

effective from: 01/07/2018

## 1. Applicability

1. The following General Conditions of Purchase Orders (hereinafter referred to as GCPO) are applicable to Orders for purchase of goods from Suppliers made by LOTOS OIL sp. z o.o. with its seat in Gdansk (LO).

2. The GCPO shall apply to all Suppliers of goods, except for suppliers of raw materials, intermediate products and components to be processed during the production process. Conditions proposed by the Supplier which differ from the conditions referred to in the GCPO require a prior written consent of LO. Different conditions shall only apply to a specific Order and in no case shall be treated by the Supplier as applicable to further Orders made by LO. If the GCPO and different conditions are contradictory, different conditions shall prevail for the specific Order.

3. All agreements and documents related to the Order shall be null and void unless made in writing and unless they include a number assigned to them by LO. The Order Number must be quoted in particular in the delivery notice, the invoice, the goods dispatched notice and the acceptance protocol.

## 2. Subcontracting

1. If the Supplier intends to subcontract the entire Order or part of it to third parties, the Supplier must obtain a prior written consent of LO first. The same applies respectively to changes of subcontractors in the process of the Order execution and to further subcontracting.

2. The Supplier is responsible for all actions and omissions of entities with whom the Supplier fulfils its obligations or to whom the Supplier subcontracts fulfilment of its contract as for its own actions and omissions.

## 3. Delivery execution

1. Unless agreed otherwise by the Parties, the Order shall be executed in accordance with the DDP - LOTOS OIL sp. z o.o. (a specified storage, stacking yard or another place) terms according to INCOTERMS 2010. The Supplier is obliged to insure the goods against all transport risks at its own cost in compliance with the Institute Cargo Clauses A (ICC A 1/1/82). LO may demand from the Supplier a document confirming that the aforementioned insurance has been obtained, together with a document confirming assignment of rights for potential compensation or an insurance document where the beneficiary shall be LO.

2. The Supplier is obliged to advise a delivery no later than 2 days before the day of its performance. The Order should be executed entirely at once, unless otherwise agreed by the Parties. If the Parties allowed for execution of the Order in parts, the obligation to advise deliveries applies to all partial deliveries. The goods shall be collected on business days between 07:00 h and 14:00 h.

3. The Supplier is obliged to pack the goods in a way appropriate for the means of transport and loading/unloading devices used. The packaging should include a legible and permanent mark with the name and address of the Buyer and the Order number assigned to it by the Buyer as well as symbols indicating how to handle the package according to forwarding and transporting standards. Every element inside the package should be marked in a way allowing for its identification. If the goods are packed in more than one package, the Supplier is obliged to enclose a detailed specification to each package and attach a collective specification to transport documents.

**4.** The marking of electronic and electric equipment and, if justified by the size of functionality of the equipment, packaging of such equipment, shall be in compliance with regulations concerning waste electronic and electric equipment. In case of unusual, dangerous, non-standard etc. goods, the Parties shall establish specific terms concerning their packaging, marking, delivery advising and collection each time.

**5.** The delivery shall be deemed as completed at the moment of acceptance of the goods and documents referred to in the Order (e.g.: technical documentation, quality control certificates, material certificates, ex certificates etc.) without any reservations made by LO. Any deviations from the established terms as well as lack of applicable documents may constitute a basis for a refusal to accept the goods or for their return at the Supplier's costs in which case the delivery shall be deemed as non-performed.

**6.** The Supplier is responsible for damages resulting from every delay, loss and damage resulting from inappropriate marking, packaging or identification means. The Supplier declares that it is aware of its obligations resulting from the Act of the 9th of March 2016 on the system of monitoring road transportation of goods (Journal of Laws of 2017, item 708). In case of transportation of goods which are subject to the system of monitoring road transportation of goods according to the Act of the 9th of March 2017 on the system of monitoring road transportation of goods (Journal of Laws of 2017, item 708), the Supplier guarantees that it shall fulfil its obligations resulting from legal regulations and that those obligations shall be also fulfilled by its subcontractors.

The Supplier is obliged to send the reference number to LOTOS OIL at the following e-mail address: [Lotosoil.sent@lotosoil.pl](mailto:Lotosoil.sent@lotosoil.pl)

**7.** The Supplier is responsible for damages resulting from every delay, loss and damage resulting from inappropriate marking, packaging or identification means. The Supplier shall be also responsible for damages, in particular penalties and costs resulting from a non-performance or ill-performance of obligations referred to in legal regulations, especially those referred to in the Act of the 9th of March 2017 on the system of monitoring road transportation of goods (Journal of Laws of 2017, item 708). If any contractual provisions provide for limitation of the Supplier's liability, the limitation should not apply to damages resulting from a non-performance or ill-performance of obligations referred to in the Act of the 9th of March 2017 on the system of monitoring road transportation of goods (Journal of Laws of 2017, item 708).

**8.** LO shall have the right to return to the Supplier, at the Supplier's cost and risk, every supply delivered without prior notification as well as delivered before or after the date indicated in the delivery notification or to charge the Supplier with storing costs in such a case. The risk of goods damage or loss shall be incurred by the Supplier.

**9.** If the Order's scope is extended, the Supplier shall deliver additional or exchanged goods in accordance with terms applicable to the specific Order (unit prices, discounts).

**10.** The Supplier shall indemnify LO against any liability resulting from potential claims of third persons made due to an infringement of a patent, copyrights, licenses, trademarks, industrial or utility designs committed in relation with the goods delivered.

**11.** In case of intra-Community acquisitions or import of goods, the Supplier is obliged to immediately submit to LO the data of the carrier who will transport the goods within the territory of the Republic of Poland and the carrier's e-mail address to which the reference number of the register notification shall be sent no later than before the goods are loaded.

The Supplier is obliged to immediately send a confirmation that the carrier received the notification reference number to LO and to inform LO about fulfilment of obligations referred to in point 3.12. The Parties undertake to cooperate in order to perform the contract properly.

**12.** The Supplier guarantees that the carrier shall fulfil the obligations referred to in the Act of the 9th of March 2017 on the system of monitoring road transportation of goods (Journal of Laws of 2017, item 708), including in particular:

I. complete the declaration in the registry with the following data:

- 1) the carrier's data, including:
  - a) first and last name or name of the company,
  - B) address of residence or of the seat,
- 2) the carrier's tax identification number or other number which is used to identify the carrier for VAT or value-added tax purposes,
- 3) registration number of the mean of transport used,
- 4) place and date where and when the transportation on the territory of the Republic of Poland commences,
- 5) the planned date of finishing transportation of goods,
- 6) number of the permit, certificate or license within the meaning of provisions of the Act of the 6th of September 2001 on road transportation, if required.

II. immediately update the data indicated in point I.

III. If the register is not available, it shall send a document replacing the declaration's supplement or update, obtain confirmation of the document's receipt and sent it immediately to LO.

IV. If the good transportation does not start on the territory of the Republic of Poland, report the carrier's waiver from transportation.

#### **4. Delivery term**

1. The term of delivery indicated in the Order, and in case of partial deliveries - terms indicated in the deliveries schedule, are final and indicate the date on which the goods will be delivered to the specified location according to delivery conditions referred to in the Order.
2. The Supplier is obliged to immediately inform LO about occurrence or risk of occurrence of circumstances due to which the established term of the Order's execution may not be complied with, together with indication of the expected period of delay and its causes. If the data obtained states that it will be impossible to execute the delivery at the deadline established, LO may withdraw from the Order's execution with the consequences referred to in point 7 of the GCPO. LO is entitled to use the right to withdraw from the contract mentioned in the previous sentence within 30 days from obtaining information on premises for the withdrawal, however, no later than within 8 weeks from the established term of delivery.
3. LO has the right to charge the Supplier with a contractual penalty for a delay in the delivery in the amount of 0.2% of the Order's (or delivery) value for every started day of the delay. In case of a delay longer than 8 weeks, LO shall have the right to withdraw from execution of the Order due to reasons attributable to the Supplier and to seek compensation for actual losses and lost profits as well as seek reimbursement of costs incurred for substitutive execution of the Order.

#### **5. Prices and payment**

1. Prices indicated in the order are fixed net prices.
2. The remuneration shall be paid after LO receives correct and reliable invoices issued on time according to provision of the Act on VAT and implementing regulations, confirmed with copies held by the invoice issuer. All negative financial consequences, including those related to the Buyer's loss of the right to VAT deduction resulting from infringements of the aforementioned conditions or related to incorrect issuing of invoices (Art. 88, Section 3a of the Act of the 11th of March 2004 on VAT) shall be incurred by the Supplier.

3. The Supplier declares that it is a registered and active VAT payer and that it is not a small taxpayer using cash accounting within the meaning of the Act of the 11th of March 2004 on VAT. The Supplier undertakes to immediately inform LO of any of changes within this scope or otherwise it shall bear all negative financial consequences resulting from it.

4. Supplies covering electric or electronic equipment shall be accepted from a Supplier who placed them on the market in EEA countries under the condition that the registration number from the register of waste electrical and electronic equipment recovery operators and organisations assigned by the Chief Inspector of Environmental Protection is indicated in the invoice.

5. Unless agreed otherwise by the Parties, the Supplier's remuneration shall be payable to it by LO to the Supplier's bank account within 30 days from the date of the invoice delivery. Invoices without the Order Number shall be deemed as incorrect and shall not constitute a basis for payment.

## 6. Quality guarantee and liability

1. The Supplier is obliged to supply new and unused goods, which are free from physical and legal defects and which are compliant with technical requirements referred to in the Order. Unless otherwise agreed by the Parties, the Supplier is obliged, within the term of the guarantee or liability, to remove any defects immediately, but no later than within 14 days from the day the complaint is submitted. After the aforementioned term, the Buyer can make its own repairs at the Supplier's cost. LO reserves the right to immediately remove failures with the help of its own technical service at the Supplier's cost, without losing the warranty, in case of machines which are critically important for the activity carried out by LO.

2. The Supplier is obliged to replace a faulty product for a new one if the product breaks down for a second time or if the product's faults and defects make it impossible to bring the product into conformity with the quality requirements referred to in the Order based on the LO's technical evaluation.

3. LO can demand bank guarantees from the Supplier which shall secure duly removal of defects.

4. The remaining scope of liability of the Supplier resulting from its guarantees and liabilities is regulated by applicable legal regulations. The period of warranties provided by the Supplier is provided for in the Order or warranty documents.

5. In case of delays in removal of a defect found upon collection of the Order or during the warranty or liability for defects period, the Supplier shall pay LO a contractual penalty in the amount of 0.4 % of the Order's value for every day of delay, calculated from the end of the period given by LO for defect removal. If LO suffers from a damage of a higher value, it shall be entitled to seek supplementary compensation based on applicable law.

## 7. Withdrawal from the order's execution

1. LO can withdraw from the Order's execution immediately due to Supplier's fault in case of a gross infringement of the Order's terms or these GCPO by the Supplier, if the Supplier is under the threat of insolvency, if an application for compensation proceedings has been submitted against the Supplier or if the Supplier has been put into liquidation.

2. In case of intra-Community supply of electric and electronic equipment subject to Directive 2002/96/WE, LO can withdraw from execution of the Order immediately, if as a result of the inspection carried out on the basis of point 10 of the Order's terms or of actions of administrative authorities, it is found that the Supplier improperly carries out the obligations of an entity introducing on the market equipment referred to in the Act of the 11th of September 2015 on waste electric and electronic equipment (Journal of Laws, item 1688).

3. If LO withdraws from the Order's execution due to the Supplier's fault, LO shall have the right

to charge the Supplier with a contractual penalty of 20% of the net value of the Order (pro rata in relation to its uncompleted part). LO has the right to seek compensation exceeding the amount of the reserved contractual penalty based on applicable law. Withdrawal from execution of the Order based on the aforementioned provisions can be done within 30 days from the day LO acquires knowledge on circumstances justifying the withdrawal, however, no later than within 6 months from the established term of delivery.

## **8. Safety regulations**

If an action or negligence of the Supplier, its employees or persons performing work on behalf of the Supplier, regardless of the legal basis for their cooperation, in any way infringes the occupational health and safety regulations, including fire safety regulations or other regulations and requirements concerning safety applicable on the LO premises, LO shall be entitled to charge the Supplier with a contractual penalty of 1,000.00 PLN (in words: one thousand PLN) for every such action or negligence.

Persons authorised to carry out inspections regarding the aforementioned requirements are persons supervising works on behalf of LO, LO Health and Safety Service or employees of entities providing security services on the LO premises.

In every case it is found that the Supplier does not comply with occupational, fire or physical safety regulations applicable on the LO premises, the Health and Safety Service or an entity providing security services shall apply sanctions referred to in "Classification of violations of employees of external companies applicable on the premises of Grupa LOTOS S.A." available in the Grupa LOTOS' Requirements of Contractors website at: <https://kontrahenci.lotos.pl>.

The Supplier declares that it has familiarised itself with the Classification of violations and agrees for sanctions indicated in it. If the Supplier's employees or other persons cooperating with the Supplier, regardless of legal basis of the cooperation, lose their right to enter the LO premises, the Supplier shall bear all the consequences.

## **9. Confidentiality**

The Supplier undertakes to keep strictly confidential all terms of the Order as well as information mutually exchanged with LO or obtained in any other way in relation to the Order, in particular all organisational, commercial and technical data concerning LO which are not disclosed to the public and undertakes to use them only to execute the Order. In particular, the Supplier undertakes to treat all information concerning the size of commercial exchange, prices and discounts applied, product specifications, agreements and technological data as confidential information.

## **10. Inspections of the Supplier's premises**

1. LO has the right to carry out on the Supplier's premises inspections, tests and examinations of materials used for execution of the Order at every stage of the process. The Supplier is obliged to consider all remarks or reservations made by LO as a result of the inspection as long as they do not lead to a substantial change of the object of the Order.
2. LO holds an Integrated Management System certificate which covers requirements of ISO 9001, AQAP 2110 standards. Therefore, it reserves the right to carry out audits on the Supplier's premises concerning the Supplier's compliance with requirements of the aforementioned standards within the scope of the Order's execution.

## **11. Force majeure**

1. Force majeure means every unpredictable and exceptional situation or event beyond the parties' control, which makes it impossible for one of them to perform any of its contractual duties. In particular, it means such events as: acts of war, terrorist acts, common strikes, actions of national authorities and natural disasters.
2. If one of the parties deals with a force majeure event, it shall immediately inform the other, indicating its nature, expected time and consequences. None of the parties shall be deemed as a party infringing its contractual obligations if their fulfilment is impossible due to force majeure. If the Supplier is not able to meet its contractual obligations due to force majeure, it shall keep its right to receive remuneration only for actually performed deliveries.

## 12. References and advertising

The Supplier does not have the right to use materials and information concerning its cooperation with LO, in particular for reference or advertising purposes, without obtaining prior written consent of LO.

## 13. Ethical clause

LO carries out its activity with a sense of responsibility for consequences of its actions and applies uniform standards concerning ethical assessment of actions of its employees and third persons, respect for human rights, respect for employee rights and respect for natural environment.

LO cares about respect for human rights within the entire chain of values represented in the business activity it carries out. In a spirit of social responsibility for the entire collective life and care for common good, LO takes actions related to compliance with rights and laws in the activity conducted, including international rules taking into account the concept of Corporate Social Responsibility (CSR). The company takes actions related to shaping appropriate economic and social relations.

In its actions, LO aims at creating a working environment based on mutual respect and tolerance. The company ensures protection of personal data and discretion for all persons which decide to report a suspicion of an infringement of rules applicable in LO referred to in the "Ethical code of the LOTOS Capital Group" or other regulations related to the Corporate Social Responsibility concept implemented and applied by the Company.

The "Ethical code of the LOTOS Capital Group" can be read at [www.odpowiedzialny.lotos.pl](http://www.odpowiedzialny.lotos.pl)

## 14. No conflict of interest

1. The Supplier declares that according to its best knowledge, on the day of the Order execution, there is no conflict of interest which could pose an obstacle for a duly implementation of the Order by the Supplier, influence its impartiality, quality of works performed by it or of services rendered by it, its independence or reliability.

2. The Supplier declares that it undertakes to maintain due diligence within the scope required from the business activity conducted by it and to take actions aiming at avoiding conflicts of interests.

3. The Supplier declares that if there is a suspicion of the risk of conflict of interests which may affect the aforementioned declaration during the period of the Order's execution, it shall immediately inform LO in writing of such a suspicion with a justification and shall propose any required actions to be taken in order to avoid the conflict, taking the account the widely-understood interest of LO and business ethics it applies.

## 15. Anti-kickback clause

The Supplier declares that it did not offer nor provide any financial benefits in order to influence the LO decision on the choice of its tender. It did not influence the LO choice in any way which would be contradictory to the law or good manners and did not take part in any agreements or arrangement with third persons which would be aimed at influencing the LO's choice of tender.

## **16. Environmental protection**

The Supplier declares that it complies with applicable legal regulations concerning widely understood environmental protection, especially within the scope of obtaining required permits, providing notifications and submitting information as well as respecting limitations of use of the natural environment, including those resulting from an appropriate waste management. In addition, the Supplier declares that it carries out its activities in a sustainable way and takes actions limiting the negative influence of its activity on the natural environment.

## **17. Respect for human rights**

The Supplier declares it applies legal regulations within the scope of employment in its business activity, including and in particular the Labour Code and implementing acts issued on its basis.

## **18. Social impact – integrating activities**

The Suppliers declares that its takes social issues into consideration in its business activity and aims at maximisation of integration of social, environmental, ethical and human rights values with its own activity as well as the activity of other interested parties and the society as a whole.

## **19. Audit of the Supplier**

Taking into account the quality of the Order fulfilment, safety of work, environmental protection and corporate responsibility policies, LO reserves the right to carry out audits on the Supplier's premises within the scope constituting the Order's object. Such activities are aimed at assessing compliance with requirements referred to in contractual documents and other documents delivered to be applied, as well as appropriate legal regulations and standards applicable to the Order's execution.

## **20. AQAP clause in an international military order**

All requirements of these GCPO may be subject to Government Quality Assurance (GQA). The Supplier will be notified of any GQA activity to be performed.

## **21. Responsibilities resulting from the REACH Regulation (if applicable)**

1. The Supplier declares that the substance/mixture components were registered according to the REACH Regulation – if registration was required for them.
2. The supplier declares that the substance/mixture components are not subject to the procedure for authorisation nor limitations in use.
3. The supplier is obliged to provide LO with a valid material safety data sheet at latest on the date of the first delivery and within the period of the twelve months from the date of the last delivery of the product, if the safety data sheet is updated within such period.
4. If according to Art. 31 of the REACH Regulation, the material safety data sheet is not required, the supplier shall be obliged to provide LO with information developed according to Art. 32 of the aforementioned regulation.

## **22. Requirements concerning packaging:**

1. Entities putting products in packaging into circulation are obliged to limit the quantity and negative impact on the environment of substances used to produce packaging and of the manufactured waste packaging, in such a way that:
  - 1) The packaging does not contain harmful substances in quantities posing a risk for the product, environment or human health;
  - 2) The maximum amount of the content of lead, cadmium, mercury and hexavalent chromium per packaging does not exceed 100 mg/kg.
2. The entity putting packaging into circulation is also obliged to limit the quantity and negative effect on the environment of substances used to make the packaging and of the waste packaging in such a way that the volume and mass of the packaging is reduced to the necessary minimum required for it to serve the function of packaging and to ensure safety of the product, considering the user's expectations.
3. The adoption of the provisions in this section 23 by the Supplier is understood as an unambiguous confirmation of compliance with the requirements.

## **23. Final provisions**

1. Polish law shall apply to the Parties and all conflicts related to the Order shall be resolved by a court having jurisdiction over the LO seat.
  2. This document is an annex to the Order and constitutes its integral part. In case of any discrepancies or contradictions between the GCPO and the content of a specific Order, the content of the Order shall prevail.
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