractor shall keep in confidence all information considered trade secrets of the Principal obtained in the course of fulfilling an order, unless the disclosure is required by the applicable law, such information was published by the Principal or allowed to be disclosed by the Principal in writing.

13. Guarantee / Product Damage

The Contractor shall provide a guarantee of use for the respective materials, a performance bond, a guarantee of fitness for purpose, a guarantee of charge-free installation, a guarantee of utility demand, a performance guarantee, a guarantee of efficiency coefficient. If, due to absence of the properties guaranteed, damage to the goods delivered occurs, the Principal may at its own discretion

terminate the agreement, reduce the price or request remediation of defects at the Contractor's cost. The Principal shall be entitled to damages for the damage suffered due to defects of the material delivered or undue performance. The guarantee liability of the Contractor shall expire after 24 months of launch or manufacturing a finished product out of the material delivered.

The Principal must report visible defects to the Contractor within 5 working days of delivery of the goods to the Principal. For latent defects discovered during the use of the goods, complaints shall be considered justified if made immediately after discovering the defect during the use of the goods or during inspection of goods in operation.

In emergency situations, upon consultation with the Contractor, the Principal shall be entitled to perform or contract performing repairs with third parties or order delivery of new goods at the cost of the Contractor.

For deliveries of goods that require installation and use instruction manuals, the Contractor shall provide such instruction manuals in Polish and English upon no separate order, at the date of delivery at the latest. Guidelines and oral instructions shall not be considered due substitute for written instruction manuals.

The Principal may collect the goods ordered at the Contractor's plant personally or contract their collection with a third party. Such collection shall not exempt the Contractor from the obligation to deliver the guarantees specified hereinabove. All deliveries shall be inspected for compliance with quality regulations. In case of divergence, such delivery shall not be accepted. Inspection at the Principal's plant is carried out as promptly as possible or during use.

If the goods delivered are not compliant with the contractual provisions in part or in full, including goods not corresponding with the respective order, the Contractor shall leave the goods with the Principal for no charge until new goods are delivered. Goods that do not correspond with the order shall be returned to the Contractor at the Contractor's cost. If the Principal has paid for the return of goods to the Contractor, the Contractor shall be obliged to reimburse for the cost of such return.

14. Services

The persons performing works in the plant subject to the provisions of the agreement are obliged to abide by the plant rules and regulations. Rules regarding entering and leaving the premises must be also adhered to. The Principal shall be exempt of any liability for any accidents involving the aforementioned persons that occur on the premises of the plant, unless the accident is attributable to wilful action or negligence of the Principal or its representative. The Principal shall be held responsible for death, bodily harm and injuries if they result from failure to meet legal obligations by the Principal's legal representative or agent.

If the Contractor's employees stay on the premises of the plant or in the Principal's service rooms, the Contractor shall be held responsible for all actions and negligence of its employees, including representatives, and shall be obliged to assume all Principal's obligations concerning such persons and/or repairing material damage caused by actions and negligence of the Contractor's representatives. The above shall not apply if the claims specified above indicate the Contractor's fault.

15. Environment

The persons performing works in the plant subject to the provisions of the agreement shall be obliged to:

- dispose of all accumulated waste on their own,
- economise on power, water and gas,
- limit the use of harmful substances on the premises of the plant, and in the event of causing a leak, to remove the leak in compliance with the law,
- limit the emission of pollution to the atmosphere,
- protect surface and underground waters.

Disposal of waste

The entity performing services of construction, demolition, renovation, cleaning of containers and equipment and general cleaning, maintenance and repairs or other works on the premises of the Principal's plant shall be obliged to dispose of waste in accordance with the Waste Act, unless



otherwise stated in the contract for performance of services. The entity producing the waste shall be obliged to perform services and provide goods and materials in a form preventing production of waste or allowing the lowest possible level of waste production, and limiting the negative impact on the environment or threat to human life and health. Waste may be stored in a specially designated location on the premises of the plant upon prior consent from the plant (subject to a separate provision in the agreement) and in consultation with the division manager.

16. Jurisdiction

The competent court for all rights and obligations arising out of these General Terms and Conditions of Purchase for both Parties shall be the court competent for the Principal's registered office. The Polish law shall be the applicable law.