

**Article I. Opening Provisions**

- 1.1. Pursuant to the following Purchasing Terms and Conditions (hereinafter referred to as the "PTC") the company VÍTKOVICE CYLINDERS a.s., with its registered office at the address: Ostrava-Vítkovice, Ruská 24/83, post code 706 00; Company ID No.: 25849026, a company registered in the Commercial Register maintained by the Regional Court in Ostrava under File No. B 2260, enters into purchase agreements or contracts for work as the buyer or the client (hereinafter the "Client"), where the subject-matter of such agreements or contracts is a supply for a consideration, i.e. a purchase or production of goods (hereinafter the "Subject-matter of the Supply") by an individual or a legal person (hereinafter the "Supplier"), specifically framework agreements (hereinafter "Framework Agreements") and sub-contracts concluded on the basis of a framework agreement or another partial contract whose conclusion does not precede the negotiation of the Framework Agreement (hereinafter a "Sub-contract"). Unless the PTC specifies otherwise, the term **Contract** shall be understood to mean both a Framework Agreement and a Sub-contract.
- 1.2. The Client shall always enter into contracts in accordance with the PTC, unless expressly agreed otherwise between the parties. The will of the Client is to make the contractual conditions exclusively subject to the PTC (the Client therefore rules out any use of the Supplier's business terms and conditions in advance).
- 1.3. The PTC form an integral part of a Contract, regardless of whether the Contract refers directly to the PTC or not, unless the Parties expressly agree otherwise. By entering into a Contract, the Supplier confirms that he/she is aware of the PTC and has been familiarised with their content in detail. Unless explicitly specified otherwise, a reference to a Contract also means a reference to the PTC. The provisions of a Contract take precedence over the PTC.
- 1.4. Unless otherwise agreed in the Framework Agreement, the Client shall be under no obligation to enter into Sub-contracts with the Supplier. Sub-contracts may also be concluded in electronic form (e.g. by e-mail), unless otherwise specified in the Framework Contract.
- 1.5. Acceptance of a draft Contract with amendments or deviations is not permitted, therefore the use of Section 1740 (3) of Act No. 89/2012 Coll., the Civil Code, as amended (hereinafter the "Civil Code") is ruled out.

**Article II. Price and Payment Terms**

- 2.1. The price for the Subject-matter of the Supply (hereinafter the "Price") is fixed and cannot be exceeded. The price shall cover all of the Supplier's expenses necessary for the due and timely delivery of the Subject-matter of the Supply, as well as a licence fee, if the Client requires a licence in order to use the Subject-matter of the Supply.
- 2.2. VAT at the applicable statutory rate shall be added to the price if the delivery of the Subject-matter of the Supply under the Contract is a taxable transaction within the meaning of Act No. 235/2004 Coll., on value-added tax, as amended (hereinafter the "VAT Act").
- 2.3. The price shall be billed via an invoice containing the essential requirements of a tax document according to applicable legislation, particularly the VAT Act; the content of the invoice shall also comply with Act No. 563/1991 Coll., on accounting, as amended. Unless the Contract specifies otherwise, the maturity period of the invoice shall be 90 days from the date of delivery of the invoice to the Client.
- 2.4. The Supplier shall not be entitled to issue an invoice without a certificate of handover and takeover confirmed by the Client (the Supplier must attach a copy of this document to the invoice).
- 2.5. If the invoice does not contain the essential requirements (annexes) specified in the Contract (or in the PTC), the Client shall return the invoice to the Supplier (within its maturity period) with a request for remedy or amendment. The maturity period (in its entirety) shall begin to run again from the date on which a flawless invoice is issued to the Client.
- 2.6. Payments shall only be made by cashless transfer to the Supplier's bank account specified in the invoice - this account must be a so-called "published account" in the sense of the VAT Act (if the Supplier is subject to VAT under Czech regulations). If the Client, as the recipient of the performance under the Contract, is a guarantor for unpaid VAT on this performance pursuant to the VAT Act, the Client shall be entitled to pay the VAT on behalf of the Supplier directly to the Supplier's tax administrator, who shall notify the Supplier of this fact in writing. Tax paid in this manner shall reduce the receivables owed by the Client to the Supplier by the respective tax amount, and the Supplier shall not be entitled to require payment of that amount from the Client by which its receivables have been reduced.

**Article III. Handover of the Subject-matter of the Supply**

- 3.1. The Supplier's obligation to deliver the Subject-matter of the Supply shall be fulfilled once the fully completed Subject-matter of the Supply (including documents specified in the Contract) has been delivered to the place of destination and subsequently taken over by the Client. The Parties shall make a written record of handover and takeover of the Subject-matter of the Supply. The Client shall not be obliged to take over the Subject-matter of the Supply if it demonstrates any defects (backlogs).

- 3.2. Unless specified otherwise, the FCA clause according to INCOTERMS version 2020 shall apply to the delivery of the Subject-matter of the Supply.

**Article IV. Rights Ensuing from a Defective Performance, and Quality Warranty**

- 4.1. The Subject-matter of the Supply is defective if it does not correspond to the Contract.
- 4.2. All delivered and installed products (items) forming a part of the Subject-matter of the Supply must be new and unused (they must not be refurbished products or items) and must be free of defects and comply with applicable technical, hygiene and safety standards and regulations.
- 4.3. The Supplier shall provide the Client with a 24-month quality warranty, unless agreed otherwise, under which the Supplier accepts the obligation that the Subject-matter of the Supply and every part thereof shall be free of any material and legal defects, and that the Subject-matter of the Supply will be fit for the agreed or usual purpose for the entire warranty period, and shall maintain the agreed or usual properties.
- 4.4. Notifications of defects (claims) shall be made by letter or by e-mail. The Supplier shall confirm receipt of such notification to the Client without undue delay.
- 4.5. Unless the Client determines otherwise in specific cases, the Contractor shall be obliged to begin remedying defects: (i) within 3 business days of notification of a defect preventing the use/operation of the Subject-matter of the Supply (such defects must be remedied within 10 business days of notification), (ii) within 3 business days of notification of the defect in other cases (these defects must be remedied within 10 business days of notification). The Supplier shall be obliged to remedy defects even if it does not accept the claim.
- 4.6. If the Supplier fails to remedy defects subject to a claim within the specified period, is delayed in the commencement of activities to remedy the defects, or states that it does not intend to remedy the defects, the Client shall be entitled, at the Supplier's expense and while maintaining the quality warranty, to remedy the defects itself or to have them remedied by a third party, without the Client in any way limiting its rights under the Contract (PTC).

**Article V. Contractual Penalties and Compensation for Damage or other Injury**

- 5.1. The Supplier shall be obliged to pay the Client a contractual penalty:
  - in the amount of 0.5% of the price (excluding VAT) for each commenced day that the Supplier is delayed in the delivery of the Subject-matter of the Supply,
  - in the amount of 0.1% of the price (excluding VAT), but not less than CZK 1,000, for each commenced day that the Supplier is delayed in commencing the remedy of each individual defect,
  - in the amount of 0.1% of the price (excluding VAT), but not less than CZK 1,000, for each commenced day that the Supplier is delayed in completing the remedy of each individual defect (not preventing the use/operation of the Subject-matter of the Supply),
  - in the amount of 0.5% of the price (excluding VAT) for each commenced day that the Supplier is delayed in completing the remedy of each individual defect (preventing use/operation of the Subject-matter of the Supply).
- 5.2. Payment of a contractual penalty shall be without prejudice to the Client's right to compensation for damage or other injury. Payment of a contractual penalty does not free the Supplier from its obligation to fulfil the obligation for which the penalty was imposed. Contractual penalties (except for contractual penalties in the PTC) may only be agreed upon in writing.
- 5.3. By entering into a Contract, the Supplier expressly confirms that it is aware of the nature of the Client's business activities (continuous operation) and the fact that the Subject-matter of the Supply is necessary for the Client's production activities; at the same time, the Supplier acknowledges that the Client has a legitimate interest in the due and timely fulfilment of the Supplier's obligations, where a delay on the part of the Supplier may cause significant damage to the Client, especially, but not exclusively, in the form of lost profit, fruitlessly incurred costs, penalties imposed by the Client's customers, increased costs of a supply replacing the performance under the Contract (so-called substitute trade), for which the Supplier shall be liable.

**Article VI. Termination of Contracts**

- 6.1. The Client shall be entitled to withdraw from a Contract under the conditions stipulated by legislation or by the Contract (or the PTC), especially if the Supplier commits a substantial breach of the Contract (such a breach shall particularly mean a delay by the Supplier in the delivery of the Subject-matter of the Supply exceeding 30 days, and repeated breaches of obligations despite notification from the Client; "repeated" shall mean at least two breaches of obligations). The Client shall also be entitled to withdraw from a Contract: (i) if the Supplier enters into liquidation, (ii) if the Supplier is ruled bankrupt (legal force of such a decision is not required), (iii) if insolvency proceedings are initiated against the Supplier at the Supplier's own proposal, (iv) if the Supplier files a motion for a moratorium against its person.

**Article VII. Other Provisions**

- 7.1. The PTC, Contract and all legal relationships regulated by these documents, as well as other connected legal relationships, shall be governed by Czech law, particularly by the Civil Code. This provision also has the nature of a choice of

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legal system (choice of law) in the case of a contractual relationship with a so-called international element.

- 7.2. All disputes ensuing from a Contract (the PTC) or in connection with a Contract (the PTC) shall be settled with definitive effect by the relevant competent court in Ostrava (the jurisdiction of the courts of the Czech Republic is hereby agreed upon).
- 7.3. All provisions of a Contract (the PTC) shall be regarded as fully severable, and their potential invalidity, ineffectiveness, unenforceability or speciousness shall not affect the remaining parts of the Contract (PTC).
- 7.4. All alterations and/or amendments to the Framework Agreement may be made exclusively in writing, specifically in the form of sequentially numbered paper amendments signed by all Parties.
- 7.5. The Supplier is not entitled to assign or pledge any receivables under a Contract (the PTC) to the benefit of a third party without the prior written consent of the Client.
- 7.6. By entering into a Contract, the Parties confirm that authorised representatives act on their behalf and that they are fully authorised to enter into the Contract, as well as to fulfil the obligations ensuing from the Contract, where they have the consent of their statutory bodies (general meetings, supervisory boards, etc.) if such consent is required according to applicable legislation.