

1. Scope of application

- 1.1 These General Terms and Conditions of Sale constitute an integral part of every agreement (the Agreement) for sale of goods concluded within the framework of business activity carried out by KGL S.A. Corporation (KGL) and purchasers of goods (the Customer) who are not consumers within the meaning of the Civil Code. Both KGL and the Customer shall be referred to hereinafter jointly as Parties and each individually as the Party.
- 1.2 No other internal arrangements (general terms and conditions, purchase conditions, etc.) valid in the Customer's organization are recognized, unless they have been explicitly approved in writing by KGL. No other internal arrangement valid in the Customer's organization are recognized also in case when KGL, being aware of their existence, performed the delivery of goods unconditionally without explicit exclusion of application of the Customer's purchase conditions.
- 1.3 These General Terms and Conditions of Sale are provided to the Customer in the form of a PDF file as an attachment to order confirmation or quotation made by KGL. In situation when KGL remains in permanent commercial relationship with the Customer, the delivery of these General Terms and Conditions of Sale for the first time release KGL from the obligation to provide the General Terms and Conditions of Sale with every subsequent order, unless these General Terms and Conditions of Sale are changed in relation to those provided earlier. The General Terms and Conditions of Sale are also effective as of the moment when the Customer is giving a chance to familiarize themselves with their content at the address: http://www.kgl.pl/wp-content/uploads/2016/07/GTCS_KGL.pdf.
- 1.4 In order to conclude the Agreement, the Customer places a goods purchase order in verbal or written form, by fax or by e-mail. Unless it has been decided otherwise, placement of an order does not result in conclusion of a binding Agreement until KGL confirms such order in writing, by fax or by e-mail.
- 1.5 Any arrangements, assurances, guarantees and changes to the Agreement made verbally by employees or authorized representatives of KGL require confirmation in writing, by fax or by e-mail by the manager of the KGL's commercial department in order to be legally binding.

2. Price and payment conditions

- 2.1 The prices specified do not include the VAT tax. The VAT tax shall be charged according to the effective provisions of the law.
- 2.2 The prices includes costs of purchase, distribution, transport and insurance and costs related to presumptive change in tax or customs duty rates.
- 2.3 The Customer is obligated to pay for the goods within seven (7) days from the invoice issue date, unless the Customer has established with KGL a different payment term on conditions described in item 1.5. The payments should be made directly to KGL without any offset.
- 2.4 In case when the Customer is in delay with payment, KGL is entitled to charge interest in the amount of statutory interest for delay in payment.
- 2.5 In case of delay in any payment longer than 30 calendar days, any amounts due, including deferred amounts due, become due and payable with immediate effect after prior call for payment.
- 2.6 The right of the Customer to perform set-off or retention until receiving legally binding adjudication settling a dispute between KGL and the Customer is excluded. The right to set off or retention is also excluded with regard to claims other than those resulting from the Agreement.
- 2.7 If during the period of validity of the Agreement the financial situation of the Customer deteriorates or becomes unsatisfactory for KGL or the entity insuring the transactions between KGL and the Customer, in particular when the Customer is in arrears with payments for deliveries already made, KGL may, without prejudice to its other entitlements, cancel at its discretion any previously established payment conditions and demand prepayment or security.

3. Delivery

- 3.1 To all matters not settled in these General Terms and Conditions of Sale and in the Agreement the INCOTERMS conditions valid as of the moment of conclusion of the Agreement shall apply.
- 3.2 Except for cases where the Agreement stipulates otherwise, any dates of dispatch and delivery are approximate and depend on correct and timely delivery of goods to the warehouses of KGL. KGL shall strive to keep the delivery dates established to the best of its ability. However, it shall not be liable for any case of delivery dates not being met or any case of delay in performance of the Agreement if such situations are caused by reasons beyond control of KGL. The Customer shall be informed immediately about unavailability of goods ordered or delays in delivery.
- 3.3 In case of delays caused by Force Majeure (also those announced officially by suppliers of KGL) KGL shall be released from performance of obligations resulting from these General Terms and Conditions of Sale and the Agreement.
- 3.4 KGL undertakes to inform the Customer immediately in writing on occurrence of such an event and, at the same time, KGL undertakes to inform the Customer on estimated duration of such situation. If a given situation persists for over three months, KGL shall be entitled to terminate the Agreement without being obligated to compensate damage. Any presumptive payments shall be returned immediately.
- 3.5 In case of delivery of materials produced on the basis of specific requirement of customers (e.g. compounded materials, blends, etc.), KGL reserves the right to execute deliveries with $\pm 10\%$ tolerance.

4. Termination of the agreement

- 4.1 Each Party is entitled to terminate the Agreement by means of written notice with immediate effect, without impact on any rights acquired, in case of a gross breach of any provision of the Agreement by the other Party. In case when such breach can be repaired and the violating Party does not repair it within fourteen (14) business days from receiving a written notification specifying the detail of breach and ordering for it to be repaired, the Party that is not violating the Agreement is entitled to terminate the Agreement with immediate effect by means of a notice in writing. For the purposes of this item 4.1, non-performance of payment in contractually established date or date established by KGL shall constitute gross breach of Agreement provisions.
- 4.2 KGL is entitled, by way of notice in writing, to terminate the Agreement with immediate effect, without impact on any rights acquired, if the Customer is unable to settle its payables, if composition or bankruptcy proceedings have been initiated with regard to the Customer, if the Customer has been put into liquidation or if the Customer ceases conducting its activity due to any other reason.

5. Liability for defects

- 5.1 The Customer shall inspect the goods immediately after they are delivered. In case of discovering any visible defects the Customer shall immediately notify the carrier and KGL in writing. The obligation to notify binds the Customer also with regard to deliveries where the amount delivered is higher or lower (except for goods subject to tolerance specified in item 3.4) and to deliveries of goods other than those specified in the Agreement. If the Customer does not perform such notification, it is deemed that the goods have been accepted and are in conformance with the Agreement.
- 5.2 The Customer may not submit claims by virtue of defect of goods delivered if in the Agreement there has been agreed upon the delivery of lower quality goods and the defects fall within the range agreed upon.
- 5.3 In case of receiving notification about occurrence of any quantitative and/or qualitative defect in a way stipulated in item 5.1 of these General Terms and Conditions of Sale, KGL is entitled to either replace immediately the defective item with a defect-free item or remove the defects without delay.
- 5.4 In case of replacement of defective goods with defect-free goods, KGL shall perform the replacement of goods at its own expense and shall cover the justified costs of replacement incurred by the Customer.
- 5.5 The Customer may demand for the price to be lowered due to the defect of the goods received. Such reduction in price should take place with application of a ratio equal to the ratio of the value of the defect-free item to the value of such item calculated with taking into account the defects existing.
- 5.6 In a situation where KGL provides a guarantee of quality of goods ordered, it shall be liable according to provisions of the Civil Code.

6. Limitation of liability

- 6.1 KGL's liability for the damage caused by non-performance of improper performance of the agreement with regard to given goods is limited at the total amount of price paid for such goods by the Customer.

7. Reservation of ownership right

- 7.1 KGL, operating under article 589 of the Civil Code, reserves that the right of ownership to the goods sold shall be transferred to the Customer only after it pays the whole price of such goods in aid of KGL.
- 7.2 The risk of loss or damage to goods is transferred from KGL to the Customer as of the moment when the goods are made available to the Customer in place and at time of delivery that have been coordinated in advance with the Customer.
- 7.3 The Customer is obligated to insure the goods provided to it against normal risk, with reservation of the right of ownership (e.g. consignment warehouse). At request of KGL the Customer has to present a signed insurance policy. The Customer transfers to KGL all the claims by virtue of insurance.

8. Final provisions

- 8.1 The Agreement and these General Terms and Conditions of Sale shall be subject to Polish law. Any disputes that may arise in relation to the Agreement and these General Terms and Conditions of Sale shall be subjected by the Parties to the exclusive jurisdiction of Polish courts and the competent court shall be the court having jurisdiction over the seat of KGL.
- 8.2 The application of provisions of the Vienna Convention on International Sale of Goods of 1980 is excluded.
- 8.3 In case when the individual provisions of these General Terms and Conditions of Sale turn out to be contradictory to valid law or are deemed invalid or void under decision of the competent court, this shall not have impact on validity and effectiveness of the remaining provisions. In such case the Parties undertake to replace the invalid provision with a similar valid one, the economic purpose and meaning of which are as close as possible to those of the invaliding provision.
- 8.4 Any additional arrangements required that are not encompassed by these General Terms and Conditions of Sale can be coordinated with the Customer in writing by means of a separate annex.