1. GENERAL PROVISIONS

1.1. These General Terms and Conditions of Sales, Delivery and Payment (hereinafter referred to as "GTC") apply to contracts of sale, supply, and respectively to contracts for the provision of services, whose objects are the goods and services covered by business activity of SMA MAGNETICS (hereinafter referred to as "the Goods"), entered into by the Company named SMA MAGNETICS Spółka z ograniczoną odpowiedzialnością (a limited liability company) based in Zabierzów, ul. Krakowska 390, 32-080 Zabierzów, Poland, registered with the Register of Entrepreneurs of the National Court Register kept by the District Court for Kraków-Śródmieście in Cracow, the XII Commercial Division of the National Court Register (KRS) under the number: 0000281892 (hereinafter referred to as "SMA") without any territorial limitation with counterparties (hereinafter referred to as the "Buyer" or "Buyers"), which are Polish or foreign entities, with the exception of contracts concluded with consumers.

1.2. The GTC are an integral part of every commercial order and every contract, and are binding both for SMA and the Buyer from the moment they are served in writing or made available in electronic form and pursuant to Article 384 of the Polish Civil Code. The provisions of the general conditions of the Buyer, inconsistent with the provisions of these GTC, do not apply to contracts concluded with SMA, even if SMA does not file a clear objection in this regard. Terms and conditions applied by the Buyer shall apply in their relations with SMA only if SMA agrees in writing, under the pain of nullity.

1.3. In case of discrepancies between the provisions of GTC and the provisions set forth by the Parties in the form of a written agreement (contract), the provisions of the agreement (contract) shall prevail.

1.4. These GTC are widely available on the website http://www.sma-magnetics.com/, about which the Buyer is informed before the conclusion of the contract. The Buyer concluding a contract with SMA confirms that the GTC have been made available to it; it is familiar with their contents and agrees to their use as an integral part of every contract of sale, supply or provision of services.

1.5. If the Buyer concludes a second and following contract(s) with SMA, the service to the Buyer - in writing or in electronic form – of the GTC at the first order or contract shall be considered as their acceptance for all subsequent transactions. The provision of the previous period shall apply respectively to the clients of SMA which concluded contracts with SMA before entrance into force of the GTC, after the day on which they were informed about the content of the GTC.

1.6. Before the execution of the first transaction with SMA, the Buyer shall provide SMA with the valid documents regarding its company such as in particular the company's tax identification number, statistical identification number REGON, an excerpt from the National Court Register or alternatively an excerpt from the Central Registration and Information on Business [p.: CEIDC] and to update these documents in case of modifications. The obligation referred to hereinabove applies to the clients which concluded the first contract before entrance into force of the GTC, from the day on which they were informed about the content of the GTC.

2. CONCLUSION OF THE CONTRACT

2.1. The Buyer submits a written enquiry to SMA electronically via e-mail, by fax or registered mail (hereinafter the "Enquiry"). In the case of permanent cooperation with the Buyer, SMA may consent to a simplified procedure of ordering by telephone, without having to meet all the requirements specified in clause 2.3. In response to the Enquiry, SMA draws up a Preliminary Offer. The Preliminary Offer is not an offer within the meaning of Article 66 and the following of the Civil Code, unless otherwise specified in the content thereof. If specified that the Preliminary Offer is an offer within the meaning of Article 66 and the following of the Civil Code, the offer is binding for SMA for 30 days, unless otherwise specified in the
content thereof. In response to the Preliminary Offer the Buyer files with SMA an order - in writing or by
e-mail – for the supply of the Goods specified therein, hereinafter referred to as “the Order”.

2.2. Notices, advertisements, price lists and other commercial information of SMA, as well as any other SMA
statements made or issued before the Buyer files the Order and SMA confirms it, are for informational
purposes only.

2.3. The Enquiry and then the Order shall include at least the name, a detailed address, a phone number for
communications, an e-mail address and the data concerning the Buyer, quantity and specification of the
Goods ordered and the expected date, place and conditions of their delivery.

2.4. Entering into a contract is done upon receipt – in writing or by email - by the Buyer of a confirmation of
submitted Order (hereinafter referred to as “the Confirmation”), and if there is a requirement to pay an
advance payment by the Buyer or requirement to hedge the transaction - after the confirmation by SMA
of the receipt of the Order and after receipt of the advance payment made by the Buyer and after
establishing a collateral. Despite the lack of the Confirmation, the Order is, however, in each case
considered as received when SMA starts to proceed to execute this Order. Submission of the Order by the
Buyer does not bind SMA in the absence of the Confirmation and if SMA does not start to proceed to
execute thereof.

2.5. The SMA objections against the conditions of the submitted Order provided in the Confirmation shall be
binding for the Buyer, unless it provides - in writing or by e-mail - its comments within forty-eight (48)
hours. The comments, considerations and disclaimers of the Buyer shall be binding for SMA only if
confirmed by SMA in writing or by e-mail.

2.6. This above mentioned procedure to conclude agreements is applicable to amendments and modifications
to the agreement between the Parties.

2.7. In the case of the permanent collaboration between the Parties, it is acceptable to conclude contracts
without the necessity to file the Enquiry and the Preliminary Offer subject to all other requirements
regarding the Order and the Confirmation.

2.8. The information contained in catalogues, brochures, advertisements, illustrations and price lists do not
define the properties of the Goods, unless the data will be clearly reflected in their official specification.
Information on the properties, durability and other data concerning the Goods are the guarantee only if
agreed in writing and identified as "guarantee". The data relating to the Goods, their specifications,
installation, assembly and applications are based on the operation and experience of SMA and are
provided to the Buyer according to the best of its knowledge, subject to the right to further development
or modifications, but without the creation of any liability to the Buyer in this respect. Provision of such
information to the Buyer shall not discharge it from the obligation to check and verify the Goods for their
application for its own use or this does not result in SMA bearing the responsibility for the installation of
the Goods.

2.9. SMA reserves the right to make technical changes and modifications in the offered Goods, whenever such
changes do not affect the function and purpose of these Goods, they serve for technical progress or are
necessary due to other circumstances or they are beneficial to the Buyer.

3. PRICES

3.1. SMA prices are net prices to be increased by a tax on goods and services (VAT) or other taxes, fees and
public liabilities applicable under the laws, at the rate(s) or in the amount(s) applicable on the date of the
VAT invoice.

3.2. The final price of the Goods is determined by individual negotiation in the contract or in the
Confirmation of the Order.

3.3. The Goods prices include standard packaging. The delivery shall be made EXW Zabierzów (Incoterms
2010), unless otherwise specified in the content of the agreement between the Parties.

3.4. Any discounts granted by SMA require individual arrangements in writing or by e-mail.
3.5. Goods prices shown in foreign currencies can be converted into Polish zlotys (PLN) at the average exchange rate of foreign currency fixed by the National Bank of Poland (NBP) being in force on the day preceding the date of invoice.

3.6. SMA may oblige the Buyer to pay an advance payment or to establish security (collateral) in the form approved by SMA, which, subject to clause 2.4. second sentence, will be a condition of acceptance of the given Order. If the Buyer fails - within the time limit - to pay the required advance payment or it fails to establish a security (collateral), it does not create any obligation for SMA. However, SMA will maintain a right to claim for damages, including compensation for any costs incurred to date.

4. PAYMENT

4.1. Payment for the Goods shall take place within the time limit and under the conditions specified in the contract, and in the absence of contractual arrangements - on a VAT invoice. If the Parties have not agreed otherwise, the payment shall be executed by bank transfer within fourteen (14) days from the date of the VAT invoice.

4.2. The Buyer authorizes SMA to issue VAT invoices without its signature.

4.3. The payment date is considered the date of crediting the SMA bank account.

4.4. If the Buyer fails to pay within the time limit, SMA is authorized to charge interest for the delay in the payment at the statutory rate, and in addition, without a prior request for payment of arrears, SMA is authorized to:
   a) To withdraw (cancel) all sorts of privileges granted to the Buyer (discounts, deferred payment),
   b) To suspend the execution of the other confirmed Orders until the settlement of arrears in full is done - in such case the time limits for the execution of the Orders agreed previously shall be extended as appropriate,
   c) To request to establish a security (collateral) or prepay the full amount towards the price of the ordered Goods,
   d) In case the delay in payment exceeds sixty (60) days - to withdraw from the contract and to claim damages on general principles, and in the case of advance payment - also to withhold the advance payment.

4.5. If the Buyer remains with outstanding debts, any payment for the benefit of SMA will be credited toward the farthest payable debts, with the right to account this payment first for the costs of claiming the outstanding payment and interest on late payment, regardless of whether the Buyer has indicated which amount due it pays, also in the case when the costs, interest and other debts are due under more than one invoice.

4.6. If the Buyer is in delay with the settlement of a payment by sixty (60) days, all its other liabilities towards SMA resulting from agreements concluded between the parties, shall become immediately due and payable.

4.7. The Buyer is not entitled to the deduction of mutual claims against SMA, unless the claim is not disputed by SMA or has been confirmed by a final judgment of a court.

5. DELIVERY

5.1. The Goods shall be delivered in the SMA warehouse – Zabierzów.

5.2. The deadline of delivery shall be determined by SMA in the Confirmation of the Order. SMA shall not be liable for the delay in delivery, if the delay is caused by the circumstances beyond SMA control such as force majeure, the Buyer’s or a third party’s fault (for example, of SMA subcontractor), subject to the provisions of clause 5.5.

5.3. If the shipment of the Goods to the Buyer is agreed, the Goods shall be shipped at the risk and expense of the Buyer.

5.4. In the absence of instructions from the Buyer in the Order, SMA has the right to indicate the method and route of the shipment and the carrier at the risk and expense of the Buyer.

5.5. The delivery period begins to lapse no earlier than at the time of receipt by the Buyer of the Confirmation of the Order accepted by SMA, and if there is a requirement to pay an advance or requirement to establish
other security (collateral) - no earlier than after the payment of the agreed advance payment or after establishing the collateral. The time of delivery is binding only if all the details of the Order are agreed and all obligations of the Buyer are timely completed by the Buyer (including advance payment, the establishment of security/collateral, submission of documents, licenses or exemptions). The time limit shall be extended as appropriate by a period up to the execution by the Buyer of all its obligations.

5.6. The time limit of delivery shall be deemed met if the notification by SMA of readiness to deliver the Goods occurred at a fixed date and in the case of shipment of the Goods to the Buyer - if the Goods have been on this date handed to the first carrier.

5.7. SMA is entitled to carry out partial deliveries under the Order, and then to issue partial invoices on this basis. SMA is entitled to determine the amount, type and timing of partial deliveries.

5.8. The Buyer is obliged to reimburse any costs incurred by SMA due to not receiving the Goods on the agreed place and date by the Buyer. In particular, after fourteen (14) days from the agreed delivery date SMA has the right to place the Goods in the warehouse at the expense and risk of the Buyer and to request the Buyer to cover the transport and storage costs in the amount of one percent (1%) of the Goods value for each day of their storage.

5.9. If the delay in receiving the Goods exceeds sixty (60) days or if the Buyer expressly refuses to accept the Goods, SMA is entitled to withdraw from the contract and to withhold the advance payment and to claim damages on general principles or to issue a pro-forma invoice, based on which the Buyer is obliged to pay for the Goods not collected within the agreed time limit. The VAT invoice will be issued by SMA within seven (7) days from receipt of payment for the pro-forma invoice. The Goods will be handed over to the Buyer upon and against payment done in full amount.

5.10. In the case of delay in delivery SMA shall pay for the benefit of the Buyer a penalty in the amount of 0.02% of the net value of the Goods whose delivery is in delay – for each day of the delay, however no more than 10% of the net value of the Goods whose delivery is in delay.

6. TRANSFER OF RISK AND RESPONSIBILITY

6.1. Upon the delivery of the Goods, all benefits and burdens associated with them and the risk of accidental loss or damage are transferred to the Buyer. If the Goods are to be sent to the location specified by the Buyer, the delivery will be executed at the moment when, in order to deliver the Goods to their destination, SMA entrusts them to the first carrier, but no later than at the moment they leave the SMA plant or warehouse.

6.2. If the Goods are ready to be shipped or received, and the transportation or receipt of the Goods is delayed or impossible due to reasons for which SMA is not responsible, the benefits and burdens associated with the Goods and the risk of their accidental loss or damage are transferred to the Buyer on the date of notification to the Buyer of the Goods’ readiness for the receipt or shipment or at the date fixed by the Parties as the delivery date, whichever occurs first.

6.3. The Buyer is obliged to make a quantitative and qualitative acceptance and examination of the Goods upon their being loaded, but no later than within 7 days of delivery, and then immediately report to SMA possible defects and non-compliance.

6.4. Responsibility of SMA under contracts concluded with the Buyer covers only the direct damage caused by willful misconduct or gross negligence by SMA or authorized persons acting on behalf of SMA and is limited to the net value of the Goods ordered, with which a failure to perform or improper performance of the obligation is associated. SMA will not accept any liability for loss of profit or other indirect damages.

6.5. After the conclusion of the contract the Buyer has no right to withdraw from it except as provided in these GTC or by the applicable legal provisions.

6.6. In the case of unilateral termination of the contract or the failure to execute it or its improper execution by the Buyer, it will cover to SMA any resulting damage, without limitation, as well as to the amount.

6.7. If the Buyer provides specific equipment for production, tools, patterns, drawings or samples, or prescribes the use or production of such items by SMA, the Buyer is responsible for the accuracy of the
information provided and the usefulness of the tools provided, as well as for the lawfulness of the use of such information or tools. The tools manufactured or purchased by SMA and associated with the Order submitted by the Buyer will be owned by SMA, even if SMA transfers the cost of their manufacturing or purchase, in whole or in part to the Buyer, unless otherwise agreed by the parties.

6.8. For the purposes of the final consumer protection against hazards that may be caused by the Goods, the Buyer is obliged to monitor the Goods derived from SMA for evaluation of their safety and immediately inform SMA in writing of any hazards. The Buyer hereby represents that it will not use the Goods in a manner that will lead to the creation of a dangerous product. In the case of claims against SMA for damages caused by a dangerous product manufactured by the Buyer with the use of the Goods, the Buyer agrees to take over immediately all the duties, and also bear all costs related to such claims. The Buyer agrees, in particular, to appear – under the request of SMA or a competent authority - at any judicial or non-judicial proceedings with the participation of SMA, and concerning the damage caused by a dangerous product manufactured by the Buyer with the use of Goods. The Buyer is obliged to compensate to SMA for any suffered loss in the case of failure to perform these obligations.

6.9. The Buyer does not acquire any rights of industrial property or any copyright by and in connection with the acquisition or delivery of the Goods, including any rights to the works of copyright, industrial designs, trademarks, patents or know-how associated with the Goods.

6.10. The Buyer agrees to treat as trade secret and to keep the confidentiality with regard to all commercial and technical information concerning SMA obtained by the Buyer under the commercial co-operation, unless such information is or becomes public without the fault of the Buyer. In particular, the plans, drawings and technical documentation provided to the Buyer are the property of SMA and the Buyer is not entitled to its use, copying or duplication or dissemination.

6.11. For the applicability and the effects of the use of the Goods supplied by SMA in certain constructional solutions of the Buyer, the Buyer is exclusively responsible, even if SMA was involved as an advisor or consultant in the preparation of construction and final product of the Buyer.

6.12. The Buyer is not entitled to assign the rights under the agreement concluded with SMA to third parties without a prior written consent of SMA.

7. GUARANTEE

7.1. SMA grants guarantee for the purchased Goods in accordance with the Terms and Conditions of Guarantee, annexed to these GTC.

7.2. SMA excludes its liability under the statutory warranty for the Goods sold to the fullest extent permitted by the currently applicable provisions of the law and is bound only by the Terms and Conditions of Guarantee.

8. RETENTION OF OWNERSHIP

8.1. The Goods delivered shall remain the property of SMA until the Buyer satisfies all SMA claims arising from commercial cooperation. The Buyer is obliged to exercise due care of the Goods in its possession covered with the retention of ownership.

8.2. The retention of ownership also applies to the goods produced by processing, mixing or combining the Goods covered by the retention of ownership, also with other things. In this case SMA acquires free of charge the title of co-ownership of a new product in the fractional part, which corresponds to the ratio of the value of the Goods to the values used in the processing, combining or mixing of other things at the time of their processing, combining or mixing.

8.3. Under ordinary commercial operations the Buyer is entitled to sell the Goods covered by the retention of ownership or the newly manufactured goods, however, it is not entitled to pledge them or to subject them to the fiduciary transfer of property as a claim security. If the Buyer sells the Goods or the goods resulting from the use of the Goods in any form, the Buyer transfers to SMA - in whole or in accordance with the share in the ownership of SMA (point 8.2.) - the receivables due to it towards the buyer, and SMA accepts such transfer.
8.4. The Buyer is obliged to disclose to SMA the surname/business name and address of the purchaser of the Goods or the goods resulting from the use of the Goods, as well as to disclose the amount and due date of the transferred receivables. The Buyer is also obliged to provide to SMA, to the best of its ability, the assistance to enforce the receivables, in particular by providing the necessary information or documents.

8.5. The Buyer should immediately inform SMA about the seizure of the Goods or the goods resulting from the use of the Goods or any other breach of SMA rights by third parties, as well as about their loss or damage. In the case of risk, the Buyer shall take all necessary measures to protect the SMA rights, as well as cooperate with SMA to remove the risk.

8.6. If the Buyer’s behaviour is inconsistent with the provisions of the contract, especially when the Buyer is in delay with respect to the due payments or breaches the obligations arising out of this clause 8, SMA has the right to withdraw from the contract and / or claim the return of the Goods covered by the retention of ownership and, in the case of the resale – to assert claims assigned to SMA directly against the purchaser who purchased the Goods from the Buyer.

9. FORCE MAJEURE

9.1. The occurrence of force majeure, exceptional circumstances, on which the Parties do not have any influence, and which could not have been foreseen at the time of conclusion of the contract, and that seriously hinder the fulfilment of the obligations or cause their execution to result in gross loss, as well as the occurrences which seriously limit the production or make it impossible to meet the deadlines of the Order execution or cause logistical difficulties, in particular the occurrence of blocks, strikes, labour disputes, fire, riots, acts of terrorism, armed conflict, a state of war, natural disasters, changes in law or issuance of the decision of government or local authorities restricting or excluding the possibility of production by SMA, delays in delivery of essential resources or semi-finished goods from (sub)suppliers selected with due diligence, as well as failures, problems with the supply of electricity, discharges SMA from liability for non-performance or improper performance of obligations under the agreement, GTC and obligations under the guarantee.

9.2. The occurrence of the above-mentioned circumstances is the basis for the extension of the time limits connected with the performance of SMA obligations, in particular with the execution of deliveries and the rights and obligations under the guarantee, at least by the duration of the occurrence.

9.3. The parties are obliged to inform each other - in writing or by e-mail - about the occurrence of the event causing the change in time limits for contractual obligations within seven (7) days from the occurrence of the circumstances described in this section. Information in this regard will include: type of event, the circumstances of its occurrence, the expected duration and the changed time limit for the performance of the obligation. The failure to perform this obligation will result in the inability to be discharged from the liability referred to in section 9.1.

9.4. If the circumstances specified in section 9.1. make the performance of contractual obligations impossible, or if these circumstances are present for a period longer than sixty (60) days, each Party is entitled to withdraw from the given delivery or from the contract with respect to the part relating to the outstanding deliveries. In the case referred to hereinabove, SMA shall not be deemed to have failed to perform or to have improperly performed contractual obligations and therefore the Buyer is not entitled to claim damages or contractual penalties.

10. FINAL PROVISIONS

10.1. The place of performance of the obligation in respect of payments is Zabierzów and in respect of the delivery – the SMA Zabierzów plant or warehouse.

10.2. Unless otherwise specified in the GTC, all notices and statements of the Parties arising out of or related to the execution of the contract shall be sent by registered mail or electronically. Notices and statements will be served by SMA respectively, to the mailing address or e-mail address provided by the Buyer in the Order. The Buyer is obliged to immediately notify SMA of the change in the details specified in the Order or notices and statements served to the last known mailing or e-mail address will be deemed duly served.
10.3. The invalidity or unenforceability of any provision of these GTC shall not affect the validity and enforceability of the remaining provisions and the validity of the GTC or contract concluded under these GTC. In the event of invalidity or unenforceability of any provision of these GTC, invalid provisions shall be interpreted or amended by the Parties in a manner that will best reflect their will and intentions at the time of conclusion of the contract and will allow lawful achievement of economic purpose of invalid provisions.

10.4. The law applicable to all contracts concluded by SMA shall be the Polish law. In particular, the application of the United Nations Convention on Contracts for the International Sale of Goods to the concluded contracts is excluded.

10.5. All matters not covered by these GTC shall be governed by the Civil Code and other applicable provisions of the law.

10.6. Any disputes that may arise in connection with the application of the GTC or contracts concluded under the GTC will be settled by a court of law locally competent for the SMA seat. SMA, however, has the right to bring a claim before a court competent for the seat of the Buyer.

10.7. When drafting contracts or the GTC in Polish and in a foreign language, the original language is the Polish language. In the case of discrepancies between the version drawn up in Polish and the version drawn up in a foreign language, the version in Polish shall prevail.

10.8. SMA reserves the right to make changes, modifications or amendments to these GTC. SMA each time will inform the Buyer about changes in the GTC, and the current version of the GTC will be published on the website: http://www.sma-magnetics.com/

10.9. These GTC are valid from 27.06.2017.