

GENERAL CONDITIONS OF PURCHASE

GENERAL CONDITIONS OF PURCHASE of the Company LERG S.A. (hereinafter the "Customer")

1. General

These General Conditions of Purchase (hereinafter "General Conditions of Purchase") shall apply unless separate written agreement has been entered into between the Customer - the Company under the business name LERG S.A. and the Supplier with regard to the scope hereof.

The General Conditions of Purchase shall govern the execution of all orders placed by the Customer with the Supplier, including in particular the orders for supply of goods or services (hereinafter "Orders").

If the General Conditions of Purchase differ in any respect from any Supplier's rules governing the same matter, in particular any general conditions of purchase or cooperation applicable at the Supplier, any Orders shall be governed exclusively by these General Conditions of Purchase, notwithstanding any rules adopted by the Supplier with regard to any other matters, on which the General Conditions of Purchase may otherwise remain silent.

A confirmation of an Order by the Supplier or his commencement of the execution of an Order shall be mean acknowledgement and acceptance of these General Conditions of Purchase by the Supplier.

If the Supplier does not accept the provisions of these General Conditions of Purchase, whether in total or in part, the Supplier shall notify the Customer of the fact in writing without delay, prior to the execution of the Order. In such case, the Customer shall have the right to withdraw the Order. In such case, no right shall vest in the Supplier now or in the future to claim damages, in particular to claim remedy of a loss.

2. Order Confirmation

Unless agreed otherwise, Orders or any modifications thereof shall be subject to a written confirmation by the Supplier within 5 (five) business days from receipt of an Order, or shall be executed within the same term.

If within the term above no written confirmation of the Order or modification thereof is received by the Customer, or the Order is not executed, the Customer shall have the right to withdraw the Order. In such case, no right shall vest in the Supplier now or in the future to claim damages, in particular to claim remedy of a loss.

Any acceptance by the Supplier of an Order with modifications shall require a written agreement between the Supplier and the Customer. In such case, the Order may be executed exclusively subject to a written confirmation by the Customer.

Confirmation of the Order by the Contractor or proceeding with the Order shall also mean acceptance of the obligation to continuously improve their work standards

3. Supplies

Goods covered by the Order shall be supplied in compliance with the requirements described in the Order, in particular any specifications and item lists accompanying the Order (hereinafter the "Supply").

Unless agreed otherwise between the Customer and the Supplier in writing, the Supplies shall be executed according to Incoterms 2000 DDP Pustków (Delivered Duty Paid), i.e. the costs of transport, packaging, insurance and customs, including any risks, shall be borne by the Supplier. In such case, any invoices or receipts for transport services received by the Customer shall be transferred in originals to the Supplier.

Every Supply shall be accompanied by a full set of Supply documents and a consignment note (waybill) according to applicable regulations, plus a guarantee document providing guarantee for the goods subject to the Supply (hereinafter the "Consignment Documents"). The Consignment Documents shall specify the following information: Order number, Order date, every item described by the material/part number of the Customer, quantity and units, and any other necessary data enabling a full traceability of the goods subject to the Supply according to applicable regulations. If the ADR regulations apply to the Supply, the Consignment Documents, including the consignment

note (waybill), shall conform to the requirements set out in such regulations. The Consignment Documents shall moreover include:

- written instructions for the driver according to the ADR requirements (if the goods subject to the Supply are covered by those regulations),
- a Quality Control Certificate specifying the guarantee period (shelf life) for the goods subject to the Supply,
- Safety Data Sheet(s) for the goods subject to the Supply,
- labels in the Polish language on unit containers (units of the shipment).

The Supplier shall be responsible for any incomplete or inaccurate Consignment Documents.

The Customer may refuse acceptance of the goods if due to the incomplete Consignment Documents the Supply cannot be identified against the Order or such identification requires a major cost.

Unless agreed otherwise between the Customer and the Supplier in writing, the goods subject to the Supply shall be packaged as relevant according to applicable regulations and commonly accepted commercial rules or the requirements of a relevant ADR agreement. The Supplier shall be responsible for any damage or loss due to improper packaging of the goods subject to the Supply.

An Advice of Delivery shall be required exclusively if so agreed in advance between the Customer and the Supplier.

Due to the requirement of laboratory testing on the goods subject to the Supply, the Supplies shall be delivered to the Customer from Monday to Friday from 6 am to 8 pm. The Supplier shall ensure that the Supplies in shipment units, tank cars and rail cars be delivered until 8 pm. Deliveries of goods in night hours (from 8 pm to 6 am) and on legal holidays shall be refused by the Customer. If by the agreement between the Customer and the Supplier an urgent Supply is to be delivered on any legal holiday, the Supplier shall ensure that the delivery falls within the duty hours of the Customer's Laboratory, i.e. from 6 am to 1 pm.

4. Delivery Dates

The Supplier agrees that the time and quantities of Supply are of essence.

If the quantity of goods in a Supply is higher than the quantity specified in the corresponding Order and the excess can be separated from the remainder of the goods, the Customer shall have the right to ship such excess back to the Supplier at Supplier's exclusive costs and expense. If the excess cannot be separated, the Customer shall have the right to ship the entire Supply back to the Supplier at Supplier's exclusive costs and expense.

Delivery Dates shall be deemed fixed and unchangeable, except in cases where the Customer may wish to change the Delivery Date. The Supplier shall be notified of such change in writing in a reasonable advance to enable delivery of the Supply within the changed date.

The Supply shall be deemed delivered within the due date if the Supply is delivered in a manner enabling acceptance by the Customer of the goods subject to the Supply in compliance of the conditions described in the corresponding Order and these General Conditions of Purchase.

If for any reasons the Supplier expects that the agreed Delivery Date cannot be met, the Supplier shall notify the Customer of the fact immediately, specifying the time and causes of expected delay. In such case, if the Supplier fail to meet the extended Delivery Date agreed with the Customer, upon the expiry of such extended Delivery Date the Customer shall at his own discretion have the right to seek any of the following remedies:

- a) demand that the Supplier execute the Order in total or in part and remedy the losses arising from the delayed delivery of the Supply, or
- b) withdraw the Order in total or in part and demand that the Supplier remedy the losses arising from the Supplier's failure to deliver the Supply, or
- c) purchase the goods subject to the Supply, in total or in part, from any third person at the Supplier's exclusive cost and expense and demand that the Supplier remedy the losses arising from the delayed delivery of the Supply.

No acceptance of a delayed Delivery by the Customer shall act as a waiver of any rights or remedies available to the Customer, in particular the right to claim damages due to late delivery of the Supply.

If a Supply is delivered prior to the agreed date, the Customer shall at his own discretion have the right to:

- a) ship the Supply back to the Supplier at the Supplier's exclusive cost, expense and risk, or
- b) store the goods subject to the Supply until the agreed Delivery Date at the Supplier's exclusive costs, expense and risk.

Partial deliveries towards the execution of the Order shall be accepted exclusively subject to a prior agreement with the Customer and on the condition that the remainder of the Supply is delivered within the agreed date.

5. Passing of Risk

The risk of loss, damage, whether partial or complete, or diminished value of the goods subject to the Supply shall be borne according to the delivery conditions described in Article 3 of the General Conditions of Purchase or agreed separately between the Customer and the Supplier.

Unless agreed otherwise between the Customer and the Supplier in writing, the risk of loss, damage, whether partial or complete, or diminished value of the goods subject to the Supply shall pass to the Customer upon unloading of the goods at the place of destination, after relevant samples have been collected for laboratory testing and the Customer has confirmed without reservations the compliance of the goods' properties with the corresponding Order, these General Conditions of Purchase and Consignment Documents data, or possibly with other delivery conditions agreed separately between the Customer and the Supplier.

6. Prices and Invoicing

The prices established in writing via negotiations for the goods or services subject to the Order shall be deemed fixed and unchangeable. Any future increase in agreed prices shall not be allowed.

If the Order does not specify a price, the price shall be quoted in the Supplier's confirmation of the Order. If the Customer fails to raise objections within 5 (five) business days from receipt of the Order confirmation, the price quoted in the Order confirmation shall be deemed valid and binding. If the Customer raises objections within the above term, the Customer and the Supplier shall enter into negotiations over the price and the execution of the Order shall in such case be postponed until the new price has been agreed. If no agreement over the price can be reached during the negotiations, the Order shall be automatically cancelled.

Invoices shall indicate relevant amount of the VAT tax.

Except as provided for in Article 8 of these General Conditions of Purchase, invoices shall not be attached to the Supply. The corresponding invoice shall be sent after the shipment of the goods so as to enable its receipt by the Customer within the third business day of the following month at the latest.

Unless agreed otherwise between the Customer and the Supplier, only one invoice shall correspond to one Order. The invoice shall specify the following information:

- Order number and date,
- Customer's material/part number,
- quantities delivered and units for every item,
- unit price and total value for every item.

Unless agreed otherwise between the Customer and the Supplier, invoices shall be issued in the Supplier's national currency.

The payment of the amount due for the execution of the Order shall be made by the Customer at the latest within 60 (sixty) days according to a correctly issued invoice. The above term shall begin from the day on which the goods subject to the Supply are accepted by the Customer or from the day on which the services subject to the Order are provided and the corresponding invoice is received by the Customer.

No modifications of the payment terms and conditions described in these General Conditions of Purchase shall be allowed unless separately agreed between the Customer and the Supplier in writing.

The payment of the amount indicated in the invoice shall be made subject to the Customer's confirmation of the correctness of the issued invoice, including its conformance to the corresponding Order and these General Conditions of Purchase. The due payment term for the incorrect invoices issued by the Supplier shall start from the date of receipt of corrective invoices by the Customer. In such case, the due payment date shall be extended accordingly.

The payment of relevant amounts due shall not be deemed a confirmation of the Supplier's compliance with his obligations under the contract, including in particular the Order and these General Conditions of Purchase.

7. Payment Reservations

The Supplier's obligation to execute the Order shall also cover the requirement to provide the Customer with a quality guarantee for the goods subject to the Supply or services subject to the Order, according to Article 13 of the General Conditions of Purchase. Any payments due for the execution of the Order shall be made subject to the Supplier's compliance with the above obligation.

In the case of complaints on the goods or services subject to the Order under the Guarantee, the Customer shall have the right to withhold in total or in part the payment of the amount due for the execution of the Order until the Guarantee obligations have been duly performed by the Supplier, it being understood that the payment terms shall begin from the date of the Supplier's performance of his obligations under the Guarantee.

8. Customs Duties and Origin

For Supplies subject to customs duties according to relevant customs regulations, the goods subject to the Supply shall be accompanied by an invoice in two copies. Any variations from the above conditions shall be subject to a prior consent of the Customer.

For Supplies subject to customs duties, the following separate data shall be indicated in the corresponding invoice, apart from the elements described in Article 6 of these General Conditions of Purchase:

- costs not included in the price (commissions, brokerage, licence costs, preparation costs),
- transport costs included in the price,
- value of repair services in breakdown by material and labour costs.

The value of the goods shall be given also for free-of-charge Supplies, together with a statement: "For Customs Purposes Only". In such case, the invoice or consignment note (waybill) shall specify the reason why the goods subject to the Supply are delivered free of charge, e.g. free product samples.

If the imports or exports of the goods subject to the Supply require accompanying documentation to determine the purpose/use of the goods in the Supply, the Supplier shall arrange for and submit the required documents to the Customer at his own cost and expense. Such documents shall be included in the Consignment Documents.

The Supplier shall determine and document the origin of the goods subject to the Supply. The Supplier shall notify the Customer of any changes in the origin of the goods in writing.

If the Supply consists of the goods subject to customs procedures in the import country, the Supplier shall submit the certificate of origin of such goods. The certificate of origin shall be required for every Supply and shall be included in the Consignment Documents. The Supplier shall submit to relevant authorities the answers and explanations to any inquiries or questions concerning the origin of the goods subject to the Supply.

The Supplier shall cooperate and assist the Customer so as to minimize the costs of customs duties and levies. Under the above cooperation and assistance granted to the Customer the Supplier shall in particular act or withdraw from action with respect to the identification of the most beneficial purchase options, the best customs tariffs and opportunities for exemption from or recovery of customs duties paid, etc.

Unless agreed otherwise, the customs clearance procedures shall be performed by the Supplier and the Supplier shall notify the Customer thereof in writing without delay. If the Supplier performs the customs clearance procedures without notifying the Customer thereof in writing, the Supplier shall bear all the costs and expenses related to the clearance.

GENERAL CONDITIONS OF PURCHASE

The Supplier shall be responsible for compliance with any and all applicable laws and regulations concerning the subject matter of this Article, and moreover shall be responsible for any loss incurred by the Customer due to his non-performance of the obligations described in this Article.

9. Force Majeure

Neither the Customer nor the Supplier may be held responsible for non-performance of the contract, in particular the Order and these General Conditions of Purchase, if such non-performance has been caused by Force Majeure events, i.e. external circumstances which cannot be foreseen or prevented by a reasonable effort of the Parties, such as fire, flood, typhoon, earthquake, epidemics, war, terrorist attack, forceful weather conditions or other similar Acts of God, acts of local and governmental authorities, both legislative and executive, and disturbances of the public order (hereinafter "**Force Majeure**").

If the Supplier is affected by the Force Majeure events, the Customer shall at his own discretion have the right to:

- a) demand that the Supplier execute the Order in total or in part within the extended term agreed with the Supplier, or
- b) withdraw the Order in total or in part and purchase the goods or services subject to the Order from a third party; in the case of a partial withdrawal of the Order, the Customer shall accordingly diminish the quantity of the goods or services subject to the Order by the amount of the goods or services purchased from third parties.

The Supplier shall notify the Customer without delay of the occurrence of any Force Majeure events that prevent the Supplier from the due performance of the Order. The Supplier shall submit to the Customer without delay exhaustive information concerning the causes and circumstances of the Force Majeure events, any insurance policies obtained by the Supplier and any contingency plans applicable at the Supplier, as required under relevant laws and regulations or contractual obligations, at any time at a request by the Customer. Moreover, the Supplier shall immediately provide the Customer with exhaustive information concerning individual or collective disputes under applicable labour laws, which could delay or prevent the due delivery of the Supply.

10. Liability

The Supplier shall be liable for conformance of the goods or services subject to the Order to any applicable laws and regulations, including those concerning product safety, occupational safety and health, relevant standards for the goods or services, proofs or quality certificates, the REACH regulations, etc.

The Supplier shall ensure that the goods or services subject to the Order are free from any encumbrances or rights of third parties, including Intellectual Property Rights (i.e. industrial property rights, copyrights, sui generis database rights and other rights to intangible assets - hereinafter the "**Intellectual Property Rights**"); in particular, the Supplier shall ensure that no receipt or use by the Customer of the goods or services subject to the Order may in any way contravene any rights of third parties, including Intellectual Property Rights. The Supplier shall notify the Customer in writing without delay of any existing or threatening infringement of any rights of third parties.

Unless agreed otherwise in the other provisions of these General Conditions of Purchase, the Supplier shall cover any and all losses incurred by the Customer directly or indirectly due to the delivery by the Supplier of defective goods or services, or due to the incompletion of such goods or services with applicable laws and regulations, including those concerning product safety or third party rights, including Intellectual Property Rights, or due to any other reasons related to incompletion with applicable laws (hereinafter the "**Legal Defects**") or incompatible quality of the goods or services subject to the Order (hereinafter "**Physical Defects**"). The Supplier shall indemnify, defend and hold the Customer harmless from and against any and all claims raised by any third parties due to the Customer's receipt or use of the goods or services subject to the Order, which are burdened with Legal Defects or Physical Defects. In such case, the Supplier shall bear the exclusive liability and any costs and expenses, in particular including the costs of legal defence in court proceedings, including representation in court proceedings, and the costs of defective product recall from the market. Therefore, the Customer recommends that the goods are duly insured.

The Supplier shall be relieved from liability if the losses may be attributed to an improper operation, maintenance, incorrect use, natural tear and wear or incorrect repair by the Customer of the goods subject to the Supply.

If any claims are raised by any third party against the Customer or the Supplier in connection with the goods or services subject to the Order, the Customer and the Supplier shall provide each other with exhaustive information and consultation over their respective acts and omissions with regard thereto. This shall enable the Supplier to investigate any occurrences of defective goods or services subject to the Order. The Parties shall agree upon available means to defend and protect themselves against any claims raised by third parties.

Within the agreed price of the goods or services subject to the Order the Supplier shall ensure a due execution of the Order, including any and all securities or collaterals for the due execution of the Order as provided for in applicable laws and regulations, which shall be made available for inspection at any request of the Customer.

If during the execution of the Order the Supplier is in any doubt as to the kind or manner of the Order execution required by the Customer, the Supplier shall notify the Customer of this fact in writing without delay. In such case, further actions related to the execution of the Order shall be agreed between the Customer and the Supplier.

11. Assignment

The Supplier shall not assign or transfer any rights or obligations under the contract, in particular the Order or these General Conditions of Purchase, in total or in part, to any third person without prior express consent of the Customer in writing.

The Supplier shall not waive any claims against any third parties arising from the contract without prior express consent of the Customer in writing.

12. Confidentiality

Any and all information, documents and other materials submitted by the Customer to the Supplier, or obtained by the Supplier from other sources under the contract, such as samples, drawings, information on the company or activities of the Customer or on the execution of the Order, including any print-out orders and other auxiliary materials (hereinafter "**Confidential Information**") shall remain the sole property of the Customer and nothing in these General Conditions of Purchase or the Order shall be construed as granting or obligating the Customer to grant the Supplier any rights whatsoever to Confidential Information. The Supplier shall not divulge Confidential Information to any third parties without prior express consent of the Customer, unless the disclosure of the same is necessary for the due execution of the Order and the Customer is notified of the fact in reasonable advance.

Any and all materials, documents and other artefacts, inventions, etc., and any innovations or improvements devised or developed by the Supplier during the execution of the Order on the basis of materials or information submitted to the Supplier by the Customer, or such outcomes produced with the use of the Customer's tools and instruments, shall upon delivery to the Customer become the sole property of the Customer and may not be used by the Supplier for any purposes other than the execution of the Order, in particular they may not be offered or delivered to third parties.

13. Guarantee

The Supplier shall grant the Customer, at no additional cost, a quality guarantee on the goods or services subject to the Order (hereinafter the "**Guarantee**"). The Guarantee shall cover the Physical Defects of the goods and services, including the guarantee (certificates) that the goods subject to the Order have been produced using high quality materials. The Guarantee shall moreover cover quality certificates, design warranty, assembly warranty, utility consumption parameters warranty, capacity warranty, performance rate warranty, etc. The Supplier shall deliver relevant guarantee documents.

The Guarantee shall be valid and effective for the period of 24 (twenty four) months from the date of commissioning or other use of the goods subject to the Order, or from the date of acceptance of the service subject to the Order.

If during the Guarantee period the delivered goods or provided services are confirmed for Physical Defects, the Customer shall at his own discretion have the right to:

- a) withdraw the Order in total or in part, or
- b) diminish accordingly the price of the goods or services subject to the Order, or
- c) demand that the defects of the goods or services are remedied at the Supplier's exclusive cost and expense within the date specified by the Customer, or
- d) demand replacement of the defective goods with new quality goods within the date specified by the Customer, and
- e) in urgency, as the case may be, in agreement with the Supplier, undertake on his own or commission a third party to undertake corrective action in order to eliminate the defect of the goods or services, or place an order for delivery of quality goods with a third party, at the Supplier's exclusive cost, expense and risk.

Moreover, the Customer shall have the right to claim damages from the Supplier for any and all losses incurred directly or indirectly due to the defects of the goods or services subject to the Order.

Any quality complaints over latent defects of the goods or services shall be submitted to the Supplier within 5 (five) business days from receipt of the goods or services by the Customer according to the Order. For other defects, any quality complaints shall be submitted immediately after discovery of the defect to be deemed justified and valid.

If the Customer chooses to proceed as described in point c) or d) above, the Supplier shall collect the defective goods from the Customer and deliver quality goods as a replacement at the Supplier's exclusive cost, expense and risk. In such case, the Guarantee period shall be renewed for the defective goods or their parts replaced with new quality goods or parts or repaired under the Guarantee.

For the Supply of goods that require assembly instructions or operation manuals, the Supplier shall deliver relevant manuals in the Polish and English language versions free of charge, without the need for supplementary order thereof, until the Delivery Date at the latest. Oral instructions and guidelines may not be deemed a replacement of written assembly instructions and operation manuals.

The Customer may collect the goods subject to the Order from the Supplier's site by his own, or commission a third party for collection thereof. The receipt of the goods subject to the Order in the manner described above shall not relieve the Supplier from the obligation to grant the Guarantee for such goods.

Any and all Supplies and provided services subject to the Order shall be checked by the Customer for compliance with the Order and these General Conditions of Purchase, in particular as regards the Guarantee. In the case of any incompletion, the Customer may refuse the acceptance of the Supply or services subject to the Order.

14. Services

Any persons involved in the execution of the Order in the name and on behalf of the Supplier, who perform any works on the Customer's site, shall observe relevant rules of occupational safety and health and the company's regulations applicable at the Customer, including the rules of entry into and exit from the site. The Supplier shall be responsible to ensure that the above obligation is adhered to by any persons involved in the execution of the Order in the name and on behalf of the Supplier.

The Customer shall deny any responsibility for possible losses and damages incurred by the Supplier, including accidents suffered by any persons involved in the execution of the Order in the name and on behalf of the Supplier on the Customer's site, unless such loss or damage, including an accident, may be attributable to wilful misconduct or gross negligence of the Customer. The Customer may be held liable for death, personal injury or health impairment of any persons involved in the execution of the Order in the name and on behalf of the Supplier on the Customer's site exclusively in the case of a gross negligence by the Customer of his obligations under applicable laws and regulations.

If any persons involved in the execution of the Order in the name and on behalf of the Supplier are present on the Customer's site, including in the Customer company's facilities, the Supplier shall be held liable for any acts and failures to act of such persons and shall remedy any losses or damages attributable directly or indirectly to the acts or failures to act of such persons both towards the Customer and any third parties. The Supplier shall indemnify, defend and hold the Customer harmless from and against any possible claims raised by

any third parties against the Customer, attributable to any acts or failures to act of any persons involved in the execution of the Order in the name and on behalf of the Supplier on the Customer's site.

15. Environment

Any persons involved in the execution of the Order in the name and on behalf of the Supplier, who perform any works on the Customer's site, shall make any reasonable effort to comply with applicable laws and regulations on environmental protection, in particular to:

- manage any waste resulting from the works by their own,
- save energy, water and gas,
- limit the use of harmful substances on the site, and in the case of a spillage, to notify the site environmental emergency service immediately of the fact, eliminate the spillage according to applicable regulations or in line with the guidelines provided by a representative of the company LERG S.A.,
- limit pollutant emissions to the atmosphere,
- protect surface and ground waters and soil.

The Supplier, who provides services for construction, demolition, refurbishment of facilities and structures, cleaning of tanks or plants, and for general cleaning, maintenance, repair or other works on the Customer's site, shall manage the resulting waste according to applicable laws and regulations on environmental protection, unless agreed otherwise in the contract for services entered into with the Customer. The Supplier shall provide such forms of services and use such materials that prevent or minimize generation of waste, reduce negative impact on the environment and minimize the risks to human life and health.

Subject to prior consent of the Customer, in the form of a separate provision in the contract and in agreement with the head of Environmental Protection Department at the Customer, the Supplier shall have the right to leave the waste at a place indicated by the Customer on the Customer's site.

16. CSR

Acting responsibly Lerg S.A. established the Supplier Code of Conduct, which specifies, among others, standards regarding ethics, human rights, occupational health and safety, and environmental protection. This document was created in order to guarantee the highest quality of services provided and to build business cooperation based on the principles of respect for human dignity, honesty and commercial integrity. By entering into cooperation with Lerg S.A., the Supplier declares that he/she accepts the provisions of this Code and undertakes to comply with them. The content of the Supplier Code of Conduct can be found on the website www.lerg.pl/PressRoom

17. Final provisions

In the case of any disputes arising from or in connection with the Order or these General Conditions of Purchase, the Customer and the Supplier shall make any reasonable effort to resolve the dispute amicably by mutual agreement. In the case that the Parties cannot reach an amicable resolution of the dispute, the dispute shall be finally settled by common court having local jurisdiction over the registered office of the Customer.

To matters on which these General Conditions of Purchase remain silent relevant provisions of the Polish law shall apply.

The Customer reserves the right to modify these General Conditions of Purchase. Modified General Conditions of Purchase shall be valid and binding upon the Supplier from the date of notification of the introduced changes.

These General Conditions of Purchase shall be valid and effective from November 2008.