DFME "DAMEL" S.A.

DETAILED TERMS AND CONDITIONS OF PURCHASE ORDERS

1. General Provisions

1. These Detailed Terms and Conditions of Purchase Orders form an integral part of the Purchase Order. If the Supplier does not confirm our Purchase Order in writing, by telephone, by fax or by email within seven days of its receipt, the Supplier shall be deemed to have accepted the Detailed Terms and Conditions of Purchase Orders set out below.

2. If any provision of these Detailed Terms and Conditions of Purchase Orders is invalid, including as a result of the introduction of different statutory provisions, the remaining provisions shall remain in force.

3. Any deviation from these Detailed Terms and Conditions of Purchase Orders must be made in writing, failing which it shall be null and void.

4. No property rights directly or indirectly related to this Purchase Order, including any claims held by the Supplier arising from this Purchase Order and any ancillary amounts associated with such claims (including interest), may be assigned or otherwise transferred to any third party without the prior written consent of DFME "DAMEL" S.A., failing which such assignment or transfer shall be null and void. The same requirement applies to any other legal or factual act whose direct or indirect effect would be to replace the Supplier with another entity as the creditor.

Furthermore, for the purpose of pursuing any rights arising under the Agreement, the Supplier may not authorise another company, including by granting a collection authorisation, to pursue such rights on its behalf. This prohibition also applies to companies providing other financial services not classified elsewhere, as well as other business and management consultancy services within the meaning of, inter alia, the Regulation of the Council of Ministers of 24 December 2007 on the Polish Classification of Activities, i.e. debt collection companies.

2. Payments

5. Payment for the performance of the Purchase Order shall be made against a properly issued invoice that complies with applicable law and accurately reflects the transaction, within the payment period specified therein. If the payment due date stated on the invoice falls on a Saturday or another day off work under applicable legislation or DFME "DAMEL" internal regulations, payment shall be made on the next business day. In such circumstances, the payment deadline shall be deemed to have been met. The payment date shall be the date on which the Purchaser's bank account is debited.

6. In the event of late payment, any matters relating to the payment of interest shall be subject to separate negotiations.

7. If the Supplier fails to perform the Purchase Order by the agreed deadline, DFME "DAMEL" shall be entitled to charge a contractual penalty of 0.1% of the total value of the subject matter of the Purchase Order for each day of delay. This shall not exclude the possibility of claiming supplementary damages in accordance with the general rules of law. The contractual penalty shall be payable within seven days of the Supplier receiving a demand for payment.

3. Conditions for Order Performance

8. Certificates, declarations of conformity and other documents confirming the quality of the goods ordered shall be attached by the Supplier to the goods issue document accompanying the delivery.

9. Any designs, sketches, drawings, images, models and other documents made available to the Supplier shall remain the property of DFME "DAMEL" S.A. They may not be copied, disclosed to third parties, used for any other purpose, distributed or reproduced in any way without the express written consent of DFME "DAMEL" S.A. The Supplier may use such materials solely for the purpose of fulfilling the Purchase Order.

The Supplier shall return the above materials at the first request of DFME "DAMEL" S.A., within the period specified by DFME "DAMEL" S.A., which shall not exceed seven days from receipt of the request. In any event, unless the Purchaser has previously decided otherwise, the materials shall be returned promptly upon completion of the subject matter of the Purchase Order, without the need for a separate request, and no later than upon delivery of the goods.

10. DFME "DAMEL" reserves the right to inspect the proper performance of the Purchase Order by the Supplier and the goods supplied, including by conducting an audit at the Supplier's premises.

4. Rights of DFME "DAMEL" S.A. in the Event of Non-Conformity of Goods with the Purchase Order

11. If, during a quality inspection of a delivery, the goods are found not to conform to this Purchase Order, DFME "DAMEL" S.A. shall permit the defect to be remedied in one of the following ways, at the Supplier's discretion:

- the Supplier remedies the defect at its own expense and by its own means;
- DFME "DAMEL" S.A. remedies the defect at the Supplier's expense and risk.

12. DFME "DAMEL" S.A. shall notify the Supplier of any defect in the goods without undue delay after its discovery, by email, fax or telephone. The notification shall also indicate the possibility of the defect being remedied by DFME "DAMEL" S.A. and provide an estimate of the repair costs to be charged to the Supplier.

Within 24 hours of receiving the above notification, the Supplier shall decide how the defect is to be remedied and communicate its decision to DFME "DAMEL" S.A. by email to the address of the sales or technical contact who reported the non-conformity.

If the Supplier fails to provide the required information within the above period, the Supplier shall be deemed to have consented to DFME "DAMEL" S.A. remedying the defect.

The final repair costs shall be determined after the defect has been remedied. DFME "DAMEL" S.A. shall notify the Supplier of these costs by issuing an appropriate accounting document. The repair costs may be deducted from the remuneration payable to the Supplier for the delivery of the goods.

13. If the Supplier decides to repair the goods itself, the Supplier

shall collect the defective goods and transport them at its own expense, carry out the repair or replacement, and deliver the conforming goods back to the registered office of DFME "DAMEL" S.A. at its own expense. This shall be completed no later than five business days after DFME "DAMEL" S.A. provides the information referred to in point 11.

14. If the defective goods are necessary to maintain production continuity, DFME "DAMEL" S.A. reserves the right to shorten the repair period referred to in point 13 to 48 hours or to repair the goods itself without first obtaining the Supplier's consent. DFME "DAMEL" S.A. shall notify the Supplier of its decision to exercise the above rights by email or fax.

QUALITY REQUIREMENTS FOR SUPPLIERS

Edition 01 dated 4 January 2017

1. Introduction

This document is the property of DFME-DAMEL S.A. Its purpose is to maintain quality throughout project planning, execution and delivery. It applies to suppliers of basic materials and services used in the manufacture and repair of products.

The Supplier is required to comply with the provisions of agreements, purchase orders and contractual terms. These Quality Requirements for Suppliers have been developed on the basis of ISO 9001.

The Supplier is obliged to familiarise itself with these requirements and comply with them.

In the event of any conflict between the requirements specified in a purchase order, agreement or contract and the provisions of this document, the requirements set out in the purchase order, agreement or contract shall prevail.

2. Right of Access

The Supplier shall provide representatives of DFME-DAMEL S.A., its customers and supervisory authorities with access to all equipment and facilities associated with the performance of the Purchase Order, including those of the Supplier's own suppliers, as well as to all records and documentation relating to the performance of services and the Quality Management System.

3. Terminology and Definitions

The terms and definitions set out in ISO 9000 shall apply throughout this document.

4. General Requirements

The Supplier must have the technical capability to manufacture and deliver products or provide services that meet the requirements of DFME-DAMEL S.A.

Each Supplier shall be evaluated and approved before a Purchase Order is placed and shall also be subject to periodic evaluation. Unsatisfactory evaluation results shall require the Supplier to implement corrective and improvement actions. Such actions are a condition for the Supplier to remain on the DFME-DAMEL S.A. Register of Approved Suppliers.

It is desirable for suppliers of products and services to hold a valid ISO 9001 Quality Management System certificate. If the Supplier does not have a certified Quality Management System, it must declare its readiness to adapt its system to the quality requirements of DFME-DAMEL S.A.

A. Documented Information

DFME-DAMEL S.A. is responsible for providing the Supplier with its own documents or customer documents (drawings, standards and instructions) necessary for the proper performance of the Purchase Order.

The Supplier is responsible for obtaining publicly available standards, including Polish Standards (PN) and industry standards (BN).

The Supplier of products or services is responsible for preparing, safeguarding and archiving documents and records relating to manufacturing and inspection, including process specifications, instructions, routing cards, test reports and similar records.

All quality-related documents and drawings must be retained for ten calendar years.

5. Responsibility

The Supplier shall bear full responsibility for the quality of its own products and services and for ensuring that its suppliers meet the applicable quality requirements.

6. Competence and Awareness

The Supplier shall ensure that personnel performing activities affecting product or service quality are familiar with all quality requirements communicated by DFME-DAMEL S.A.

Persons who have access to documentation entrusted to them by DFME-DAMEL S.A. are required to maintain confidentiality.

7. Order Performance

A. Contract Review

The Supplier should review the agreement, Purchase Order or contract to determine whether it can be performed, taking into account the technical and quality requirements and the delivery deadline.

The Supplier should maintain the confidentiality of technical documentation provided by DFME-DAMEL S.A. for the manufacture of products or provision of services, as well as any other information belonging to the customer.

B. Communication

All correspondence relating to deliveries should be addressed to the person who issued the Purchase Order.

The Supplier should notify the Logistics Department of DFME-DAMEL S.A. of any non-conformities arising during the performance of the Purchase Order.

For technical matters relating to the manufacture of products or provision of services, the Supplier should contact the Development Department of DFME-DAMEL S.A.

C. Design and Development of Products and Services

The Supplier is required to plan and prepare the technical documentation necessary for the manufacture of the product or

provision of the service.

The technical documentation should ensure product identification and traceability and enable accurate information to be obtained after completion of the manufacturing process, for example through process indexing.

The technical documentation should be updated to reflect any changes communicated by the Purchaser.

D. Purchasing

Where the Supplier purchases products on behalf of the Purchaser, the relevant purchase order must require:

- compliance with these requirements;
- delivery of quality documentation.

Materials supplied for production should be accompanied by manufacturer's certificates containing the results of the tests performed.

E. Production and Service Provision

Production and service provision control

Processes carried out on products intended for DFME-DAMEL S.A. should be performed in accordance with the established technology and process specifications.

The Supplier of a product is required to notify DFME-DAMEL S.A., before implementation, of any change to a technological process agreed with DFME-DAMEL S.A. that may affect the product or its characteristics.

Where technological operations or tests are performed on products entrusted by DFME-DAMEL S.A., the Supplier may not subcontract the work to another supplier without the prior written consent of DFME-DAMEL S.A.

Each delivery of products must be accompanied by quality documentation, including a Quality Certificate specifying the required parameters and characteristics, together with reports of the tests performed. The quality documentation must contain information enabling the products to be unambiguously identified.

Validation of production and service provision processes

Technological processes must be carried out using serviceable technical equipment and by appropriately qualified personnel. Process parameters must be continuously monitored.

Identification and traceability

Materials and products must be identified at every stage of production and delivery by batch or heat number, serial number or other identification marks.

Customer property

Materials and products supplied by DFME-DAMEL S.A., or otherwise owned by DFME-DAMEL S.A., must be controlled and clearly marked. They may be used only in accordance with the Purchase Order.

Product preservation

The Supplier is required to protect products against damage and substitution during manufacturing and transportation.

F. Control of Monitoring and Measuring Equipment

The inspection and measuring equipment used must be identified and periodically subjected to metrological verification. The results of such verification must be documented.

8. Measurement, Analysis and Improvement

A. General Provisions

The Supplier should strive to achieve the following objectives:

- zero non-conformities in product deliveries;
- deliveries in accordance with the deadlines agreed in the Purchase Order or delivery schedules.

B. Inspection

The Supplier is required to inspect incoming materials and carry out documented inspections of the production process to ensure that the product meets the requirements of the applicable standards, drawings and technical specifications.

Suppliers providing machining services or special processes are required to inspect product dimensions using controlled measuring instruments and gauges, and to verify the technological parameters of special processes.

An inspection and measurement report must be prepared for each product delivery.

C. Non-Conforming Product

DFME-DAMEL S.A. must be informed immediately if any non-conformity relating to delivered products is suspected or identified.

If DFME-DAMEL S.A. submits a product complaint, the Supplier is required to investigate it within five days, unless otherwise agreed.

The non-conforming product shall be assessed by the customer and the Supplier to determine its disposition, such as repair, reclassification or scrapping.

If the agreed actions are not completed within the specified period, or fail to achieve the agreed result, DFME-DAMEL S.A. reserves the right to terminate the agreement with immediate effect and seek compensation for any failure to meet deadlines owed to its customers.

Products classified as non-conforming or accepted under a deviation must be segregated from conforming products and clearly identified. Any approvals or deviations granted must be referenced in the quality documentation.

D. Improvement

DFME-DAMEL S.A. evaluates suppliers on the basis of the following criteria:

- quality of supplied products;
- price and scope for negotiation, as well as payment method and payment terms;
- on-time delivery performance;
- number of delivery non-conformity reports;
- responsiveness to delivery-related complaints.

If the evaluation results are unsatisfactory, the Supplier is required to develop and implement improvement actions.

E. Non-Conformities and Corrective Actions

Any non-conformity identified by DFME-DAMEL S.A. in products or in the Supplier's documentation must be analysed by the Supplier. The results of the analysis must be submitted to DFME-DAMEL S.A. in a report containing:

- the cause of the non-conformity;
- correction or containment measures, including rectification of the product;
- corrective actions intended to prevent recurrence of the non-conformity.