



Zakłady Mechaniczne Tarnów

GENERAL TERMS AND CONDITIONS OF DELIVERIES TO ZAKŁADY MECHANICZNE "TARNÓW" S.A.

DEFINITIONS

1. **GTCD** - General Terms and Conditions of Deliveries to Zakłady Mechaniczne "Tarnów" S.A.
2. **ZMT** - Zakłady Mechaniczne "Tarnów" S.A. with its registered office in Tarnów (address: 33-100 Tarnów, ul. Kochanowskiego 30), entered into the Register of Entrepreneurs kept by the District Court for Cracow Śródmieście, 12th Commercial Division of the National Court Register (abbreviated in Polish as KRS) under the following KRS number: 0000036320, NIP (Tax Identification Number): 8730006835, REGON (National Official Business Register Number): 85032325.
3. **Management Board** - the Management Board of ZMT.
4. **Attorney** - a person holding a power of attorney from the Management Board.
5. **SUPPLIER** - an entity cooperating with ZMT in the field of providing services, performing deliveries, managing sales and other commercial relations, regardless of its legal form and form of cooperation.
6. **Delivery** - a product, documentation or other activities performed or provided by the SUPPLIER to ZMT.
7. **Buyer** - an employee/representative of ZMT who conducts the process of placing orders and negotiations of the terms and conditions of Delivery.
8. **Business Day** - days from Monday to Friday (excluding public holidays or days off on the basis of other decision of an authorised governmental or local government body).
9. **Delivery Acceptance Hours** - hours from 8.00 am to 1.00 pm on business days.
10. **Framework Agreement** - agreement concluded between ZMT and the SUPPLIER, the subject matter of which is to define the scope and rules of cooperation between these entities. A form of such framework agreement constitutes *attachment no. 1* hereto.
11. **Order** - a document of ZMT drawn up according to the form constituting *attachment no. 2* hereto, specifying the subject matter, quantity, price, date of delivery and payment, signed by the Management Board or the Attorney.

Article 1
PAYMENTS

1. The payment for deliveries performed by the SUPPLIER shall be made only on the basis of VAT invoice or bill properly issued and delivered to the registered office of ZMT.
2. The VAT invoice or bill may be issued only for the delivery actually performed.
3. The payment date must be consistent with the terms of payment specified in the order and shall run from the date when the delivery together with the VAT invoice is performed to ZMT by the SUPPLIER.
4. The SUPPLIER shall be obliged to specify the type and name of the delivery on the VAT invoice or bill, as well as the date of payment consistent with the order. The date when ZMT's bank account is debited shall be considered as the date of payment.
5. In the event of incorrectly issued VAT invoice or bill by the SUPPLIER, ZMT reserves the right to suspend payment until the date of receipt of correctly issued VAT invoice or bill.
6. The preferred form of VAT invoice delivery is sending its electronic version to: zmt@zmt.tarnow.pl.
7. ZMT reserves the right to suspend payment until the legitimacy of a qualitative or quantitative complaint is clarified.
8. The SUPPLIER may not, without ZMT's consent expressed in writing otherwise being null and void, transfer the receivables due from ZMT to any third party.

Article 2
CONFIDENTIALITY OF INFORMATION

1. If, within the framework of cooperation between the SUPPLIER and ZMT, it is necessary for ZMT to provide information to be understood as: drawings, sketches, samples, oral and written information, descriptions, models (including of 3D solids), technological processes (or parts thereof) as well as any other necessary information, know-how, tools, regardless of the form of the medium on which they are provided (hereinafter referred to as Information), the SUPPLIER shall be obliged to observe the following rules.
2. The SUPPLIER undertakes:
 - a) to keep the information confidential and not disclose it to a third party without the written consent of ZMT,
 - b) not to process or publish the information without the written consent of the Management Board,
 - c) to disclose the information only to employees for whom such knowledge is necessary to carry out their duties resulting from the cooperation between the parties and to provide a list of such persons at the request of ZMT,

- d) to make every effort so that the SUPPLIER's employees or associates comply with the rules of information confidentiality,
 - e) to safeguard the obtained data against unauthorised access.
3. The provisions pertaining to confidentiality shall remain legally valid after all business activities are terminated unless the information becomes publicly known in a manner that does not violate the provisions hereof.
 4. The information shall remain the exclusive property of ZMT. The SUPPLIER undertakes to store it with due care and return it after the termination of cooperation at the written request of ZMT together with all copies made. The information recorded by the SUPPLIER on storage media that make the return thereof impossible for the disclosing Party should be deleted or otherwise permanently destroyed, which shall be confirmed in a relevant report, the copy of which shall be submitted to ZMT by the SUPPLIER. The provision of information by ZMT cannot under any circumstances be treated as granting a licence, consent or any other right to use the obtained information for purposes other than the performance of delivery to and for the benefit of ZMT and any other arrangements in this respect must be clearly and unambiguously confirmed in a separate agreement between the Parties.

Article 3

CONTRACTUAL PENALTIES

1. In the event of delay in delivery, the SUPPLIER shall pay ZMT a contractual penalty in the amount of 0.2% of the value of the given order for each commenced day of delay. The SUPPLIER hereby agrees that ZMT may deduct the due contractual penalties from its remuneration, but not more than 10% of the total order value.
2. For any violation of provisions pertaining to the confidentiality of the agreement, the SUPPLIER shall pay ZMT a contractual penalty in the amount corresponding to the actual damage caused by such violation, but not less than PLN 50,000.00 (say: fifty thousand PLN 00/100).
3. Should ZMT undertake debt collection activities or activities connected with the request for proper performance of the subject matter of the framework agreement or the order by the SUPPLIER, it shall involve administrative costs for ZMT which shall be as follows:
 - a) cost of issuing a debit note - PLN 50.00 (say: fifty PLN 00/100),
 - b) cost of a request for payment related to a delay in the performance of the subject matter of the cooperation agreement or the order - PLN 50.00 (say: fifty PLN 00/100).
4. The calculation of administrative costs shall be independent of other costs resulting from the generally applicable provisions of law, costs connected with court proceedings, enforcement proceedings, debt collection, legal representation, etc.

5. ZMT shall be entitled to deduct the contractual penalties it is entitled to and any other costs accrued from the remuneration due to the SUPPLIER.

Article 4

SUBSTITUTE PERFORMANCE

1. If the SUPPLIER's delay in delivery lasts longer than 30 days, ZMT shall be entitled to withdraw from the concluded agreement and entrust the performance of its subject matter to a third party selected at its own discretion.
2. In the situation described in section 1, the SUPPLIER shall be obliged to return to ZMT (or the place indicated by ZMT) all information, documents and other tools obtained from ZMT for the purposes of cooperation, at the SUPPLIER's own expense, within not more than 7 days from the date of receiving information about such withdrawal from the agreement, or to pay a penalty as for violation of confidentiality rules.
3. The substitute performance shall take place at the expense and risk of the SUPPLIER and shall not exclude its liability for the previously performed agreement and payment of contractual penalties.

Article 5

QUALITY REQUIREMENTS

1. The SUPPLIER shall be fully liable for the quality of products supplied to ZMT and for providing ZMT's quality requirements to its sub-suppliers.
2. The SUPPLIER in its organisation shall appoint a contact person with whom the representatives of ZMT shall maintain contact in matters related to the quality of products supplied.
3. The SUPPLIER shall be responsible for proper recording and identification of the material and items, from the moment of material delivery to the moment of dispatch of finished products.
4. The SUPPLIER shall ensure the right of access for ZMT's representatives to all areas involved in the performance of the agreement and the possibility of conducting audit or inspection/acceptance of parts manufactured on the SUPPLIER's premises or at its sub-suppliers.
5. Each delivery shall be accompanied by Quality Certificate confirming the compliance with the requirements of the order placed by ZMT. Such Quality Certificate should specify:
 - a) SUPPLIER's name and address (in compliance with the order),
 - b) description, part number, quantity of parts,
 - c) batch number or heat number, if required,
 - d) order/agreement number,

- e) all information concerning derogations, authorisations, etc. and confirmation of their approval by ZMT,
 - f) all other data specified in the technical requirements and/or order/agreement.
6. The products covered by military acceptance originating from abroad must be delivered together with a translation (prepared by a certified translator) of quality certificates, certificates of conformity, declarations of conformity and product manuals into Polish. As regards the documents referred to above for regular deliveries, they should be submitted with each delivery (batch) and should be sent to ZMT on the date of delivery at the latest, unless the parties agree otherwise.
 7. The data acquisition card must be issued for each item in the full range of measurements taken (if required).
 8. The SUPPLIER shall ensure an inspection for 100% of the items delivered to ZMT and materials entrusted by ZMT (if required).
 9. The SUPPLIER must meet all the requirements specified in the purchase order.
 10. The results of measurements and tests, Certificates, Approvals, Declarations of Conformity required in the purchase order must be submitted with the Quality Certificate.
 11. ZMT reserves the right to reject the acceptance of the delivered product if the documents required in the order are not delivered and/or it is found that the delivered product is not compliant with the order.
 12. ZMT reserves the right to lodge a complaint if the delivered product turns out to be defective or does not meet the requirements specified in the order or herein within 24 months from the date of sale.

In the event of any nonconformity found by ZMT in the products delivered by the SUPPLIER, a complaint report shall be issued and sent to the SUPPLIER. The SUPPLIER shall be obliged to reply to the submitted complaint within 3 business days. In the event of confirmation of such nonconformity, ZMT shall be entitled to charge the SUPPLIER an administration fee for each complaint procedure in the amount of PLN 300.00 (say: three hundred PLN 00/100), regardless of other costs (including contractual penalties and claims for damages) related to the nonconforming product. Moreover, in the event of finding nonconformity attributable to the SUPPLIER in the delivered item at a later stage of production, the SUPPLIER shall cover the full cost of the defective item, operations performed on the given item and costs of production delay at ZMT.
 13. In the event of a complaint, the SUPPLIER shall be obliged to submit a written report on the claimed products within 20 calendar days. Such report shall include:
 - a) description of what caused the defect,
 - b) description of corrective measures taken to remove such cause.
 14. The SUPPLIER shall be obliged to perform a replacement delivery immediately upon request, even if the legitimacy of the complaint is not clarified. In such a situation, the

SUPPLIER shall agree upon the date of such replacement delivery with the Buyer responsible for placing the order. In the event of setting a new date for the replacement delivery exceeding 5 business days and not complied with by the SUPPLIER, ZMT shall be entitled to charge a contractual penalty amounting to 1% of the value of the given order for each commenced day of delay. The SUPPLIER hereby agrees that ZMT may deduct the due contractual penalties from its remuneration, but not more than 20% of the total order value. If the complaint is settled in the SUPPLIER's favour, ZMT shall be obliged to compensate the SUPPLIER in a mutually agreed manner for the replacement goods supplied.

Each time the parties shall endeavour to amicably agree upon a date to ensure the availability of the necessary products.

15. In the event of new start-ups, the SUPPLIER shall be obliged to:
 - a) check the completeness of the documentation held i.e. drawings, standards of technical conditions necessary to fulfil the order,
 - b) analyse the technical documentation in terms of its feasibility,
 - c) develop the manufacturing technology, including machinery, instrumentation, tools, means of measurement and frequency of measurements,
 - d) manufacture a test batch and document the results obtained.
16. Unless agreed otherwise, the period of availability of spare parts for products sold to ZMT shall be not less than 5 years and the costs including compensation for potential non-availability shall be covered by the SUPPLIER. Spare parts shall be offered only at catalogue/market prices less discounts granted by the SUPPLIER (not less than 10% of the catalogue value).

Article 6

LOGISTIC REQUIREMENTS

1. Requirements for deliveries

- 1.1. The SUPPLIER shall be obliged to confirm the order in writing within 5 days from the date of its receipt by sending relevant feedback to ZMT's employee who sent the order. After the expiration of this period, ZMT shall consider such order as accepted without reservations.
- 1.2. It is required to immediately inform about possible delays in deliveries.
- 1.3. The item should be protected during transport and, if required, properly protected against corrosion for a storage period not shorter than 6 months:

- a) the items should be packed in corrosion-resistant bags/corrosion-resistant paper* (if required)



- b) the packaging used should be adjusted to the weight and size of the products packed.
- 1.5. The product delivered to the warehouse without the required quality documents (material certificate, quality certificate for quenching and tempering and data acquisition card with results) shall not be accepted.
- 1.6. All heat treatment of items (cooperation) for the purposes of ZMT, ordered from ZMT, must be ordered on the order form constituting *attachment no. 3* hereto.
- 1.7. At the request of ZMT, the SUPPLIER shall give notification of delivery with a specified hour and day, not less than 5 business days in advance.

2. Property of ZMT - entrusted materials

- 2.1. If, within the framework of cooperation, it is necessary to make tools, instrumentation or other equipment available to the SUPPLIER by ZMT, it shall be performed on the basis of a separate agreement drawn up according to the form constituting *attachment no. 4* hereto.
- 2.2. The SUPPLIER shall be obliged to use the entrusted material only for the purpose of the specific order placed by ZMT. At the moment of taking over the entrusted materials, the SUPPLIER accepts the quality compliance of the materials with the requirements necessary to meet the quality requirements of the target order placed by ZMT. Otherwise, the SUPPLIER shall make a complaint about the materials to ZMT within a period of not more than two business days from the day of receiving such materials. If ZMT accepts such complaint, the SUPPLIER shall have the right to demand that the new delivery date be adjusted to the date of delivery of the batch of replacement material from ZMT.
- 2.3. The entrusted material should be identified by the SUPPLIER and properly marked in a manner that makes it distinguishable from the materials of the SUPPLIER and its other customers, both in the process of production and storage.
- 2.4. The representative of ZMT shall have the right to inspect the entrusted material at the SUPPLIER at any time of the business day and make a physical inventory confirming the count sheet.

Article 7
ENVIRONMENTAL REQUIREMENTS

1. Within the framework of cooperation with ZMT, the SUPPLIER undertakes to comply with the laws and regulations referring to environmental protection, occupational health and safety and fire protection.
2. The SUPPLIER shall be obliged to have all legally required permits or other required environmental protection decisions which are necessary for the delivery. At the request of ZMT, the SUPPLIER shall be obliged to submit all documents related to environmental protection concerning, among others, materials/services, including materials from which the product is made, relevant permits related to order fulfilment, e.g. waste management permit, as well as BDO register number and statement as regards the final process of management of waste collected from ZMT.
3. The SUPPLIER shall be obliged to fulfil the order using available products, materials, environmentally and people-friendly technology as well as to take measures to minimise the environmental impact of its operations at each stage of the product's life.
4. The SUPPLIER assures and warrants that the machinery and technical equipment/material have been produced and that the service has been performed in accordance with applicable laws, in particular in the scope of health, safety, environmental protection, labour law, and that the machinery and technical equipment/material/service supplied meet the legal requirements concerning environmental protection and safety. The SUPPLIER shall be obliged to provide relevant documentation required by applicable laws (e.g. certificate, declaration, statement and other documents) confirming the above.
5. The SUPPLIER of a hazardous substance or mixture shall be obliged to provide ZMT (preferably by email to the employer) with current safety data sheet of such substance or mixture in Polish language, on the day of delivery at the latest.
6. The SUPPLIER shall be obliged to provide (preferably by email to the employer or in original form after prior notification by the supplier/subcontractor) the REACH declaration referring to the material, service, item delivered and other documents required by applicable laws.
7. If the SUPPLIER is a producer of waste resulting from order fulfilment, the SUPPLIER shall be responsible for handling such generated waste in a manner that ensures the protection of human life and health and the environment in accordance with applicable laws in this scope. If such waste is generated on ZMT's premises, the SUPPLIER shall be obliged to dispose of it at its own expense, unless the framework agreement provides otherwise.
8. If the SUPPLIER, within the framework of cooperation with ZMT, brings to the premises of ZMT or uses on the premises of ZMT materials and substances necessary for the performance of works, the SUPPLIER shall be obliged to secure them so as to prevent

water, soil or atmospheric air from being polluted with them, including their penetration into the internal drainage system of ZMT. Moreover, the manner of waste management cannot present a risk to the environment or human health or lead to any accident, including a major industrial accident on the premises of ZMT, and it cannot spread it or increase it. All hazardous substances and mixtures used at the place of works for and on the premises of ZMT must have legible and appropriate marking (pictograms) on their packaging.

9. The SUPPLIER shall be obliged to comply with the rules and prohibitions applicable at ZMT.
10. The SUPPLIER shall be liable for environmental damage caused by its actions or failure to act.

Article 8

FINAL PROVISIONS

1. These GTCD were adopted by a resolution of the Management Board and are published on ZMT's website at: www.zmt.tarnow.pl/OWD and are effective as of 1 January 2021.
2. All amendments hereto shall require a resolution of the Management Board otherwise being null and void and shall be effective as of the date of their publication on ZMT's website or as of the date indicated in the resolution.
3. The SUPPLIER shall be obliged to comply with the current version of these GTCD published on ZMT's website.
4. If, as a result of events beyond the control of ZMT, the performance of the subject matter of the framework agreement or the order is not in the interest of ZMT or has become pointless for other reasons, ZMT shall be entitled to withdraw from all agreements concluded with the SUPPLIER with the obligation to pay for the deliveries already performed. Such withdrawal shall require written form and shall be effective as of the date of its delivery to the SUPPLIER.
5. The SUPPLIER cannot release itself from liability to ZMT for the reason that the failure to perform or improper performance of the delivery by the SUPPLIER is a consequence of failure to perform or improper performance of the obligations towards the SUPPLIER by its business partners, sub-suppliers or subcontractors.
6. Each legal act performed between the SUPPLIER and ZMT hereunder shall be governed by Polish law. All disputes arising in connection with the performance of deliveries between the SUPPLIER and ZMT shall be settled by competent court of law having jurisdiction over the registered office of ZMT.
7. In matters not regulated herein, the provisions of agreements concluded between ZMT and the SUPPLIER shall apply, followed by applicable provisions of the Civil Code and other applicable laws.

8. Attachments shall constitute an integral part hereof.

List of Attachments:

Attachment no. 1 – form of FRAMEWORK AGREEMENT

Attachment no. 2 – form of ORDER

Attachment no. 3 – form of ORDER FOR COOPERATION ITEMS

Attachment no. 4 – form of ENTRUSTED PROPERTY AGREEMENT