

General Purchase Terms & Conditions of the company TOS KUŘIM-OS, a.s. version 1.3 valid from May 01, 2018 (hereinafter the “Purchase Conditions”)

1. Definitions

Unless otherwise specified, capitalized terms contained in these Purchase Conditions shall have the following meaning:

“**Contractor**” means a natural or legal person who supplies the Customer with Products under a Contract.

“**Delivery**” means delivery of Products in accordance with Clause 7.2 of these Purchase Conditions confirmed by the Customer’s signature on a certificate of delivery or another relevant document.

“**Invoice**” means a tax document issued by the Contractor to the Customer under the Contract and these Purchase Conditions. The Invoice shall contain all essentials under Section 435 of the Civil Code and the Czech Act on Value Added Tax. In the case of advance payment on the basis of advance payment invoices, the Invoice shall be subsequently issued according to relevant legal regulations.

“**Main Relation**” means a contractual relation between the Customer and his contractual customers, within which the Customer in the position of the contractor shall provide his customer with performance the part of which shall be the Products under the Contract.

“**INCOTERMS 2010**” mean a set of international rules for the interpretation of trade terms in international trade issued by the International Chamber of Commerce in Paris.

“**Purchase Conditions**” mean these general purchase terms & conditions for purchasing Products by the company TOS KUŘIM-OS, a.s. comprising in total 12 Clauses. The actual wording of the Purchase Conditions is available on the Customer’s Website.

“**Civil Code**” means Czech Act No. 89/2012 Coll., Civil Code, as amended.

“**Working Day**” means any day of the week from Monday to Friday, except for non-working days as per Act No. 245/2000 Coll., on public holidays, an important days and non-working days, as amended.

“**Products**” mean movables and their parts, specified individually or by their quantity, which the Contractor undertakes to supply the Customer with under the Contract. The Product shall include all things, rights and services related to Products delivery specified in the Contract, these Purchase Conditions or resulting from the Products nature. Products may be identified in the Contract as a product, subject of purchase, subject of delivery, work, spare part or otherwise.

“**Counterproposal**” means a counterproposal to conclusion of the Contract as per Clause 3.4 of these Purchase Conditions.

“**Takeover**” means taking over of the Products by the Customer as per Clause 7.4 of these Purchase Conditions. The Takeover shall be confirmed by the Customer’s signature on a protocol on receiving inspection.

“**Contract**” means a contract concluded between the Customer and the Contractor in accordance with Clause 3 of these Purchase Conditions, the subject of which shall be supply of Products by the Contractor to the Customer. The Contract may be, in particular, a purchase contract, framework purchase contract, contract for work or, as the case may be, a contract not specifically regulated under the Civil Code.

“**Contract Price**” means the agreed price the Customer undertakes to pay to the Contractor for a Product supply under the Contract in accordance with Clause 4 of these Purchase Conditions.

“**Party**” or “**Parties**” mean individually the Customer or Contractor, or jointly the Customer and the Contractor.

“**Subcontractor**” means a third person who supplies the Contractor with the Product or its part or who provides the Contractor with any things, services or rights forming a part of the Products under the Contract.

“**Technical and Quality Requirements on the Products**” mean technical and quality requirements on Products worked out by the Customer, which are further specified in Clause 12.7 of these Purchase Conditions and constituting an Annex to these Purchase Conditions.

“**Customer’s Website**” means the website of the Customer available at the web address www.tos-kurim.cz.

“**Customer**” means the company TOS KUŘIM-OS, a.s., with its registered seat at Kuřim, Blanenská 1321/47, Post Code 664 34, ID No. 262 31 522, VAT ID No. CZ 26231522, registered in the Commercial Register maintained by the Regional Court in Brno, Section B, Insert 3474.

“**Act on VAT**” means the Czech Act No. 235/2004 Coll., the Act on Value Added Tax, as amended.

2. Introductory Provisions

2.1 **Subject of the Purchase Conditions.** These Purchase Conditions are drawn up in accordance with Section 1751 and subsequently the Civil Code and stipulate basic terms and conditions governing any contractual relation at purchase and delivery of the Products to the Customer, unless otherwise expressly specified in the Contract concluded between the Parties.

2.2 **Part of the Contract.** These Purchase Conditions form an inseparable part of any Contract for supply of Products to the Customer which the Customer is a party to. The actual wording of the Purchase Conditions is available on the Customer’s Website. Together with the Contract these Purchase Conditions represent a complete agreement of the Parties in relation to the Product supply. The Contractor is obliged to acquaint himself duly with all provisions of these Purchase Conditions and with all their modifications, to accept them explicitly in the Contract and adhere to them.

2.3 **Prior stipulations.** Any oral or written representations, guarantees, negotiations, tenders, letters of intent and business practice not expressly mentioned in or by express reference not included in the Contract or these Purchase Conditions shall not be binding upon any of the Parties. Each of the Parties hereby represents that it does not rely on and has not been influenced by any representations of the other Party not included in the Contract or these Purchase Conditions. It is expressly held that the Contract together with the Purchase Conditions replace any and all prior written or oral agreements of any kind, obligations, plans, programs, tenders, letters of intent and any and all other documents relating to the Product supply between the Contractor and the Customer, which were the subject of considerations or negotiations of the Parties prior to conclusion of the respective Contract.

2.4 **Binding effect.** By conclusion of the Contract the Contractor obligatorily agrees with all rights and obligations included in these Purchase Conditions. The Contractor is obliged to adhere to these Purchase Conditions, including any and all their modifications and amendments.

2.5 **Contract priority.** In the event of discrepancies or discrepant provisions of the Contract and these Purchase Conditions, the provisions of the Contract shall prevail over the discrepant provisions of these Purchase Conditions.

2.6 **Commercial terms & conditions of the Contractor.** Commercial terms & conditions of the Contractor are ineffective and not applicable to contractual relations constituted by the Contract, with the exception of the cases when the Customer gives his prior express written approval with application of chosen specified provisions of the commercial terms & conditions of the Contractor.

2.7 **Interpretation of the Contract.** The Parties hereby declare that the Contract and these Purchase Conditions are the result of their mutual negotiations. Regarding this fact the Parties declare that with a view to the interpretation of the Contract and these Purchase Conditions none of the Parties shall be considered to be the author of the wording of the Contract or these Purchase Conditions, and therefore the terms allowing various interpretation shall not be interpreted to the detriment of any of the Parties. Depending on the given context herein, terms in singular shall also imply plural and vice versa.

2.8 **Relation to business customs.** In accordance with Section 558 (2) of the Civil Code the Parties hereby declare that in their legal relation they do not take into account business customs observed generally or in given sector and that business customs in their legal relation are not prior to the provisions of the Civil Code which are not of compulsory effect.

3. Contract

3.1 **Subject of the Contract.** By the Contract, the Contractor undertakes to deliver the Products to the Customer and transfer the proprietary right to such Products to the Customer and the Customer undertakes to take over the Products, accept them into his ownership and pay the Contractor the agreed Contract Price for the Products. By the Contract, the Contractor may also undertake not only to deliver the Products but also to manufacturing and subsequent delivery of the Products.

3.2 **Written form of the Contract.** The Contract may only be concluded and amended in a written form of amendment concluded by persons duly authorized to act on behalf of the Parties.

3.3 **Draft of the Contract and its acceptance.** One of the following documents, prepared by one Party and delivered to the other Party as first, shall be considered a draft of the Contract: (i) written order of the Products prepared by the Customer and delivered to the Contractor, (ii) offer of supply of the Products prepared by the Contractor and delivered to the Customer, or (iii) draft of the Contract prepared by the Customer and delivered to the Contractor (hereinafter the “**Draft of the Contract**”). A Counterproposal as per Clause 3.4 of these Purchase Conditions shall also be considered the Draft of the Contract. An offer of supply of the Product in the way of promotion, in a catalogue or via display of the Product shall not be considered the Draft of the Contract. The Draft of the Contract or, as the case may be, the Counterproposal shall be duly delivered by the submitting Party (hereinafter the “**proposer**” in this Clause 3) to the other Party (hereinafter the “**addressee**” in this Clause 3).

3.4 **Addressee’s reservations about the Draft of the Contract or Counterproposal.** Should the addressee’s confirmation of accepting the Draft of the Contract include reservations about the subject or conditions of the Draft of the Contract or any other modifications, including such reservations, amendments and discrepancies which shall not substantially modify the conditions of the Draft of the Contract or Counterproposal in accordance with Section 1740 (3) of the Civil Code, such confirmation shall be considered a refusal of the Draft of the Contract and at the same time a counterproposal (hereinafter the “**Counterproposal**”). In the case of further reservations or discrepancies included in the acceptance of the Counterproposal the procedure according to the first sentence of this Clause 3.4 shall apply analogically.

3.5 **The conclusion of the Contract.** The Contract shall be concluded as of the moment when the proposer receives the addressee’s written confirmation of (i) unconditional acceptance of the Draft of the Contract, or (ii) unconditional acceptance of the Counterproposal. For avoidance of any doubt it is held that the addressee is not entitled to accept the Draft of the Contract or the Counterproposal in the way of adherence to it, particularly if the addressee renders performance or accepts performance.

3.6 **Deadlines for the acceptance of the Draft of the Contract or Counterproposal.** The Contractor is obliged to confirm in writing the due delivery of the Draft of the Contract (or Counterproposal) or to express his reasonable reservations about the Draft of the Contract or Counterproposal within the period stated in the Draft of the Contract (or Counterproposal), or within the period of ten (10) calendar days from its delivery to the Contractor, depending on whichever period expires sooner. If the Contractor within the period stated in the preceding sentence does not accept the Draft of the Contract (or Counterproposal) in writing, the Draft of the Contract (or Counterproposal) shall be considered refused. The Customer is not obliged to react to the Contractor’s Draft of the Contract (or Counterproposal) in any way.

3.7 **Cancellation of the Draft of the Contract or Counterproposal.** The Contractor shall not be entitled to cancel his Draft of the Contract (or Counterproposal) within the period from its delivery to the Customer until the moment of expiration of the 10 day period from its delivery to the Customer. The Customer is entitled to cancel his Draft of the Contract (or Counterproposal) at any time before delivery of its acceptance by the Contractor to the Customer.

3.8 **Change of the Products at the Customer’s request.** Anytime before the Product Delivery by the Contractor, the Customer shall be entitled to request a change in the Product quantity or specification. The Contractor is obliged to comply with such request for change and to inform the Customer of the impact of such change on the terms of the Product Delivery within five (5) days from the delivery of the request for change. If the Contractor does not inform the Customer of the impact of the change within the five-day period, it is understood that the change shall have no impact on the terms and the Contractor shall deliver the changed Products in the terms agreed in the Contract.

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4. Contract Price

- 4.1 The amount of the Contract Price. The Customer shall pay to the Contractor the Contract Price for the Product delivery, amount of which is stipulated in the Contract. The Contract Price is agreed as a fixed price. In accordance with the provision of Section 1765 (2) and Section 2620 (2) of the Civil Code the Contractor undertakes the risk of change of circumstances.
- 4.2 The content of the Contract Price. Unless otherwise specified in the Contract, the Contract Price also includes, apart from the real value of the Products, any and all costs related to the Product delivery, including transport and packaging costs as per Clause 6.5 below. Unless the Contract stipulates otherwise, the Product shall be delivered by the Contractor in DAP delivery parity Blanenská 1321/47, Kuřim, Czech Republic, according to INCOTERMS 2010. The Contract Price includes, in particular, transport insurance, payments of any and all taxes, import licences or other fees required or related to import of the Product to the state where the Product delivery is supposed to take place by the Contractor, with the exception of the payments of duty. No additional fees, costs or expenses of any kind, unless expressly stated in the Contract in addition to the Contract Price, shall be accepted and paid by the Customer.
- 4.3 Other arrangements concerning the Contract Price. The Contract Price may solely be changed in accordance with Clause 3.2 of these Purchase Conditions. The Contractor declares that the Contract Price for the Products provided to the Customer under the Contract is not less favorable than the price of the same or similar products offered by the Contractor to his other customers.

5. Payment Conditions

- 5.1 Contractor's right to invoice the Contract Price. Unless the Contract stipulates otherwise, the Contractor shall be entitled to issue the Invoice for the total Contract Price not earlier than as of the moment of fulfillment of the following conditions:
- (i) any and all Products have been taken over by the Customer, and at the same time
 - (ii) the Customer has issued the protocol on receiving inspection as per Clause 7.3 of these Purchase Conditions.
- 5.2 Essentials of the Invoice. The Customer shall execute payment of the Contract Price by wire transfer to the bank account of the Contractor specified in the respective Invoice, which shall comprise all the essentials of a tax and accounting document according to relevant legal regulations, in particular:
- (i) number of Invoice, date of issuance, date of execution of taxable supply and Invoice maturity, which shall not be less than forty-five (45) days from its delivery to the Customer;
 - (ii) identification data of the Parties including their bank details and IBAN/SWIFT data;
 - (iii) Contract number;
 - (iv) place of the Product delivery;
 - (v) product label and specification, including serial numbers of the Products, if assigned;
 - (vi) quantity of the Products;
 - (vii) unit price of the Products without VAT, the amount of VAT and price including VAT;
 - (viii) total price of the Products without VAT, the amount of VAT and price including VAT.
- The protocol on receiving an inspection issued by the Customer as per Clause 7.3 of these Purchase Conditions shall be attached to the Invoice.
- 5.3 Invoice rejection. If the Invoice issued by the Contractor does not have the specified essentials or data under the Contract or these Purchase Conditions, the Invoice shall not be paid to the Contractor and the Customer shall be entitled to return it to the Contractor for completion, correction or new issuance anytime before its maturity without the Customer being considered to be in delay with the payment of the Contract Price. In the case of correction, completion or new issuance, the new maturity date of the corrected, completed or newly issued Invoice shall commence upon its delivery to the Customer. It shall be held that the moment of debiting the respective amount from the Customer's bank account is considered the moment of payment of the invoiced amount.
- 5.4 Interruption of maturity dates. If the Customer identifies any defect in any Product supply performed under the Contract, the maturity date of the Contract Price or its remaining part shall be interrupted. Such interrupted maturity date of the Contract Price or its remaining part shall re-commence upon the day when, in compliance with the Customer's choice pursuant to these Purchase Conditions:
- (i) The Contractor eliminates the respective Product defects and enables their due use by the Customer; or
 - (ii) The Customer delivers a notice to the Contractor requesting an adequate discount of the Contract Price for the defective Products.
- 5.5 Payment of the income tax of the foreign Contractor. In the event that the Contractor is a foreign entity then the Contractor is obliged to submit the Customer a certificate of tax domicile of his company. If the regulations valid in the Czech Republic in relation to Contractor performance impose the obligation of the Customer to pay the Contractor's income tax to the local tax authorities, then the Customer shall fulfill these legislative requirements.
- 5.6 Declaration of unreliable tax payer. The Contractor hereby explicitly states:
- (i) not to be unreliable payer according to Section 106a of the Act on VAT;
 - (ii) that the bank account of the Contractor to which the Customer shall pay any amounts due according to the Contract is and shall be duly recorded in the Bank Account Register of VAT Payers;
 - (iii) that there are no reasons on the basis of which the Customer would or might become guarantor of tax obligation of the Contractor resulting from VAT charged by the Customer in relation to payment of the Price according to the Contract.
- 5.7 Declaration of tax liabilities of the Contractor. The Contractor hereby declares and undertakes to duly submit a VAT tax declaration and, in the case of occurrence of obligation to pay the VAT, to levy the tax in favour of the respective tax office within its payment term. The Contractor hereby further declares that he has no intention to evade the VAT related to the performance of the Contract or no intention to curtail the tax, or to elicit any tax benefit and that he has no intention to get in a position preventing him from VAT payment.
- 5.8 Customer's lien. The Customer is explicitly authorized to withhold the VAT amount from the Invoice issued by the Contractor according to the Contract and to pay to the Contractor the respective payment without such withhold VAT in the following cases:
- (i) Any time the Contractor becomes an unreliable payer in accordance with the Act on VAT during performance of the Contract;

- (ii) The Contractor demands from the Customer the payment of any amount under the Contract to another bank account than the one registered in the Bank Account Register of VAT Payers.
- 5.9 Payment of the withhold VAT. The amount of the withhold VAT according to Clause 5.8 of these Purchase Conditions the Customer may, at his sole discretion:
- (i) pay on behalf of the Contractor directly to the deposit account of the relevant tax office in accordance with Section 109a of the Act on VAT; or
 - (ii) pay directly to the Contractor if the Contractor clearly evidences to the Customer that he has duly and timely fulfilled his obligation to pay the respective VAT amount.
- 5.10 Elimination of delay in payment of the Contract Price. For avoidance of any doubt it is held that the Customer at proceeding pursuant to Clause 5.5 up to Clause 5.9 of these Purchase Conditions shall not cause any delay in payment of the respective amount of the Contract Price.
- 6. Delivery Conditions**
- 6.1 Quality, manufacture and quantity of Products. The Contractor is obliged to supply the Products to the Customer duly and timely in accordance with the Contract and these Purchase Conditions; at the same time he is obliged to meet the quality requirements on Products specified in the Technical and Quality Requirements on Products. Technical and Quality Requirements on Products form an annex to these Purchase Conditions. The Contractor acknowledges and agrees that the documents from the Technical and Quality Requirements on Products applicable to the respective Products according to their nature and character shall be applied to the respective supply. The Products shall be delivered in quality, manufacture and with all attributes specified in the Contract. In case that the quality, manufacture or other specific attributes are not specified in the Contract, the Contractor is obliged to provide the Products in such quality and manufacture fully corresponding to the purpose for which the Products are delivered; whilst, if no such purpose is stipulated, then the usual purpose for which the Products are usually used. Furthermore, the Products shall comply with all technical requirements and technical and safety regulations applicable on the respective type of the Product. The Products shall be new, unused, undamaged and manufactured from quality material, shall be able to operate with a permanent standard output and fully comply with the purpose for which they are delivered. The Products shall not be encumbered with any legal defects. The Contractor is obliged to deliver the Products in the quantity specified in this Contract. The Contractor confirms that for the purpose of performance of the Contract, recommendatory provisions of applicable legal and technical regulations are considered to be binding.
- 6.2 Customer orders and documents. The Products shall be delivered in a standard way on the basis of the Customer's selection from the Contractor's product catalogue. If the Products are manufactured and delivered on the basis of documents or orders of the Customer, the Contractor shall, while applying due professional care, inform the Customer of any unsuitability of such documents or orders in writing. Unless the Contractor informs the Customer of the unsuitability of his orders or documents in writing without undue delay no later than within three (3) days from the moment, when the Contractor have learnt or could have learnt about the unsuitability then the Contractor shall be responsible for any and all eventual defects and damage caused by executing the orders or using the documents.
- 6.3 Observance of legal regulations. The Contractor declares that at provision of the Products no legal regulations (including legal regulations related to toxic and dangerous waste management, environment protection, safety and hygienic standards, technical regulations, etc.) shall be infringed and that the Products meet all requirements stipulated by the respective legal regulations. In case the abovementioned declaration of the Contractor turns out to be false, the Contractor shall be responsible to the Customer for any damage caused by infringement of legal regulations.
- 6.4 Subcontractors. The Contractor is entitled to use Subcontractors at manufacture and delivery of the Products. In such case the Contractor is obliged to ensure that the Subcontractors shall undertake to observe the conditions stipulated in the Contract and these Purchase Conditions. The Contractor shall enable the Customer to inspect Subcontractors according to the Customer's requirements. The Contractor is responsible to the Customer for performance provided by the Subcontractor and any damage caused by the Subcontractor as if the respective performance has been provided or damage has been caused by the Contractor himself. If the Contractor makes use of an authorized representative, employee or other auxiliary, he shall be responsible for compensation for damage as if done by himself.
- 6.5 Product packaging and fastening. The Contractor is obligated to package and fasten the Products for transport at his own cost appropriately so that during transport, including loading and unloading, they cannot be damaged, impaired or stolen and so that the packaging allows safe and long-term storage of the Products without impact on their quality. The packaging of the Products and the certificate of delivery shall be legibly marked in a visible place with identification of the Contractor and the Customer, the Contract number and other requirements according to the Contract. If the packaging is marked by the Contractor as returnable, the Contractor is obliged to collect such packaging at his own cost at the Customer's premises within fourteen (14) days from the Takeover of the Products by the Customer.
- 6.6 Product documentation. The Contractor is obliged to deliver to the Customer together with the Products any and all documents necessary to take over, handle, clear the Products through the customs and use the Products, as well as documents required by binding rules, legal or technical regulations. Such documents are, in particular, documents related to technical conditions of installing, operating and maintenance of the Products, declarations of conformity, test certificates, safety data sheets, certificates or manuals comprising, amongst other things, a warning if the Products require special handling, assembly, maintenance, etc. Any and all documents shall be provided by the Contractor in original copies, in writing, legible and at the Customer's request also in an electronic form. If the documents are not in Czech, the Contractor shall ensure their translation and provide the Customer with at least one copy of the documents in Czech language. The Contractor shall further provide the Customer at his request with any and all help and cooperation at securing the documents or relevant electronic reports published or issued in the Czech Republic and/or in the country of origin, which the Customer may require for export and/or import of the Products and in cases of necessity for transit of the Products through the territory of a third country. If any additional costs (such as clearance, storage or other) arise for the Customer as a result of Contractor's delay with handover of due and complete documents, the Contractor shall bear such costs.

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- 6.7 Place of Products Delivery. Unless the Contract specifies otherwise, the Products shall be delivered by the Contractor in DAP delivery parity, Blanenská 257, Kuřim, Czech Republic, in compliance with INCOTERMS 2010.
- 6.8 Delivery Date of the Products. Delivery Date of the Products is stipulated in the Contract. Unless the Customer specifies otherwise, the Contractor shall deliver the Products on Working Days in usual working hours of the Customer from 6 a.m. until 2 p.m. The Contractor shall inform the Customer in writing about the Product delivery at least three (3) Working Days in advance. The Contractor shall inform the Customer immediately in writing in the case of any expected delay in delivery of the Products.
- 6.9 Partial Product delivery. Partial Product deliveries are allowed only if stipulated in the Contract or the Customer agrees with such deliveries in writing.
- 6.10 Due Product Delivery. The Contractor shall deliver the Products to the Customer in a due and timely manner. The Products shall be considered delivered in time if they are delivered in the term agreed upon and under the following conditions:
- (i) the Products are duly delivered by the Contractor to the agreed place of delivery;
 - (ii) complete and non-defective documents (in particular the certificates of delivery) related to the Product are delivered together with the Products;
 - (iii) the receiving inspection of the Products was performed subsequently by the Customer as per Clause 7.3 of these Purchase Conditions and the Customer at the same time does not refuse to accept the Products due to defaults identified during such receiving inspection;
 - (iv) the Products are delivered to the Customer with apparent defects, whilst the Customer states such defects in the protocol on receiving inspection and expressly declares he is taking over such Products despite these defects.
- 6.11 Delayed Product Delivery. Unless the Contractor fulfills his obligation to deliver the Products to the Customer duly and timely according to the Contract and these Purchase Conditions, the Customer shall be entitled to claim from the Contractor payment of the liquidated damages in compliance with Clause 9.1 below.
- 6.12 Transfer of proprietary right and risk of damage. Unless the Contract stipulates otherwise, the Customer acquires the proprietary right to the Products upon their Delivery in compliance with Clause 7.2 of these Purchase Conditions. The risk of damage to the Products shall be transferred to the Customer upon the Takeover of the Products as per Clause 7.4 of these Purchase Conditions.
- 7. Tests, Inspections, Takeovers**
- 7.1 Inspections during Contract execution. The Contractor undertakes to execute any and all relevant inspections and tests of the Products, in particular in order to learn whether the requirements of the Contract and these Purchase Conditions have been met. Such inspections and tests shall be performed by the Contractor according to his quality assurance program and in compliance with legal regulations and technical standards. The Customer shall be entitled to inspect the course of Contract performance by the Contractor and his Subcontractors, i.e. in particular manufacture of the Products and performance of tests. Unless the Parties agree otherwise, the Contractor shall inform the Customer three (3) Working Days before performance of any test and enable the Customer to take part in these tests. Any inspections by the Customer shall not relieve the Contractor from his responsibility for due and timely Product Delivery under the Contract and shall have no impact on any Customer rights resulting from any of the Contractor's liabilities or responsibilities. If the Customer learns that the Contractor performs the Contract in contravention with his obligations, the Customer shall be entitled to require the Contractor to remove any such originated defaults.
- 7.2 Product Delivery. The Contractor is obliged to perform Product Delivery in the term and at the place stipulated in the Contract or these Purchase Conditions. The Product Delivery shall be confirmed by the Customer in the certificate of delivery or another relevant document. If the Contractor's delay with Delivery reaches five (5) weeks as compared with the agreed term, the Customer shall be entitled to withdraw from the Contract in compliance with Clause 11.2 of these Purchase Conditions.
- 7.3 Receiving inspection. Within fifteen (15) Working Days from the Product Delivery at the latest, the Customer shall perform the receiving inspection. Under the receiving inspection the Customer shall be entitled, at his own discretion, to inspect and test the Product in order to determine whether all requirements under the Contract and these Purchase Conditions have been met. The Customer shall issue the protocol on receiving inspection. If the Products do not meet the requirements and attributes stipulated in the Contract and these Purchase Conditions, the Customer shall be entitled to return any and all Products to the Contractor without their Takeover. Costs of dispatch and transport of returned Products shall be borne by the Contractor. If the Contractor does not without undue delay ensure supply of substitute Products after return of the Products, the Customer shall be entitled to withdraw from the Contract in accordance with Clause 11.2 of these Purchase Conditions. The Contractor is also obliged to compensate the Customer for any such incurred costs and expenses.
- 7.4 Product Takeover. Takeover is performed by the Customer at the moment of issuing the protocol on receiving inspection as per Clause 7.3 above. If the Customer does not issue the protocol on receiving inspection within fifteen (15) Working days from the Product Delivery according to Clause 7.2 above nor does he inform the Contractor of the reasons for not signing such protocol on receiving inspection, it is understood that the Product Takeover by the Customer has been executed upon the expiration of the fifteen-day period of no effect.
- 7.5 Site Takeover. The Parties hereby explicitly exclude the application of Section 2628 of the Civil Code.
- 8. Rights arising from faulty performance and quality guarantee**
- 8.1 Defects. The Product has defects if it is not delivered in the quantity, quality and manufacture as stipulated in the Contract or these Purchase Conditions or if it does not correspond with the result stipulated in the Contract. Legal defects of the Products and defects in documentation, which the Contractor shall deliver to the Customer together with the Product are also considered defects.
- 8.2 Defects of Products discovered upon at the Delivery. If any Product has defects at the Delivery, the Customer shall be entitled to:
- (i) require from the Contractor to perform the Product inspection in the place and time specified by the Customer; for the period from discovery of the defect until finalization of the inspection performed by the Contractor, the term for Product Takeover specified in Clause 7.4 of these Purchase Conditions does not run; or
 - (ii) refuse the Takeover of defective Products and return them at Contractor's cost without the Customer being in delay with the Product Takeover; or
- (iii) execute the Takeover of defective Products alongside with the fact that the Customer may claim an adequate discount from the Contract Price or removal of these defects. Other provisions of these Purchase Conditions stipulating the rights from faulty performance shall apply analogically to the procedure according to this paragraph (iii).
- 8.3 Warranty. The Contractor is liable for any and all defects which occur on the Products during the warranty period which commences upon the Takeover of the Products by the Customer and terminates (i) thirty-six (36) months from the Product Takeover by the Customer, or (ii) twenty-four (24) months from delivery of the Product to the Customer's customer according to Main Relation (i.e. the issuance of respective PAC), depending on whichever term expires later. If the subject matter of the Contract is manufacture, maintenance, repair or construction changes to a site or its part, the Contractor is liable for any defects occurred on the site or its parts during warranty period the time of which begins to run at the moment of the Takeover of the site by the Customer and terminates sixty (60) months from the Takeover of the site by the Customer. The Contractor undertakes that during the warranty period the Products delivered under the Contract shall be fit for use for the purpose stipulated in the Contract, otherwise for the usual purpose, and that they shall keep the attributes stipulated in the Contract. If the Contract does not stipulate certain Product attributes, the Contractor undertakes that the Products shall keep at least usual attributes during the warranty period. The warranty period does not run during the period in which the Customer or his customers are not able to use the Products due to defects which the Contractor is liable for. In the case of replacing the Product the warranty period re-commences in full extent.
- 8.4 Defect complaint. Complaints about the Product defects shall be carried out via SAP operated by the Customer. In the event of defect occurrence on the Products, the Customer shall be entitled to:
- (i) require removal of the defects by supplying a substitute Product, supplying a missing Product and demand a removal of legal defects;
 - (ii) require removal of the defects by repairing the Product if the defects are repairable;
 - (iii) require an adequate discount from the Contract Price.
- The Customer shall be entitled to change his claims related to the rights from faulty performance until the respective defect is fully removed.
- 8.5 Contractor's obligations. Unless the Contract or the Customer within defect complaint specify otherwise, the Contractor shall remove defects according to the Customer's choice:
- (i) within forty-eight (48) hours from the complaint in the case of defects preventing from safe and reliable use of the Products; and
 - (ii) within seven (7) calendar days in the case of other defects.
- The Contractor is obliged to remove the defects at his cost in a way according to the Customer's choice even in the case that the Contractor doubts his liability for the respective defect. If the Contractor subsequently proves he is not liable for the defect, the Customer shall compensate the Contractor for reasonably spent and duly documented costs of removing the defect.
- 8.6 Non-removal of defects. If (a) the Contractor does not remove the Product defects according to Clause 8.4 above in the period as per Clause 8.5 above, or (b) before expiration of such period the Contractor informs the Customer that he will not remove the defects, or (c) it is obvious that the Contractor will not be capable of removing the defects duly in such period, the Customer may:
- (i) withdraw from the Contract;
 - (ii) require an adequate discount from the Contract Price;
 - (iii) repair the Product or ensure a substitute supply by himself or through another person at the Contractor's cost and risk. The Contractor undertakes to compensate such costs to the Customer in the full amount. The procedure pursuant to this paragraph (iii) does not affect the Contractor's warranty for the Products or liability of the Contractor for damage caused by defective Products or caused or incurred by removing the defect in the Product.
- 8.7 Non-payment of part of the Contract Price until defect removal. Until removal of a defect in any Product, the Customer shall not pay the part of the Contract Price for such defective Product to the Contractor.
- 8.8 Liquidated damages for delay in defect removal. If the Contractor is in delay with fulfillment of his obligations arising from defect liability, the Customer shall be entitled to claim from the Contractor liquidated damages according to Clause 9.2 below.
- 9. Liquidated Damages and responsibility for damages**
- 9.1 Liquidated damages for delayed Delivery. If the Contractor does not fulfill his obligation to perform the Product Delivery duly and timely, the Customer shall be entitled to claim from the Contractor payment of liquidated damages in the amount of five per cent (5%) of the Contract Price for each commenced period of seven (7) calendar days of delay.
- 9.2 Liquidated damages for delay with defect removal. If the Contractor is in delay with fulfillment of any of his obligations arising from defect liability, the Customer shall be entitled to claim from the Contractor payment of liquidated damages in the amount of one-half of one per cent (0.5 %) of the Contract Price for each commenced day of delay.
- 9.3 General provisions on liquidated damages. Contractor's obligation to pay liquidated damages (term "liquidated damages" used anywhere within the Contract or these Purchase Conditions shall have the meaning of Czech legal term "smluvní pokuta") also applies in cases when Contractor's delay has occurred as a result of delay by a Subcontractor. Liquidated damages are due within fourteen (14) days from delivery of a statement of liquidated damages to the Contractor. The Customer's claim for damages in its full amount is neither affected by arrangement of any liquidated damages nor by their payment.
- 9.4 Liability for damages. The Contractor is liable for any and all damages caused to the Customer, the Customer's customers or other persons in relation to breach of his obligations under the Contract. The Contractor is obliged to compensate the Customer for any and all damages, in particular any and all amounts paid by the Customer in relation to the Contractor's breach of his obligations under the Contract, the Customer's costs of proceedings conducted in connection with breach of obligations under the Contract, as well as all incurred costs in connection with Product defects, including costs of disassembling Products, costs of new assembly of the Products, costs of putting the final product comprising defective Products out of operation etc. The Contractor undertakes to compensate the Customer for damages in the full amount within thirty (30) days from delivery of Customer's written call.
- 9.5 Liability for damages caused to Customer's customers. The Customer notifies the Contractor and the Contractor acknowledges and is aware that his supplies may particularly form, after technological processing, an inseparable part of hi-tech and, in the

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way of manufacture, complex machine tools, another complex devices or technological assembly lines supplied by the Customer to his customers within the Main Relations. The market value of the Customer's performance provided by the Customer within the Main Relations may equal up to tens or hundreds of millions of Czech crowns, and at the same time due and timely performance of the Customer within the Main Relations is contractually secured by considerable pecuniary sanctions in the form of liquidated damages and compensation for damage, including loss of profit caused by delay in commissioning of the machines according to the Main Relations. With regard to the abovementioned, the Contractor is aware and agrees that potential damage related to the Contractor's delay with the Product Delivery under the Contract comprises any and all performances (in particular the Customer's obligation to pay liquidated damages) and a damage, which the Customer shall pay within the Main Relations in connection with the Contractor's delay under the Contract, e.g. for the reason that, as a result of the Contractor's delay, the Customer is not able to provide his performance within the Main Relations in a due and timely manner. The Contractor declares that he shall take any and all necessary measures to forestall damages according to this Clause 9.5 and if damages occur as a result of his delay, declares that he is aware that such damages may exceed the total amount of the Contract Price, and at the same time he undertakes to compensate such damages.

10. Miscellaneous Provisions

- 10.1 Technical documentation. Any and all technical and other documentation provided by the Customer to the Contractor in relation to the Product delivery shall remain in the sole ownership of the Customer. The Contractor shall not make the technical and other documentation according to this Clause public or provide it to any third person or use it for the benefit of any third person, unless the Customer grants his prior approval in writing. The Contractor shall be entitled to use such documentation solely in relation to fulfillment of his obligations under the Contract.
- 10.2 Activities performed by the Contractor at the Customer's premises. If the Contractor executes the performance of subject of the Contract at Customer's premises or at a place specified by the Customer, he shall, for such purpose, stay within the areas or manipulation areas specified to him by the Customer and adhere to any and all regulations concerning safety and health protection at work, in particular regulations related to the rules of conduct at the Customer's premises.
- 10.3 Setting-off receivables. The Customer shall be entitled to set-off any of his receivables, his own or acquired by assignment, due or undue, against the Contractor's receivables under the Contract or these Purchase Conditions or in connection with them. The Contractor shall not be entitled to set-off any of his receivables against the Customer's receivables under the Contract or these Purchase Conditions or in connection with them.
- 10.4 Assignment of receivables. The Parties have agreed to exclude the possibility of assignment of any Contractor's receivables which the Contractor has against the Customer at the date of signing of the Contract or which will arise against the Customer on the basis of the Contract. Assignment of receivables according to preceding sentence shall be allowed solely with the Customer's prior written approval.
- 10.5 Transfer of rights and obligations arising under the Contract. The Customer is entitled to transfer rights and/or obligations arising under the Contract to a third person. The Customer shall notify of such transfer of his rights and obligations to a third person to the Contractor in writing. In the case of transfer of rights and/or obligations arising under the Contract, the Contractor grants his approval to the transfer and undertakes that in such case he shall perform his obligations arising under the Contract to the legal successor of the Customer specified in the notification as per the first sentence of this Clause. Transfer of rights and obligations shall be effective as of the delivery of the notification to the Contractor according to this Clause.
- 10.6 Pledge of receivables. The Parties have further agreed to exclude the possibility of pledging of any Contractor's receivables that the Contractor has against the Customer at the date of signing the Contract or that shall arise against the Customer on the basis of the Contract. Pledging of receivables according to the preceding sentence is allowed only with the Customer's prior written approval.

11. Contract Termination

- 11.1 Contract termination. The Contract may be prematurely terminated solely by agreement of the Parties or withdrawal by one of the Parties in accordance with the Contract and these Purchase Conditions.
- 11.2 Withdrawal by the Customer. The Customer shall be entitled to withdraw from the Contract in compliance with the Civil Code. The Customer shall be further entitled to withdraw from the Contract in the following situations:
- (i) the Contractor's delay with the Product Delivery according to Clause 7.2 above reaches five (5) weeks, as compared with the agreed term;
 - (ii) the Contractor does not ensure supply of substitute Products without undue delay after return of the Products according to Clause 7.3 above;
 - (iii) the conditions specified in Clause 8.6 of these Purchase Conditions are met;
 - (iv) the Contractor fundamentally breaches any of his obligations stipulated in the Contract or these Purchase Conditions;
 - (v) the Contractor non-fundamentally breaches any obligation stipulated in the Contract or these Purchase Conditions and does not fulfill such obligation even in an additional adequate period specified by the Customer;
 - (vi) force majeure event according to Clause 12.3 of these Purchase Conditions prevents fulfillment of obligations under the Contract for more than three (3) months;
 - (vii) The Contractor enters into liquidation or enforcing a decision (distrain) shall be ordered against him by selling his enterprise or insolvency petition is filed against him, insolvency is declared on the Contractor, bankruptcy on his assets is declared, reorganization has been permitted, or discharge or other method of resolution of insolvency or an insolvency petition is rejected due to lack of assets of the Contractor;
 - (viii) the Main Relation between the Customer and his customer is terminated for any reason.
- 11.3 Settlement after withdrawal by the Customer. In the case of withdrawal from the Contract according to Clause 11.2 above, the Customer shall be entitled at his own discretion to decide whether to keep the Products which have been delivered or manufactured by the Contractor so far, regardless the degree of their completion and the fact whether the transfer of proprietary right to the Customer has already been performed or not. If the Customer decides to keep the Products, the Customer shall pay to the Contractor part of the Contract Price equal to the value of such Products; if the Customer has paid to the Contractor an amount exceeding the value of such Products before withdrawal from the

Contract, the Customer shall be entitled to claim from the Contractor a settlement and return of the amount exceeding the value of such taken-over Products. The Contractor undertakes to ensure that the Subcontractors shall proceed in accordance with this Clause 11.3 as well, and at the same time in the case of withdrawal from the Contract, the Contractor shall ensure, at the Customer's request, assignment of rights and obligations arising under contracts concluded with Subcontractors from the Contractor to the Customer.

- 11.4 Withdrawal by the Contractor. The Contractor shall be entitled to withdraw from the Contract solely in the case of fundamental breach of the Customer's obligations. Only the following is considered to be a fundamental breach of obligations by the Customer:
- (i) the Customer's delay with the payment of part of the Contract Price of more than sixty (60) Working Days after the due date, of which the Customer is notified by the Contractor in writing, and at the same time the Customer does not pay the respective owed amount to the Contractor even in an additional adequate period specified by the Contractor.
- 11.5 Withdrawal without giving any reason. Regardless any provision of these Purchase Conditions, the Customer shall be entitled to withdraw from the Contract without giving any reason anytime before the Product Delivery. Unless otherwise agreed by the Parties, in such case the following procedure shall apply:
- (i) the Customer takes over the Products that were duly manufactured by the Contractor until the withdrawal effectiveness, and pays for such taken-over Products part of the Contract Price equal to value of such Products. If the Customer has already paid to the Contractor before withdrawal from the Contract an amount exceeding the value of such taken-over Products, the Customer shall be entitled to claim from the Contractor a settlement and return of the amount exceeding the value of the taken-over Products;
 - (ii) with regard to the Products that are not manufactured or semi-finished, the Contractor shall not be entitled to claim any costs related to job engineering of such Products. In such case the Contractor shall be entitled to claim only documented and reasonably spent costs related to Contract termination, which, however, shall not exceed ten per cent (10%) of the value of the non-supplied Products. For avoidance of any doubt it is stated that the Customer in such case shall not pay the Contractor for margin compensation or loss of profit.
- 11.6 Form and effects of withdrawal. Withdrawal shall be executed in writing and shall be duly delivered to the other Party. The withdrawal shall be effective as of the date of delivery of the withdrawal notification to the respective Party.
- 11.7 Existing claims and provisions. The Contract ceases to exist upon withdrawal. The following provisions of the Contract and the Purchase Conditions and claims of the Parties shall not be affected by the withdrawal:
- (i) claims regarding compensation for damage caused by breach of the Contract;
 - (ii) claims arising from liability for defects of the Products;
 - (iii) claims regarding the payment of liquidated damages caused by breach of the Contract;
 - (iv) provisions regulating the rights and obligations of the Customer according to Clause 5.5 up to Clause 5.9 of these Purchase conditions;
 - (v) provisions regulating quality guarantee and rights from faulty performance;
 - (vi) provisions regulating the settlement of Parties in the case of withdrawal;
 - (vii) provisions on return of entrusted items;
 - (viii) provisions on obligation to maintain secrecy and confidentiality and confidentiality of documents;
 - (ix) provisions on choice of the governing law and resolution of the disputes;
 - (x) provisions related to such rights and obligations from nature of which it arises that the Parties shall be bound by such rights and obligations even after the termination of the Contract.

12. Final Provisions

- 12.1 Suspension of performance under the Contract. Any time prior to the Product Delivery the Customer shall be entitled to suspend the Contractor's performance under the Contract. For the duration of such suspension the Contractor shall take due care of manufactured or semi-finished Products and to perform their Delivery without undue delay after termination of the respective suspension. On grounds of suspension of performance, the Contractor may claim only adequate and duly documented costs of storage, which he shall charge from (i) the forty-fifth (45th) day of suspension in general, or (ii) from the ninetieth (90th) day of suspension if the suspension has been caused due to suspension or termination of the Main Relation between the Customer and the Customer's customer. For avoidance of any doubt the Parties confirm that the Contractor shall not be entitled to increase the Contract Price due to suspension of performance under the Contract.
- 12.2 Obligation to maintain secrecy and confidentiality. The Contractor and the Customer undertake that without prior approval of the other Party they shall not provide third parties with information on the existence of the Contract and its content, or any information or documents exchanged between the Parties and relating to the Contract, with the exception of third parties, who shall be informed according to legal regulations and/or decisions of public administration bodies and/or for purposes of Contract execution (e.g. subcontractors, business partners or legal representatives, subcontractors of another performance with a view to arrangement of sequence of their performance and performance of the Contractor under the Contract and a customer of the Customer whom the Products shall be delivered to). The Contractor and the Customer shall be held liable for any and all damage occurred to the other Party as a result of breach of this obligation.
- 12.3 Force majeure. Force majeure means an extraordinary or unforeseeable obstacle which have arisen independently of the will of any Party or Subcontractor and prevents such Party or Subcontractor temporarily or permanently from performing their obligation, if it is not reasonably possible to anticipate that the Party could avert or overcome such an obstacle or its consequences, and further on that the occurrence of such an obstacle was foreseeable by the Party at the time of concluding of the Contract. For the purposes of these Purchase Conditions, such obstacle shall include in particular natural catastrophes, terrorist attacks, wars, civil riots, uprising or revolution of a non-local nature. Force majeure events shall not include such events as closure, delay of Subcontractors' supply (if not caused by force majeure events), insolvency, lack of labour or material. In the case of occurrence of any force majeure event, the periods for fulfillment of obligations of the affected Party under the Contract or these Purchase Conditions shall be prolonged by the duration of the force majeure event. The Contractor shall inform the Customer in writing without undue delay about the occurrence and cessation of any force majeure event,

however, within five (5) Working Days at the latest. Otherwise, the Contractor shall not be entitled to make reference to the force majeure event. Liability is not excluded by an obstacle that arose when the obligated Party had already been in delay with performance of its obligation, or arose in consequence of such Party's economic situation. If the duration of force majeure event does not exceed three (3) months, the respective performance shall be prolonged by the duration of such event. If the force majeure event lasts longer than three (3) months, the Customer shall be entitled to withdraw from the Contract according to Clause 11.2 above.

- 12.4 Governing law. Rights and obligations of the Parties including Contract conclusion, its validity and effectiveness shall be governed by the system of law of the Czech Republic. If these Purchase Conditions or the Contract contain a reference to any individual delivery parity under INCOTERMS 2010, the provisions related to this delivery parity in INCOTERMS 2010 shall become part of these Purchase Conditions and/or the Contract. The Parties exclude application of the United Nations Convention on Contracts for the International Sale of Goods.
- 12.5 Resolution of disputes. The Parties have agreed that if the Contractor is a natural or legal person with residence or registered seat in the Czech Republic, any potential disputes arising between them from legal relations on the basis of the Contract or in connection with the Contract shall be decided by ordinary court locally competent according to Customer's registered seat. The Parties have agreed that if the Contractor is a natural or legal person with residence or registered seat outside the Czech Republic, any disputes arising between them from legal relations on the basis of the Contract or in connection with the Contract shall be decided finally and with the exemption of jurisdiction of ordinary courts by the Arbitration Court attached to the Economic Chamber of the Czech Republic and the Agrarian Chamber of the Czech Republic (hereinafter the "Arbitration court") in accordance with its Code and Rules by three arbitrators. Each of the Parties shall appoint one arbitrator who shall subsequently choose the third arbitrator, who shall be the Chairman of the Arbitration Senate at the same time. If the arbitrators do not agree on the person of the third arbitrator, he shall be appointed by the Chairman of the Arbitration court. The place of the arbitration shall be Prague. The Parties undertake to fulfill their obligations stated in the arbitration award.
- 12.6 Severability clause. If any provision of these Purchase Conditions is or turns out to be or shall be found invalid, ineffective or unenforceable, such fact (in the maximum extent allowed by the respective legal regulations) shall not affect the validity, effectiveness or enforceability of the remaining provisions of these Purchase Conditions. The Parties undertake to replace such invalid, ineffective or unenforceable provision by a valid, effective and enforceable provision, the meaning and purpose of which shall be allowed by valid legal regulations and is as close as possible to the original provision that is being replaced.
- 12.7 Annexes. Technical and Quality Requirements on Products available on the Customer's Website form an inseparable part of these Purchase Conditions, in particular:
- Delivery conditions for hydraulics and pneumatics, version OBN 026a, valid from January 1, 2011;
 - Technical conditions for manufactured machine parts, version OBN 043g, valid from November 1, 2006;
 - Technical delivery conditions for transmission cases, version OBN 044b, valid from October 1, 2010;
 - Technical conditions for painting, version OBN 046a, valid from January 1, 2011;
 - Technical delivery conditions for welded constructions, version OBN 047b, valid from January 1, 2011;
 - Technical delivery conditions for cabin of HCW machines, version OBN 050, valid from October 20, 2005;
 - Technical delivery conditions for cast-iron castings, version OBN 052, approved on January 21, 2011; and
 - Delivery conditions for electric equipment, version P1 – 3.lc, approved on January 21, 2011.

In relation to the Technical and Quality Requirements on Products, it shall be expressly held that documents constituting the Technical and Quality Requirements on Products are valid in the abovementioned versions, or as the case may be in later versions, if they were published at the Customer's Website upon the date of Contract conclusion at the latest.

- 12.8 Publication of Purchase Conditions. Individual versions of these Purchase Conditions and documents constituting the Technical and Quality Requirements on Products are published by the Customer at the Customer's Website with identification of their version and date of publication. Reference to actual published version of the Purchase Conditions and/or the Technical and Quality Requirements on Products shall be considered sufficient, comprehensible and specific so that the respective actual version of the Purchase Conditions and/or the Technical and Quality Requirements on Products shall apply to the respective contractual relation.
- 12.9 Modifications of Purchase Conditions. The Customer shall be entitled to modify the Purchase Conditions and/or the Technical and Quality Requirements on Products at the Customer's Website at any time. Newly concluded Contracts shall always be governed by actual wording of the Purchase Conditions and the Technical and Quality Requirements on Products. The new wording of the Purchase Conditions and/or the Technical and Quality Requirements on Products shall apply to already concluded Contracts if both Parties agree so in the form of writing.
- 12.10 Period of limitation. The Parties hereby, in compliance with the provision of Section 630 of the Civil Code, prolong the duration of the period of limitation of the Customer's rights arising from any order, Contract or these Purchase Conditions for the period of 10 years.
- 12.11 Protection of transfers of personal data to countries outside of the EU/EEA
- Should the performance of the Purchase Contract include any transfers of personal data to countries outside of the EU/EEA within the meaning of the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), the Contracting Parties shall before the execution of the Purchase Contract sign the Standard Contractual Clauses for the Transfers of Personal Data to Third Countries (Controller-to-Controller Transfers) or adopt any other appropriate safeguard pursuant to Articles 45 to 47 of the General Data Protection Regulation available at that time.
- 12.12 Effectiveness. This version of the Purchase Conditions is effective as of May 01, 2018.