

**I. Preliminary Provisions**

1. These General Business Terms and Conditions (hereinafter referred to as „**Conditions**“) are issued in accordance with the provisions of § 1751 Art. 1 of Act No. 89/2012 Coll., of the Civil Code, as amended, (hereinafter referred to as „**OZ**“) and they are an integral part of all contracts concluded between supplier as a Seller or Contractor and Customer - ČZ Řetězy, s.r.o. as a Buyer or Ordering Party (both are hereinafter referred to as „**Contracting Parties**“). Particular contracts between Contracting Parties shall be concluded as contracts in hard copy form containing the signatures of Contracting Parties or in the form of Order confirmed by supplier (hereinafter referred to as „**Contract**“ or „**Contracts**“). Goods shall mean products, works or services given and specified by Contracting Parties in the Contract or in its Appendixes or in related regulations.

2. These Conditions establish the obligatory rights and duties of Contracting Parties, if these are not expressly governed by other provisions of the Contract. Seller shall deliver Goods and meet all requirements set upon Contract in accordance with these Conditions.

II. The Conclusion of the Contract, Changes of the Contract

1. Order or offer constitutes a draft for conclusion of the Contract, reception/confirmation of order or offer by means of draft for conclusion of the Contract and all provisions regarding establishing, change or termination of the Contract need to be in written form. By means of written form shall be deemed also expression of will made by data remote transfer that allows to determine a content of legal proceeding, to determine a person who did it and to prove a delivery of expression of will to the other Party. The Contract is concluded upon delivery of implicitly confirmed offer to Buyer (by means of the Contract with signatures of Contracting Parties on the one document) or implicitly confirmed order to Buyer. Until the Contract is concluded, any rights and obligations between Contracting Parties may be assigned; especially Buyer is not obliged to accept ordered Goods or work and to pay the purchase price to Seller. If Seller makes any change in purchase order and/or in offer as a draft for conclusion of the Contract, such Contract is invalid.

III. Subject to Contract

1. Seller undertakes to deliver specified Goods to Buyer or to perform work, which is for purposes of these Conditions still deemed as a „Goods“, within agreed deadline, without any defect and to transfer the ownership of the Goods to Buyer. Buyer undertakes to accept Goods delivered duly and punctually and to pay the agreed price to Seller. If the Goods are not already owned by Buyer, the ownership is transferred to Buyer at the moment of acceptance of Goods. The risk of damage of the Goods is transferred to Buyer upon receipt whereof. The representatives of Contracting Parties shall make and sign a written record concerning handover and acceptance of Goods. Record can be replaced by delivery note confirmed by Buyer.

IV. Price

Purchase price of Goods is defined in the Contract (or in purchase order - in case of conclusion of the Contract by confirmed purchase order) and this price is fixed. If not agreed differently, price of Goods covers costs for packaging, transport to delivery address and all insurances. Seller is further responsible for all taxes, fees, custom duties and similar payments regarding Goods and delivery thereof. Seller shall pay all mentioned fees, if this fact is specified in these Conditions, Contract or general binding legal regulations.

V. Delivery Contractual Penalty

1. Delivery conditions are governed by DDP according to INCOTERMS 2020. If not agreed differently, the delivery address is identical with the address of business premises of Buyer.

2. If Seller fails to fulfill the obligation to deliver Goods duly and punctually to Buyer, the latter is then entitled to account a contractual penalty in the amount of 0,03% of the purchase price of undelivered Goods for each day of the delay. Buyer shall issue a written notice regarding penalty with due date 15 days following the day of receipt of notice. Seller is obliged to pay such penalty to Buyer. Payment of contractual penalty does not affect Buyer's right to entitle claim for damage beyond the contractual penalty. If Seller fails to deliver Goods also within duly substitution deadline specified by Buyer, the latter is then entitled to withdraw from the Contract. Nevertheless, the entitlement for contractual penalty and compensation of damages remains unchanged.

3. Seller shall provide each delivery of Goods with delivery note, event. with other documents necessary for acceptance and use of Goods and/or proving origin of Goods according to customs or reexport law, etc. Goods with packaging shall be provided with documents to be able to prove compliance with provisions according to Act No. 477/2001 Coll., as amended, or with other legislation regarding packaging, if used instead of mentioned Act. Seller shall immediately inform Buyer about modifications in performance of the Contract. If the subject to Contract are Goods and packaging specified in rules for the implementation to Act No. 22/1997 Sb., as amended, Seller shall submit Conformity Certificate issued in compliance with this Act, resp. written confirmation regarding issuing the Conformity Certificate, according to valid standards ČSN EN ISO 17050 / Inspection Certificate ČSN EN 10204, further Safety Sheet and Technical Sheet for Chemicals, further Certificate / Information Sheet for personal protective equipment at work according to valid rules of the EU/CZ, no later than the agreed day of performance.

4. Buyer can inspect the performing of the Contract by Seller. If any nonconformities are found, Buyer may demand implementation of corrective action within reasonable deadline. As soon as the deadline is expired, Buyer can withdraw from the Contract. Seller shall allow such inspection and provide all possible forms of cooperation. Seller shall further submit schedule of performance at Buyer's request and within the requested time frame.

5. Delivery note or handover and acceptance record shall contain:
- complete number of the Contract or number of the purchase order issued by Buyer
- specification of Goods – according to the Contract
- dispatch date and delivery date
- quantity of Goods in delivery, incl. unit of measure
- type and number of packaging (thereof returnable packaging)
- means of transfer
- name and signature of person who has issued delivery note

6. Supplied Goods shall be provided with an identification system. Such identification system shall mention type/name of Goods (raw material, semi-product, product, drawing number/change index – revision,...) and also batch number, if applicable (series, melting, production batch,...).

7. Seller undertakes to be acquainted with all conditions, legal requirements, necessary schedules, drawings, technical standards or conditions, plans and other documents before signing of the Contract and to obtain all information and details necessary for duly and punctually performance of the Contract at its costs. Buyer is not responsible for costs related to mistakes or for losses caused by the fact that Seller did not obtain or did not take into account such information during the performance of the Contract.

8. If the subject to Contract shall be performed on Buyer's site or in place designated by Buyer, Seller shall comply with valid legal regulations regarding safety and hygiene at work, fire protection and environmental protection and other applicable rules. Buyer shall inform Seller about internal safety rules on-site. Seller shall ensure that all of its employees will comply with such rules. The employees of the Seller shall move only within the designated area.

VI. Quality of Goods, Resolution of Nonconformities and Defects of Goods

1. Seller shall supply Goods, including packaging, according to quantity, quality, status and design requirements specified in the Contract or in its Appendixes and related regulations without any factual and/or legal discrepancies or defects. Packaging requirements are governed by provisions of § 2097 of the Civil Code.

2. Seller shall meet quality and technical requirements of Buyer and realize all supplies in compliance with these requirements. Seller shall further check the quality of its products and services, permanently. Seller is responsible for Goods according to provision of Civil Code.

3. Quality of supplied Goods is checked immediately after delivery by random inspection or statistically according to internal rules and methods of Buyer. Buyer is not obliged to check all delivered Goods.

4. Seller is fully responsible for quality of Goods, including all possible defects (especially factual or legal, permanent or latent which caused substantial or unsubstantial breach of the Contract). Seller is further fully responsible for documenting the quality.

5. Seller shall submit to Buyer the Certificate in Competence Management Quality System, Certificate in Environmental Protection and Certificate in Health and Safety at Work according to valid system standards (ISO 9000, VDA 6.1, IATF 16949, ISO 14001, ...), audit reports, event. other documents which could be accepted by Buyer. These documents shall be submitted before the first delivery is realized and then before production's update/revision. Buyer and its further customers can make an inspection to check, if the production of Goods or realization of ordered service is done in compliance with qualitative standards.

If Goods do not meet qualitative or quantitative requirements, Buyer is not obliged to accept the Goods. Resolution of nonconformities, defects, their notification and claims are governed by provisions of § 2099 and followings of the Civil Code, if not agreed differently. Deadlines according to provisions of § 2112 of the Civil Code are not applicable. Seller will provide qualitative guarantee on Goods for 2 years from the date of delivery, if not agreed differently. All claims shall be submitted to Supplier in written form, describing specification of nonconformities/defects and all demands. The claims and corrective actions are set by 8D-report.

Without limiting any other Buyer's rights resulting from these Conditions, Contract or Code of Civil, Buyer can, on its own discretion,:

a) deny and return delivered defective/nonconforming Goods at Seller's cost, or

- b) require removal of defects by delivery of new Goods without any defect or by delivery of missing Goods, or
- c) require removal of defects by repair on Buyer's site or Supplier's site, or
- d) require an adequate discount from the price of Goods, or
- e) withdraw from the Contract.

If Seller does not make an inspection, does not remove defects and ensure substitute performance or does not deliver missing Goods in compliance with this provision within 2 days following the day when Seller has been asked by Buyer to do so or within other deadline specified in written notice issued by Buyer, the latter itself or through other person shall make an inspection regarding subject of performance, sorting activities, reparations or ensure substitute supply at Seller's costs.

If the nonconformities/defects are not removed or claims are not settled within the specified time frame, Buyer can withdraw from the Contract. Eventual withdrawal does not affect the Buyer's right to compensate the damages.

8. Seller shall compensate all damages caused by breach of contractual provisions, especially by fail to deliver Goods (ordered duly and punctually) in requested quantity a quality, incl. quality documentation. If the quality documentation, quantity and quality requirements and are not met, Seller shall pay (except direct and indirect damages and extra-costs caused by nonconforming delivery) also a lump-sum in amount of 2,000,- Kč regarding internal cost for nonconforming delivery and claim for every single claim in process. Buyer shall issue an invoice for the lump-sum with due date 14 days after the day of receipt.

VII. Payment Conditions

1. The payment obligation is established by duly and punctually delivery of Goods that has to be proved in accordance to Art. III. of these Conditions. Buyer will pay the price for Goods pursuant to invoice (tax document) issued by Seller and sent to Buyer. Payment term is 60 days after the day of delivery, if not agreed differently. Each invoice shall be accompanied by the copy of delivery note or by handover and acceptance record confirmed by Buyer.

2. Invoice (tax document) shall contain all information according to § 29 of Act No. 235/2004 Coll., of the Value Added Tax, as amended, especially:

- data according generally binding tax and accounting regulations
- specification of Goods – according to the Contract/purchase order and delivery date
- delivery note No. and number of the Contract/purchase order/Buyer
- due date
- quantity of Goods in delivery, incl. unit of measure
- purchase price of Goods

3. If the invoice does not mention any of requested data, Buyer can return such invoice to Seller. Then, the payment term starts at the day of receipt of new and corrected invoice.

4. Seller is entitled to apply agreed interest on late payment in amount of 0,03% of the outstanding amount for each day of the delay.

5. If Seller is a foreign entity and the subject to contract is software, license, consulting, technical or other services, such Seller is obliged to submit evidence regarding its tax domicile.

6. A financial obligation paid via bank is fulfilled by debiting relevant amount from the Buyer's account.

If Seller receives any payment from Buyer beyond the agreed and payable price or beyond other payable financial obligations according to the Contract, Seller is then obliged to inform Buyer immediately,

7. If not agreed differently, Seller is obliged to return such reasonless payment to Buyer without delay, but no later than 5 days after its receipt.

VIII. Confidentiality

1. All types of details provided by Buyer, such as samples, drawings, models, data and other information, including Contract provisions and other contractual arrangements between Contracting Parties, are considered confidential. Such protection is applied especially to information regarding the trade secret, i.e. trade, production and technical information related to Buyer's business with real or potential material or immaterial value that are not usually available within business circles and that shall be confidential according to Buyer's will and their confidentiality is secured adequately. Seller undertakes not to disclose or transmit confidential information or make them available to third parties without the prior written approval issued by Buyer. Seller undertakes not to use such information for its own benefit or for benefit of third parties. Seller shall ensure compliance with these obligations by its employee, subcontractors, consultants, etc.

2. Goods produced according to details described in previous article or according to other confidential information of Buyer or by using the objects submitted by Buyer (tooling, fixtures, etc.) can not be offered or delivered by Seller to third parties without the prior written approval of Buyer.

IX. Intellectual Property

1. Seller declares and confirms that no third party disposes of any right of intellectual property protected in the Czech Republic or abroad with regard to Goods delivered to Buyer, their parts or equipment or technical method used by their production, designation or development, i.e. especially patents or utility models or industrial models. Seller further affirms and confirms that Goods delivered to Buyer meet all applicable technical and other standards. Neither Seller nor Buyer are limited in any way in their competence to produce such Goods, to transfer Goods to third parties and/or to dispose it in any way, or to use it alone or in connection with other products or in their framework, on the territory of the Czech Republic or abroad.

2. Seller is hereby obliged to inform Buyer immediately about all possible enforcement of rights of third parties regarding Goods.

3. Should the provisions according to this article to be breached, Seller is responsible for damages incurred thereby Buyer, i.e. thus Seller is obliged to pay compensation for such damage and to bear costs related to abovementioned.

X. Force Majeure

1. Should any circumstances excluding liability occur at any of Contracting Parties /see § 2913 Art. 2 OZ/ - thus an obstacle that is exceptional, unpredictable and insurmountable arising independently of the will of affected party /e.g. floods, fire, war/, resulted in the situation that affected party is not able to fulfill its obligation properly - such party is not liable for failure to perform its obligations upon the Contract, if the best effort to remove the influence of force majeure has been done. Affected party shall immediately inform the other party about force majeure.

2. A Party that can not perform its obligation due to the force majeure shall inform the other Party without delay and also about the end of the Force Majeure and at the same time to start to perform again all its obligations resulting from the Contract immediately after that the circumstances excluding liability have passed.

XI. Resolution of Disputes

1. Parties undertake to ensure that any disputes arising in connection with the Contract, its Appendixes or related regulations and other provisions of Contracting Parties, also in relation to their conclusion and validity as well as rights and obligations of Contracting Parties, shall be resolved by an amicable agreement at first. If such resolution is not possible, Contracting Parties further agree that if they fail to settle disputes amicably, the disputes shall be submitted to the competent court with jurisdiction in accordance with the registered office of Buyer. Contracting Parties agree that all disputes shall be resolved according to Czech law.

XII. Submission and Setoff of Receivables

Without the prior written approval, Seller shall not submit, transfer or put any of its rights or obligations resulting from the Contract, in whole or in part, to any third party. Seller shall not setoff any receivable against Buyer's receivable without the prior written Buyer's approval.

XIII. Withdrawal notice

Both Contracting parties have the right to withdraw from the Contract in the event of a substantial breach of the obligations arising from the Contract by the other party, except the situations mentioned in previous provisions of these Conditions. Any withdrawal for the Contract pursuant to these Conditions or Contract shall be in written form and shall be delivered to the other party. The Contract then becomes void from the beginning according to applicable provision of Code of Civil. Withdrawal from the Contract does not affect the Buyer's right to apply contractual penalty or compensation for damages.

XIV. Final provisions

1. Rights and obligations of Contracting Parties that are not explicitly set upon the Contract or upon these Conditions are governed by applicable provisions of valid legal regulation of the Czech Republic, especially by Act No. 89/2012 Sb., Civil Code, UN Convention on Contracts for the International Sale of Goods (Vienna Convention) published in Coll. under No. 160/1991. is not applicable. **These business terms and conditions are effective from October 1st, 2021 and they completely replace General Business Terms and Conditions issued on September 1st, 2014.**

2. Failure to enforce or exercise contractual rights of Buyer resulting from the Contract shall not be deemed as a waiver of these rights against Seller resulting in an expiration neither these rights nor the opportunity to exercise these rights.

3. Both Contracting Parties are obliged to inform the other party about changes done in respective company, especially regarding changes in company name, headquarters, VAT or registration kept by Court or by other relevant authority, including notification on the commencement of insolvency proceeding and other changes according to applicable law.