

GENERAL TRADE TERMS

Wydawnictwo Muzyczne spółka z ograniczoną odpowiedzialnością Fono sp. k.

Applicable from 10 May 2019

1. INTRODUCTION

- 1.1. These General Trade Terms (hereinafter: **"GTT"**) shall be applied to all orders placed by Wydawnictwo Muzyczne spółka z ograniczoną odpowiedzialnością Fono spółka komandytowa based in Warsaw (hereinafter: **"WMF"**) as well as contracts involving WMF; they are an integral part of the agreement concluded between the Parties, have been made available to the Buyer before the conclusion of the agreement in such a way that the Buyer could read, store, and use them in the ordinary course of operations, and are binding on the Parties in accordance with art. 384 of the Civil Code.
- 1.2. In the event of a conflict between the provisions of GTT with the provisions of the agreement between WMF and the Buyer or draft agreements of the Buyer, the provisions of GTT shall apply, unless the Parties, in a written agreement, excluded the validity of certain provisions of GTT.
- 1.3. The Parties recognize all the provisions of GTT as valid and binding. Should any of the provisions of the Agreement be or become invalid/void or unenforceable, it shall not influence the validity or enforceability of the remaining provisions of GTT. In the event that any provision of GTT proves to be or becomes invalid or unenforceable, the Parties will be required to immediately amend or supplement GTT in the most accurate way possible with the intention of the Parties expressed in GTT, which was deemed to be invalid or unenforceable.
- 1.4. If there are multiple language versions of GTT, in case of any doubts or discrepancies the provisions of the Polish version shall apply.
- 1.5. Failure to exercise any right by WMF resulting from GTT, order, or contract of cooperation shall not be deemed waiver of any right or condition specified in GTT, order, or contract of cooperation.

2. ORDERS AND IMPLEMENTATION

- 2.1. A detailed description of the object of the order shall be made by the Buyer on the WMF form available at www.wmfono.com or provided to the Buyer otherwise.
- 2.2. WMF is obliged to perform the order at the time of conclusion of the agreement, and the contract of sale and delivery is concluded between WMF and the Buyer upon written (or by e-mail) confirmation of the Buyer's order by WMF. In the case of differences between the order placed by the Buyer and the order confirmation of WMF, the order confirmation by WMF is binding, unless the Buyer immediately (but not later than within 2 days of receipt of order confirmation) cancels the order. Order cancellation must be made in writing (it can be sent by fax or e-mail with an electronic signature).
- 2.3. WMF undertakes to manufacture objects specified in the order or contract (hereinafter: **"Products"**) I, and the Buyer undertakes to collect them on time and pay the agreed remuneration, subject to the provisions contained in section 2.4 below.
- 2.4. Due to the nature of the production process, the final Product amount can vary from the amount specified in the order. Shortage of up to: 3% of the number of Products covered by the order does not affect the correct performance of the order. In the case of a surplus of: 5% with the order for 1000 pieces or (ii) 2% of the number of Products covered by the order for 1000 to 10 000 pieces (iii) or 1% of the number of Products with the order for more than 10 000 pieces, the Buyer shall be charged with its cost and is obliged to accept it.
- 2.5. The Buyer undertakes to leave 10 copies of the Products for the exclusive use of WMF (excluding the right to sell).
- 2.6. The Buyer is obliged to read the contents of the document "Technical specification and recommendations for the preparation of materials for the production" (**"WMF Specification"**) annexed to GTT and being their integral part. The Buyer undertakes to prepare materials necessary to perform the order (hereinafter: **"Materials"**) according to the WMF specification and deliver them to the headquarters of WMF within the period specified in the order.
- 2.7. If the Buyer does not deliver complete Materials within the period specified in the order, WMF has the right to cancel the order or specify another period of order completion. In the case of order cancellation in accordance with the previous sentence, WMF has the right to charge the Buyer the costs of security and/or storage of the Materials.
- 2.8. If the Buyer delivers its own Materials, in particular, printing materials or packaging, the Buyer is required, due to the nature of the production process, to deliver them in the amount exceeding the order by 3%.
- 2.9. Materials supplied by the Buyer and not used in the production process will be destroyed after the order completion or after the end of contract of cooperation, unless the Buyer decides otherwise. Buyer's request should be submitted to WMF in writing, no later than the day of delivery.
- 2.10. The Buyer declares that:
 - 2.10.1. materials provided to WMF are not subject to any legal defects.
 - 2.10.2. it has all the rights necessary for the legitimate performance of the order or contract of cooperation, in particular, economic copyrights to record, reproduce, market, public sharing of: intangible goods (e.g. such as songs, performances, phonograms, software) contained in the Materials delivered to WMF based on the order or contract of cooperation.
 - 2.10.3. execution or completion of orders or contracts of cooperation by WMF does not infringe any third-party rights, in particular copyrights or related rights.
- 2.11. WMF is not obliged to pay any fees associated with the use of intellectual property rights to the Materials provided by the Buyer in order to execute the order or contract of cooperation.
- 2.12. WMF reserves the right to change the date of order completion if it is not able to complete it for reasons independent of WMF, in particular if the Buyer delivers improperly prepared Materials or is in delay with their delivery, in the case of the lack of timely acceptance by the Buyer of the materials delivered to the Buyer by WMF, delivery of additional Materials not included in the order that affect the scope of the WMF services, or the lack of supply of raw materials by a third party, as well as due to force majeure. In this case, WMF will determine the fastest possible completion date of the order taking into account its production and organizational capabilities.
- 2.13. The Buyer is obliged to accept the materials provided by WMF within 24 hours, in particular at the time of authoring. Reservations of the Buyer will be taken into account by WMF, if they are justified and will be supported by the agreement and the type of services provided. If the order cannot be carried out by WMF due to the lack of cooperation of the Buyer, in particular if the Buyer does not accept materials supplied by WMF for a period longer than 7 business days or without due justification does not accept the service provided by WMF, the latter has the right to withdraw from the order or contract and demand payment of the agreed remuneration.
- 2.14. If the Buyer delivers Materials that require changes, improvements, or adaptations in order to properly manufacture the Products, or if the activities

of the Buyer lead to the necessity of making changes to the Materials, the Buyer is charged with the costs of implementation.

2.15. If the Buyer withdraws from the order or contract of cooperation, WMF is entitled to receive the agreed remuneration from the Buyer. After production, the Buyer does not have the right to cancel the order in any form (in particular withdrawal, termination) or groundlessly refuse to accept the object of the order or contract of cooperation.

2.16. The Buyer is obliged to immediately inform WMF of any and all circumstances because of which the Buyer is not able to execute the order or contract of cooperation.

2.17. Notice on withdrawal of the contract or contract of cooperation can be made by WMF within 180 days from the date of the agreement, i.e. order confirmation made by the Buyer.

3. DELIVERIES

3.1. The Buyer undertakes to timely accept the Products, including partial deliveries. WMF is entitled to partial delivery of the Products within the period of the order unless the Parties agree otherwise.

3.2. All deliveries will be made by WMF at the expense of the Buyer, in standard packaging, taking into account the appropriate shipping method.

3.3. In case of delay in deliveries by WMF not exceeding 14 business days, the Buyer is not entitled to any compensation from WMF or to withdraw/terminate the agreement due to the fault and at the expense of WMF.

3.4. Delay in deliveries organized by WMF and exceeding 14 business days may give rise to a claim for damages or termination of the agreement at the expense of WMF only in the event of gross negligence by WMF or if due to delay the object of delivery is not useful for the execution of the aim of the contract, of which the Buyer shall inform WMF in writing at least 14 days before the delivery date.

3.5. The risk of loss or damage to the Products passes the Buyer when the Products are loaded for transport. The Buyer is obliged to insure the Products for transport unless the Parties have agreed otherwise.

3.6. The order or cooperation agreement are deemed to be executed by WMF, and the ownership of the Products passes to the Buyer at the moment of:

3.6.1. loading the Products of the Buyer on the means of transport – in the case of delivery by means of transport of WMF or by a carrier acting on behalf of WMF

3.6.2. informing (in writing or by e-mail) the Buyer that the Products are ready for collection – in case of personal acceptance by the Buyer or a carrier acting on behalf of the Buyer

3.7. Unfounded refusal to accept the Products or service is equivalent to correct transfer to the Buyer.

3.8. If the Products are not collected by the Buyer at the agreed time of delivery, WMF has the right to charge the Buyer with the costs of transport and storage in the amount of 80 PLN for each commenced week for each stored pallet, unless documented storage costs exceed this amount. The risk of accidental loss or damage to the Products burdens the Buyer. After 30 days from the agreed delivery date, WMF has the right to destroy the Products at the expense and risk of the Buyer, and the Buyer does not have the right to claims. Notwithstanding the foregoing, WMF retains the right to remuneration and fees for storage of the Products.

4. PRODUCTION MATERIALS

4.1. The Buyer is obliged to submit, on the form available at www.wmfono.com or provided otherwise, a written and valid confirmation of copyrights and/or related rights. Failure to provide such a statement to WMF within 3 business days from the date of order confirmation entitles WMF to cancel the order without prior notice.

4.2. If WMF suspects or discovers the existence of claims of third parties for the infringement of their rights, including intellectual property rights, in connection with the implementation of the order or contract of cooperation, the Buyer is obliged to immediately clarify the matter and redress the claim, as well as to cover all costs associated with the claim of the third party and cover the losses incurred by WMF. In case of any doubts, WMF is entitled to suspend the execution of order/contract until the issue of violation of rights is clarified. After being notified by WMF, the Buyer is obliged to immediately clarify the matter and act against such claims of third parties at its own expense and risk, get involved in the lawsuit on side of WMF or satisfy the claims, and if they are charged to WMF, the Buyer shall recourse claims in total, as well as any fees and expenses, including legal fees, and shall rectify any losses associated with the above-mentioned claims of third parties.

4.3. The Buyer is obliged to pay WMF a contractual penalty for submitting false statements or other violations of section 4 of GTT in the amount of the total gross remuneration for order or contract of cooperation. WMF is not entitled to claim compensation exceeding the amount of contractual penalty on general principles.

4.4. If, in connection with any Product, WMF is notified by a national or industry organization operation in the field of protection of intangible property that the Buyer violates the rights of third parties, WMF may suspend the production and delivery of the Products in question for the duration of investigation and is not responsible for such omissions or negligence.

4.5. The Buyer agrees to destroy, at its expense, the Products if WMF receives information from an organization operating in the field of intangible property protection that the Buyer does not have all or part of the rights to use intangible property rights in the scope enabling lawful execution of the order or contract of cooperation.

4.6. The Buyer agrees to make available information contained in the order or contract of cooperation to WMF or third parties if the obligation of disclosure is required by law or agreements concluded with an organization dealing with intangible property rights protection.

4.7. WMF reserves the right to reject the Buyer's Materials if, in the course of their inspection, it turns out they contain, among others, illegal pornography, racially offensive contents, fascist contents, incitement to crime, illegal copying codes, illegal product additions, illegal compilations; in such case, WMF reserves the right to disclose such contents at any time and without notice to the Buyer to the police or industry supervision authorities, as well as the alleged owners of intangible property rights. In each of these cases, the Buyer acknowledges that the obligation of confidentiality of the Materials provided is void, and WMF is not liable for the disclosure of such information or for any losses, damages, or costs that may be borne by the Buyer.

4.8. In cases referred to in points 4.2, 4.4, 4.5 and 4.7 of GTT, WMF is entitled to demand payment of the entire remuneration specified in the order or contract of cooperation regardless of any other remedies provided by law.

5. REMUNERATION AND PAYMENT

- 5.1. WMF remuneration may be increased after order acceptance or conclusion of the contract of cooperation in the case of an increase in public charges related to the execution of the order or currency rate of growth of at least 3%.
- 5.2. WMF remuneration does not include: (i) any customs duties or other charges imposed on the Products according to the law of the place of delivery or the seat of the Buyer, and (ii) VAT tax, which the Buyer is obliged to pay.
- 5.3. The Buyer entitles WMF to issue invoices without the signature of the person authorized by the Buyer to accept them. The Buyer agrees to issue and send invoices to WMF in electronic form.
- 5.4. The term of payment of WMF remuneration is counted from the date indicated in the VAT invoice issued by WMF, unless there are other payment dates indicated in the order or contract of cooperation.
- 5.5. Payment date shall be the date of crediting the bank account of WMF. If the Buyer does not pay WMF on the due date, the Buyer, without notification for payment, is obliged to pay maximum interest for late payment calculated from the date following the due date of payment.
- 5.6. Notwithstanding the foregoing, in the event of overdue Buyer's debt to WMF, the latter is entitled, in its sole discretion, to suspend the execution of selected order of the Buyer or to suspend the execution of the contract of cooperation, including withholding the Buyer's Products, until the Buyer settles the debt along with accrued interest for delay.
- 5.7. The Buyer cannot make the payment by submitting a statement of deduction of debts payable in relation to WMF. Without the written consent of WMF, the Buyer is not entitled to transfer the rights and obligations arising out of or related to the contract of cooperation or order to third parties.
- 5.8. When the Product was destroyed or damaged due to the production according to the Buyer's instructions, WMF may require the remuneration or its relevant part. The above does not preclude other claims of WMF set out by law.

6. COMPLAINTS

- 6.1. The Buyer is responsible for the inspection of Products in terms of quantity and quality.
- 6.2. The Buyer is obliged to inspect the Products in terms of quantity and, if necessary, damages at the acceptance while maintaining the following procedure:
 - 6.2.1. if the Products are delivered by WMF means of transport or a courier acting on behalf of WMF, the Buyer inspects the Products at unloading, in the presence of the courier's representative or WMF driver. In the case of objections to the quantity of the Products or damages to the Products, the Buyer is obliged to draw up and sign the "Protocol of discrepancies/damages" or describe its reservations in the bill of landing.
 - 6.2.2. if the Buyer collects the Product by its own means of transport, the inspection is carried out at the presence of the WMF representatives during loading. In case of reservations of the Buyer to the quantity of the Products or in case of damages to the Products, the Buyer is obliged to draw up and sign the "protocol of discrepancies" or describe its reservations in the bill of landing.
- 6.3. Complaints regarding apparent defects of the Products delivered to the Buyer must be made within 3 days of receipt of the Products. In case of failure to comply with the procedures described in sections 6.2.1 and 6.2.2, in particular, the lack of the "Protocol of discrepancies/damages" or appropriate description in the bill of landing, complaints in this respect will not be considered by WMF.
- 6.4. The Buyer is obliged to immediately inspect the Products in terms of quality, not later than within 7 days of receipt of the Products. In the absence of objections of the quality of the Products within this period, the Parties recognize that the Products are of good quality, and after this time the Buyer cannot effectively bring claims against WMF. After this period the Parties exclude the guarantee for defects.
- 6.5. Complaints must be made in writing (it can be sent by fax or e-mail with an electronic signature). At the request of WMF, the Buyer is obliged to deliver damaged Products to WMF at its own expense and risk.
- 6.6. Broken CDs or DVDs are considered to be defective: (i) without signs of mechanical damage (scratches and deformations) and (ii) operating incorrectly in three mass units of different types used to play CDs and DVDs, and (iii) whose parameters are incompatible with the Philips standard for CD and DVD Specifications for Read - Only Disc measured by the Quality Control Status devices for DaTARiUS (CS4 system) for DVDs and CDs. At the request of the Buyer, quality control of these media can be carried out with its participation at the headquarters of WMF.
- 6.7. WMF is not responsible for any consequences of improper transport (if made by or on behalf of the Buyer) and storage of the Products by the Buyer. In particular, this relates to thermal conditions in which vinyls are stored.
- 6.8. There are no grounds for complaints, if the number of damaged mediums does not exceed:
 - 6.8.1. for CDs or DVDs - (i) 0,5 % for orders to 10 000 pieces., (ii) 0,1 % for orders from 10 001 to 100 000 pieces, and (iii) 0,05 % for orders above 100 000 pieces;
 - 6.8.2. for vinyls - 2%.
- 6.9. The warranty obligation of WMF covers only the requirements and standards of quality of the Products agreed by the Parties or known to the Purchaser at the time of order confirmation by WMF. In particular, the Buyer bears full responsibility for the technical compatibility of audio material delivered with the medium.
- 6.10. "Test press" is the activity carried out by WMF in order to estimate sound, cuts, and arrangement of vinyls, and this process is not subject to claims.
- 6.11. If the complaint is accepted by WMF, the Buyer can require delivery of the Products free of defects, if they are relevant. Acceptance and complaints of Products delivered under the provisions of this paragraph are according to the rules set out in GTT. WMF may decide to execute the rights of the Buyer in a different way than described in this paragraph if it is not possible to deliver the Products without defects. In the case of insignificant defects, i.e. not affecting the quality of the Product, complaints will not be considered.
- 6.12. WMF determines the method of use of complained Products. The Buyer is obliged to deliver, at its own cost and risk, complained Products to the warehouse indicated by WMF, unless WMF releases the Buyer from this obligation. In this case, the Buyer undertakes to keep the Products ready for WMF disposal pending the outcome of the complaint. Transfer of the Products to third parties, their separation, or any changes deprive the Buyer of the possibility to assert any claims to these Products.
- 6.13. If the same defects to the Products are found also in the Materials delivered to WMF by the Buyer, or if the defects result from improper preparation of the Materials by the Buyer, in particular in a manner inconsistent with the relevant WMF specification, then the overall responsibility for these damages

shall be borne by the Buyer, who is obliged to pay compensation to WMF in full, and the Buyer cannot assert any claims against WMF.

6.14. Due to technological differences resulting from the way of displaying colours by most monitors, comparing the colours of the print with the colours presented on the screen is technically incorrect. The lack of colour matching between the print and the screen image is not a reason for complaint or any claims against WMF. The Buyer can order the "Proof" service, consisting of a test colour print.

6.15. By submitting a complaint, the Buyer is in no way exempt from the obligation to pay for the disputed Products.

7. CIVIL LIABILITY

7.1. WMF is exempted from the liability to the Buyer, among others, if the order or contract of cooperation has not been implemented, has been implemented in part or implemented with a delay due to force majeure or actions for which WMF is not responsible (in particular actions or omissions of the Buyer). Force majeure shall mean any external events of an extraordinary nature, not affected by WMF (strikes, street blockades, demonstrations, armed conflicts, accidents, natural disasters, decisions of state bodies etc.).

7.2. WMF is not responsible for lost profits or any other indirect damages of the Buyer, as well as for damages caused by the Products, on which the Buyer agrees.

7.3. WMF is not responsible for improper use of the Products by the Buyer or third parties.

7.4. WMF responsibility is limited to the actual property losses of the Buyer, provided that the total WMF liability towards the Buyer and associated with the order or contract of cooperation is limited to the amount of net remuneration for the Products or services in respect of which a claim arose.

7.5. WMF assumes no responsibility for any Materials provided by the Buyer. In particular, WMF is exempt from quality control of the Materials, and is not responsible for: (i) the condition of Materials as a result of the production process, (ii) damages caused by errors in delivered Materials (iii) defects to the Materials caused by normal use, (iv) quality defects to the Materials, (v) defects due to the lack of or errors to the information describing the Materials.

7.6. WMF assumes no responsibility for any defects, errors, inaccuracies if they result from the applications of the instructions of the Buyer. In any case of complying with the instructions of the Buyer by WMF, the latter has the right to receive full payment in accordance with the provisions of the order or contract of cooperation, unless the Products was defectively manufactured by WMF and have significant drawbacks.

8. NOTIFICATIONS

8.1. Any notices, demands, requests, and other correspondence in writing shall be deemed delivered to the Buyer (i) upon personal delivery or (ii) upon receipt by mail or courier to the address of the Buyer indicated in the order or contract of cooperation (or other address identified by the Buyer in the order), provided that the notice of change of address is deemed delivered upon its receipt by WMF in accordance with this paragraph. If any correspondence is sent by WMF to the Buyer's address indicated in the order or contract of cooperation (or notice of change of the Buyer's address), and the recipient of such correspondence does not accept it, then it is deemed to be delivered within 15 days of dispatch.

8.2. The provisions of point 8.1 above shall not apply to lawsuits, subpoenas, orders, judgments, and other documents relating to judicial proceedings, and in such case, the provisions set out by law shall apply.

9. FINAL PROVISIONS

9.1. Orders and the contract of cooperation between the Parties are WMF secret and their provisions cannot be disclosed by the Buyer, subject to the cases specified in GTT.

9.2. WMF is entitled to submit samples of the Products to potential customers other than the Buyer for promotional purposes. The above right is granted to the Products whose production has been completed and which have been distributed by the Buyer. Unless the Buyer states otherwise in the order, WMF reserves the right to use the image of the Products manufactures on the basis of the Buyer's order for its own promotional reasons, for which the Buyer agrees. WMF is entitled to inform the Buyer, among others, by e-mail, about the offer of services provided with, among others, promotional and informational materials, for which the Buyer agrees.

9.3. In cases not provided in these GTT, the provisions of the Civil Code apply.

9.4. The court competent for any disputes resulting from contracts in which the Buyer is not a consumer is a common court competent for the WMF headquarters in Warsaw.