

Purchasing Conditions of Krofian CZ, spol. s r.o.

1. Definitions

Unless stipulated otherwise below, the terms contained in these Purchasing Conditions shall have the following meaning:

“Supplier” means a natural or legal entity supplying products to **Krofian CZ spol. s r.o.** based on a Contract.

“Delivery” means the delivery of Products in accordance with Section 7.2 of the Purchasing Conditions, confirmed by Krofian CZ spol. s r.o. via a signature on a delivery document or another corresponding document.

“Invoice” means a tax document issued by the Supplier in accordance with the Contract, the Framework Contract and these Purchasing Conditions. The invoice must meet all the prerequisites determined by the legal regulations of the Czech Republic.

“Main relation” means a contractual relation established between Krofian CZ spol. s r.o. and its contractual customer, in which Krofian CZ spol. s r.o. will provide its customer with performance, a part or accessory of which shall be formed by Products.

“INCOTERMS 2010” means a set of international rules to interpret delivery notes in foreign trade issued by the Paris International Trade Chamber, taking effect as of 1 January 2011.

“Krofian CZ spol. s r.o.” means a trading company **Krofian CZ spol. s r.o.**, with a registered office in Dobranov 83, Česká Lípa, postal code 471 21, company ID No.: 25486390, VAT ID No.: CZ25486390, incorporated in the Companies Register administered by the Regional Court in Ústí nad Labem, file ref. No. C 20299.

“Civil Code” means Act No. 89/2012 Sb., the Civil Code, as amended.

“Working day” means any day within a week from Monday to Friday, except for the public holidays pursuant to Act No. 245/2000 Sb., on state holidays, as amended.

“Products” mean, regardless of their specific marking in the Contract, movable assets or services specified individually or according to amount, which the Supplier pledges to deliver to Krofian CZ spol. s r.o. on the basis of a Contract. The Product includes all the assets, services and rights pertaining to the Product or eventually forming their part or accessory, being necessary for due utilization of Products and their functionality, and which are specified in the Contract, the eventual Framework Contract, the Purchasing Conditions, or ensuing from the nature of Products. “Products” shall also mean, regardless of their specific labelling in the Contract individually or according to the amount, the services the Provider pledges to supply to Krofian CZ spol. s r.o. based on the Contract

“Acceptance” means the acceptance of Products by Krofian CZ spol. s r.o. in terms of Section 7.5 of the Purchasing Conditions.

“Framework Contract” means a contract entered into by Krofian CZ spol. s r.o. and the Supplier, which arranges the basic conditions of supplying and sale of Products by the Supplier for Krofian CZ spol. s r.o.

“Contract” means a purchase contract or contract for work or eventually another similar contract entered into by Krofian CZ spol. s r.o. and the Supplier in accordance with Section 3 of the Purchasing

Conditions, the subject of which is the delivery of Products by the Supplier for Krofian CZ spol. s r.o.

“Contract Price” means the price arranged for in the Contract, which Krofian CZ spol. s r.o. pledges to pay to the Supplier for the supplied Products according to the Contract, in accordance with Sections 4 and 5 of the Purchasing Conditions.

“Contracting Party”, or eventually **“Contracting Parties”** means individually Krofian CZ spol. s r.o. and the Supplier, or jointly Krofian CZ spol. s r.o. and the Supplier.

“Sub-supplier” means a third person supplying the Product or its part to the Supplier, or providing the Supplier with any things forming a part or accessory to the Products according to the Contract or services or rights associated with the Products.

“Act on VAT” means Act No. 235/2004 Sb., on the value added tax, as amended.

2. Initial Provisions

2.1. The Subject of the Purchasing Conditions. These Purchasing Conditions have been elaborated in accordance with Section 1751 of the Civil Code, determining the basic rules and conditions to abide by in all the contractual relations of the Contracting Parties in the purchase and delivery of Products for Krofian CZ spol. s r.o., unless other conditions are specifically arranged for in the Contract or Framework Contract.

2.2. A Part of the Contract. These Purchasing Conditions form an inseparable part of each Contract for the Delivery of Products for Krofian CZ spol. s r.o. by a Contracting Party as the Customer, and which has been entered into as of the effective date of these Purchasing Conditions at the earliest. Together with the Contract and the eventual Framework Contract, these Purchasing Conditions represent a complete agreement of the Contracting Parties in relation to the deliveries of Products.

2.3. Previous Arrangements. Any verbal or written declarations, guarantees, negotiations, trade competitions, letters of intent and business practice not specifically stated or included in the Contract or eventual Framework Contract or these Purchasing Conditions via a specific reference are not binding for any Contracting Party in relation to the delivery of Products according to the Contract, unless specifically arranged for otherwise in writing.

2.4. Binding Force. By entering into the Contract, the Supplier expresses a binding consent with all the rights and obligations included in these Purchasing Conditions. The Supplier is obliged to adhere to these Purchasing Conditions, including all their modifications and amendments.

2.5. Priority of Contract and Framework Contract. In case of non-compliance or deviating provisions in the Contract, the eventual Framework Contract and these Purchasing Conditions, the provisions of the Contract and Framework Contract prevail over the deviating provisions of these Purchasing Conditions.

2.6. Business Terms and Conditions of Supplier. The Supplier's Business Terms and Conditions are not effective and not applicable for the contractual relations established by the Contract, except for cases when Krofian CZ spol. s r.o. expresses its specific written consent with the fact that selected particular provisions of the

Supplier's business terms and conditions replace the particular provisions of these Purchasing Conditions. Acceptance of Products or payment of Contract Price for the Products by Krofian CZ spol. s r.o. does not represent the agreement with the Supplier's business terms and conditions, even in case these are given on the delivery document, invoice or another document of the Supplier signed by Krofian CZ spol. s r.o.

2.7. Relation to Trading Customs. The Contracting Parties hereby declare, pursuant to the stipulation of Section 558, Subsection 2 of the Civil Code, that their contact shall not take into consideration to the trading customs maintained in general or in the given field, and that the trading customs do not have a priority in their legal relation to the stipulations of the Civil Code, which do not have peremptory effects.

3. Entering into Contract

3.1. Subject of Contract. By signing the Contract, the Supplier pledges to deliver Products to Krofian CZ spol. s r.o. and to convey ownership rights to these Products to Krofian CZ spol. s r.o., whereas Krofian CZ spol. s r.o. pledges to receive the Products, accept them in its ownership, and pay the negotiated Contract Price for them to the Supplier. Apart from the sale of Products, the Contract may also bind the Supplier to provide services for the manufacture and subsequent delivery of Products or to provide other associated services.

3.2. Written Form of Contract. The Contract may only be entered into, modified and cancelled in written form, which is being preserved for the purpose of these Purchasing Conditions even if sent by electronic mail (i.e. an e-mail sent from a company address of the Contracting Party, even without secured electronic signature) or via a fax.

3.3. Draft Contract. A Draft Contract is understood as a written order of Products elaborated by Krofian CZ spol. s r.o. and delivered to the Supplier or a counter-proposal of the Supplier in terms of Section 3.5 of these Purchasing Conditions delivered to Krofian CZ spol. s r.o. A verbal order is only binding for Krofian CZ spol. s r.o. if it is confirmed in writing. The Contracting Party is authorized to withdraw from the Draft Contract if the withdrawal notice is received by the other Contracting Party prior to this other Contracting Party sending its acceptance of the draft.

3.4. Entering into Contract. The Contract is being entered into as of the moment, when (i) Krofian CZ spol. s r.o. receives a written confirmation of the Supplier regarding unconditional acceptance of the order of Krofian CZ spol. s r.o., or (ii) two (2) working days pass from the delivery of the order of Krofian CZ spol. s r.o. to the Supplier without the Supplier explicitly refusing the order of Products; in such case, the Supplier manifests conclusively its will to be bound by the order of Krofian CZ spol. s r.o., or (iii) the Supplier acts according to the order from Krofian CZ spol. s r.o. and delivers to Krofian CZ spol. s r.o. the required Products, or (iv) Krofian CZ spol. s r.o. confirms via its explicit written manifestation of will the counterproposal of the Supplier in terms of Section 3.5 of these Purchasing Conditions, depending on which of the above situations occurs first.

3.5. Accepting the Draft Contract with an Objection. The Supplier's confirmation regarding the acceptance of order from Krofian CZ spol. s r.o., which will include any amendments, reservations, limitations, changes, or which will include reference to the Supplier's business terms and conditions, will be considered as a refusal of the order of Krofian CZ spol. s r.o. (even if such amendments or deviations do not change the conditions of the Draft Contract substantially), and at the same time as a counterproposal of the Supplier. The Counterproposal of the Supplier, which Krofian CZ spol. s r.o. does not accept via an explicit written manifestation of will, is considered to be refused. If the Supplier delivers Products to Krofian CZ spol. s r.o. in spite of that, and if Krofian CZ spol. s r.o. accepts such Products, the delivery of such products shall abide by the original conditions included in the order made by Krofian CZ spol. s r.o., including these Purchasing Conditions, with the counterproposal of the Supplier being considered as recalled by the Supplier and the Contract is being entered into according to Section 3.4 (iii) of these Purchasing Conditions.

3.6. Change of Contract requested by Krofian CZ spol. s r.o. At any time prior to the Delivery of Products, Krofian CZ spol. s r.o. may request a change in the amount or specification of Products. The Supplier is obliged to satisfy such request for change, unless it is prevented by the state of completeness of the Product or the manufacturing resources of the Supplier, whereas it is obliged to inform Krofian CZ spol. s r.o. within five (5) Working Days about the impacts of such change on the Delivery Date of Products, or eventually on other arranged conditions. If the Supplier fails to inform Krofian CZ spol. s r.o. about the impacts of the requested change within this time limit, it is obliged to deliver such changed Products within the terms and under the conditions arranged for in the Contract and in these Purchasing Conditions.

4. Contract Price

4.1. The Amount of Contract Price. Krofian CZ spol. s r.o. is obliged to pay the Contract Price to the Supplier for the delivery of Products, the amount of which has been arranged for in the Contract or the eventual Framework Contract. The Contract Price is negotiated as a fixed price. Pursuant to the stipulation of Section 1765, Subsection 2, and Section 2620, Subsection 2 of the Civil Code, the Supplier assumes the risk of changed circumstances. Unless stipulated otherwise in the Contract, the Contract Price is set in Czech crowns (CZK) and it includes the value added tax in the valid amount.

4.2. The Content of Contract Price. Unless stipulated otherwise in the Contract, the Contract Price includes the actual value of Products and also all the costs associated with the delivery of Products, including the transport and packaging costs, transport insurance, payments of all taxes, import licences or other fees required by or associated with the import of Products into the state where the Products are to be Delivered on the side of the Supplier. Krofian CZ spol. s r.o. will not accept and settle any additional fees, costs or expenses of any type, unless they are explicitly mentioned in the Contract next to the Contract Price.

4.3. The transport costs settled by Krofian CZ spol. s r.o. If the Contract sets the price explicitly from the Supplier's plant or distribution depot, the Supplier is always obliged to realize the transport to the place of Delivery of the Products at the lowest

possible costs, unless Krofian CZ spol. s r.o. determines a particular type of transport. Any extra costs for accelerated transport necessary to observe the Delivery date are borne by the Supplier.

4.4. Other Provisions regarding the Contract Price. The Contract Price may only be changed in a way specified in Section 3.2 of these Purchasing Conditions.

5. Payment Conditions

5.1. The Supplier's entitlement to invoice the Contract Price. Unless stipulated otherwise in the Contract, the Supplier is only entitled to issue an Invoice for the full Contract Price, as of the date of Acceptance of Products by Krofian CZ spol. s r.o. at the earliest.

5.2. The Essentials of an Invoice. Krofian CZ spol. s r.o. will settle the Purchase Price via cashless bank transfer onto the Supplier's account specified in the respective Invoice. The Invoice must include all the prerequisites of a tax and accounting document pursuant to the valid regulations of the Czech Republic, as well as the prerequisites stipulated in these Purchasing Conditions, especially:

- a) The number of Invoice, date of issue, date of taxable fulfilment and the due date of the Invoice;
- b) Identification data of Contracting Parties (including the Supplier's VAT No.) and bank details of Supplier (including IBAN/SWIFT data in case of foreign payments), whereas the given bank account of Supplier must be duly registered in the register of bank accounts of VAT payers;
- c) The number of Contract (or else of the order of Krofian CZ spol. s r.o.);
- d) The place of Delivery of Products;
- e) The marking and specification of Products, including the serial number of Products, if assigned;
- f) The amount of Products;
- g) The unit price of Products segmented as follows: the price without VAT, the sum of VAT, and the price including VAT;
- h) The total price of Products segmented as follows: the price without VAT, the sum of VAT, and the price including VAT;

5.3. The Delivery of Invoice. The original Invoice must be delivered to Krofian CZ spol. s r.o., either in written form via a mail sent to the registered office's address, or in the form of an electronic invoice (meeting the requirements of legal regulations regarding electronic invoicing) delivered to the e-mail address of Krofian CZ spol. s r.o. specified in the Draft Contract (Order). Duplicate copies of Invoices must be marked as duplicates.

5.4. Returning the Invoice. In case the Invoice issued by the Supplier fails to include the required prerequisites or data according to valid legal regulations, the Contract or these Purchasing Conditions, such Invoice will be returned to the Supplier for correction or amendment at any time prior to the lapse of its due date without Krofian CZ spol. s r.o. getting in delay with the settlement of Contract Price. In case of correcting or amending the Invoice, the period for settlement starts anew as of the moment the corrected Invoice is delivered to Krofian CZ spol. s r.o.

5.5. Period for Settlement. Krofian CZ spol. s r.o. will settle the Contract Price based on the duly issued Invoice within the period of thirty (30) calendar days after receiving the Invoice, yet no sooner

than 30 days after receiving the Products. The Contract Price is considered as settled as of the moment the respective sum is withdrawn from the bank account of Krofian CZ spol. s r.o..

5.6. The interruption of periods for settlement. In case Krofian CZ spol. s r.o. identifies any defect in any of the deliveries of Products realized on the basis of the Contract, the period for settlement of Purchase Price for such Products or its remaining part is being interrupted. The period for settlement of Contract Price or its part interrupted in this way, yet at least a period lasting fifteen (15) calendar days, starts anew as of the date, when based on the choice of Krofian CZ spol. s r.o., in accordance with these Purchasing Conditions:

- a) The Supplier removes the said defects of Products and allows for their due utilization by Krofian CZ spol. s r.o.; or
- b) Krofian CZ spol. s r.o. delivers to the Supplier a note informing about the application of a reasonable discount from Contract Price for the defective Products on its part.
- c) The Contracting Parties confirm in writing that the Products do not suffer from any defects.

5.7. Non-reliable payer and liability of Krofian CZ spol. s r.o. The Supplier hereby declares that he is not a non-reliable payer in terms of Section 106a of Act on VAT, and that there are no reasons why Krofian CZ spol. s r.o. could be obliged to pay any performances for the Supplier in association with the delivery of Products, by virtue of the liability of Krofian CZ spol. s r.o. as the recipient of taxable fulfilment for an unpaid tax. If Krofian CZ spol. s r.o. learns about any circumstances that could possibly lead to the occurrence of liability on the side of Krofian CZ spol. s r.o. for the unpaid tax from the delivery of Products realized by the Supplier, Krofian CZ spol. s r.o. is authorized to withdraw the amount of tax stated on the Supplier's Invoice and to settle it for the Supplier directly on his personal deposit account in terms of Section 109a of the Act on VAT, without Krofian CZ spol. s r.o. getting in delay with the payment of the respective part of the Contract Price.

6. Delivery Conditions

6.1. Quality, Realization and the amount of Products. The Supplier is obliged to supply products to Krofian CZ spol. s r.o. duly and in time, in accordance with the Contract, the eventual Framework Contract and these Purchasing Conditions, whereas he is obliged to meet the quality requirements and the requirements for the quality of Products stated in the technical documentation to the negotiated Products (whether handed over to the Supplier by Krofian CZ spol. s r.o. or elaborated by the Supplier for the purposes of delivering products for Krofian CZ spol. s r.o.). Further on, the Products must comply with all the technical, safety and quality requirements and standards relating to the given type of Products; the recommending stipulations of such standards are binding for the purposes of performing the Contract. The Products must be new, unused, undamaged and made of high-quality material, they must be capable of yielding standard performance at least throughout the guarantee period, and they must fully meet the purpose for which they are delivered. The Products must not be burdened by any legal defects. The Supplier is obliged to supply complete Products, including all the parts necessary for defectless operation of Products in observing the guaranteed data, even if the individual parts needed are not mentioned explicitly in the Contract.

6.2. Instructions and supporting materials of Krofian CZ spol. s r.o. The Products will be delivered as a standard on the basis of Krofian CZ spol. s r.o. selecting from the Supplier's product catalogue issued in written or electronic form. In case the Products are manufactured and delivered on the basis of supporting materials or instructions of Krofian CZ spol. s r.o., the Supplier is obliged, using due professional care, to immediately inform Krofian CZ spol. s r.o. in writing about the non-suitable nature of these supporting materials or instructions. If the Supplier fails to inform Krofian CZ spol. s r.o. about the unsuitability of his instructions or supporting materials, the Supplier shall be responsible for all eventual defects and damages incurred by the realization of these supporting materials.

6.3. Complying with legal regulations. The Supplier is responsible for guaranteeing that no legal regulations (including the regulations regarding the manipulation with hazardous and toxic substance, environmental protection and sanitary standards, technical standards, etc.) are violated in the provision of Products, and that the Products meet all the requirements set in the respective legal regulations valid in the Delivery locality of Products and in place where Krofian CZ spol. s r.o. delivers the Products within the framework of the Main Relation (if Krofian CZ spol. s r.o. informs the Supplier about such place in advance).

6.4. The list of embargoes and declarations. The Supplier is obliged to immediately inform Krofian CZ spol. s r.o. about the fact that the delivered Products are listed in the updated list of goods subject to export permission or preferential trading. Further on, the Supplier is obliged to inform Krofian CZ spol. s r.o. about the country of origin, about any eventual hazardous material and the code of Products according to the EU common customs tariff. Upon request of Krofian CZ spol. s r.o., the Supplier is obliged to issue and to hand over to Krofian CZ spol. s r.o. the declaration according to the Council Regulation (EC) No. 1207/2001, as amended, and the declaration according to the Government Order No. 481/2012 Sb., as amended (according to the Directive No. 2011/65/EU of the European Parliament and Council - RoHS Declaration).

6.5. Sub-suppliers. The Supplier is authorized to make use of a Sub-supplier in the manufacture and delivery of Products. The Supplier is obliged to allow Krofian CZ spol. s r.o. upon its request to inspect the Sub-suppliers. The Supplier is responsible to Krofian CZ spol. s r.o. for the Products supplied by the Sub-supplier, as if the Products were supplied by him personally. Further on, the Supplier is obliged for the due settlement of his Sub-suppliers' outstanding debts occurring in association with the delivery of Products; the Sub-suppliers are not authorized to demand any performance from Krofian CZ spol. s r.o. in this respect.

6.6. Packing and securing the Products. The Supplier is obliged to pack the Products at his own costs for the transport and to secure them in such a way as to prevent their damage, impairment or theft during the transport, including the loading and unloading, and to ensure that the package allows for safe and long-term storage of Products with no loss of quality. Krofian CZ spol. s r.o. is authorized to determine more detailed conditions regarding the method of packaging. The packaging of Products and the bill of delivery must contain a legible label of the Supplier, Krofian CZ spol. s r.o., the number of Contract (Order) and other prerequisites according to the

Contract in a well-visible place. In case the Supplier marks the package as returnable, the Supplier is obliged to pick the package up at his own costs at Krofian CZ spol. s r.o. within fourteen (14) calendar days after the day of accepting the Products by Krofian CZ spol. s r.o. Manipulation with packages is subject to the respective stipulations of the legal order of Czech Republic.

6.7. Documents for Products. Together with the Products, the Supplier is obliged to deliver to Krofian CZ spol. s r.o. (without any claim for any subsequent remuneration) all documents necessary for the Acceptance of Products, manipulation with them, customs clearance and utilization of Products, as well as documents required by binding legal standards or technical regulations. These are namely the documents dealing with the technical conditions of installation, operation and maintenance of Products, declarations of conformity, attests, safety sheets, certificates or instructions for use also applies to the end customer), containing among other things a warning if the Products requires special treatment, assembly, maintenance, etc. The Supplier is obliged to inform Krofian CZ spol. s r.o. whether or not the manufacturer's declaration or the declaration of conformity pursuant to the EU regulations is necessary for the delivered products, and if necessary, to hand them over to Krofian CZ spol. s r.o. All the documents must be delivered by the Supplier in the original version, legible, in writing, and upon request from Krofian CZ spol. s r.o. also in an electronic form. All the documents in full wording must be delivered by the Supplier to Krofian CZ spol. s r.o. translated into Czech, with the Supplier providing for the translation of these documents into any other official languages of the European Union at his own expense upon request from Krofian CZ spol. s r.o. Further on, the Supplier is obliged to provide all assistance and concurrence to Krofian CZ spol. s r.o. upon his request in getting the documents or corresponding electronic reports issued in the Czech Republic and/or in the country of origin, which Krofian CZ spol. s r.o. may request for the export and/or import of Products for the territory of a third country. In case the Supplier gets in delay with handing over the due and complete documents, and as a result, Krofian CZ spol. s r.o. has to settle any additional costs (like the customs, storage or other fees), the Supplier shall be obliged to settle these costs.

6.8. The Place of Delivery of Products. Unless stipulated otherwise in the Contract, the Products will be delivered by the Supplier in the delivery parity DAP, registered address of Krofian CZ spol. s r.o., Dobranov, according to INCOTERMS 2010.

6.9. The term of Delivery of Products. The Supplier is obliged to deliver Products to Krofian CZ spol. s r.o. within the term negotiated in the Contract or the eventual Framework Contract, or else within twenty five (25) calendar days after the receipt of an order from Krofian CZ spol. s r.o. by the Supplier. Unless Krofian CZ spol. s r.o. stipulates otherwise, the Supplier is obliged to deliver the Products during Working days between 6:00 a.m. and 2:00 p.m. The Supplier is obliged to inform Krofian CZ spol. s r.o. in writing about the Delivery of Products at least three (3) Working days in advance. If the Products are sent via a transport company, the Supplier is obliged to inform Krofian CZ spol. s r.o. immediately when the Products are handed over for the transport.

6.10. International trade deliveries. International deliveries of Products must be supplied to Krofian CZ spol. s r.o. without customs clearance. The Supplier is obliged to inform Krofian CZ spol. s r.o.

without delay about such deliveries, in order to allow due customs clearance; it is especially necessary to inform Krofian CZ spol. s r.o. sufficiently ahead of the Delivery of Products about all the necessary transport data and to provide Krofian CZ spol. s r.o. with all the supporting materials necessary for the customs clearance (especially the EORI number, the bill of lading, Invoice, consignment note, etc.).

6.11. Deliveries to customers of Krofian CZ spol. s r.o. In case the Products are to be delivered by the Supplier directly to a customer of Krofian CZ spol. s r.o. within the framework of the Main relation, the Supplier is obliged to inform Krofian CZ spol. s r.o. about the Products being prepared for shipment. All the relevant transport data, such as the means of transport, the means of packaging, labelling, number of packages, gross weight, net weight, etc., as well as customs invoices enclosed to the delivery must be sent to Krofian CZ spol. s r.o. by fax or electronic mail at least one (1) week prior to shipping the Products. Handing the Products over to the customers of Krofian CZ spol. s r.o. or other third persons is only admissible with a written approval of Krofian CZ spol. s r.o.

6.12. Partial deliveries of Products. Partial deliveries of Products are only possible if it is arranged in the Contract or if Krofian CZ spol. s r.o. expresses its agreement with it in writing.

6.13. Transfer of ownership rights and risk of damage. Unless stipulated otherwise in the Contract, Krofian CZ spol. s r.o. acquires ownership rights to Products as of the moment of their Delivery in terms of Section 7.2 of these Purchasing Conditions, with a resolutive condition for situations when Krofian CZ spol. s r.o. returns the Products to the Supplier without Accepting them; for the deliveries of Products with installation or assembly, the ownership rights are only acquired as of the moment of their Acceptance in accordance with Section 7.5 of the Purchasing Conditions. The risk of damage concerning the Products is transferred onto Krofian CZ spol. s r.o. as of the moment of Accepting the Products according to Section 7.2 of the Purchasing Conditions.

7. Tests, Inspections, Acceptance

7.1. Inspections during the performance of the Contract. The Supplier pledges to perform all the respective inspections and tests of Products, especially in order to find out whether the requirements of the Contract, the eventual Framework Contract, and these Purchasing Conditions are being observed. These inspections and tests will be carried out by the Supplier according to his own quality assurance programme and in accordance with the legal regulations and technical standards, or eventually in accordance with the technical and quality requirements regarding the Products.

7.2. Delivery of Products. The Supplier is obliged to carry out the Delivery of Products within the term and in the locality specified in the Contract, the eventual Framework Contract or these Purchasing Conditions. **A delivery note must be enclosed to each delivery with data regarding the contents of the delivery and the full marking of the order from Krofian CZ spol. s r.o. (order number and item of order).** Different Products must be packed and marked separately. The Delivery of Products will be confirmed by Krofian CZ spol. s r.o. on the delivery not or another corresponding document. The Products are considered as delivered in time if the following conditions are met in the negotiated term:

- a) The Products are duly delivered by the Supplier into the negotiated place of delivery; in case the installation or assembly by the Supplier are included in the delivery, the moment of completing such activities and the acceptance thereof by Krofian CZ spol. s r.o. shall be decisive for the timeliness of the Delivery;
- b) Complete and defectless documents relating to Products are delivered together with the Products.

7.3. Delay in Deliveries of Products. In case a delay is anticipated in delivering the Products, the Supplier must immediately inform Krofian CZ spol. s r.o. stating reasons and anticipated length of the delay. In case the Supplier gets in delay with Deliveries of Products, Krofian CZ spol. s r.o. is entitled to receive, apart from other legal entitlements, a contractual penalty for late Delivery according to Section 9.1 of these Purchasing Conditions, and compensations for extra expenses and other damages incurred due to the late Delivery in an amount exceeding the paid contractual penalty. In case the Supplier's delay with Delivery extends to three (3) days as compared with the set term, Krofian CZ spol. s r.o. will from that moment on be entitled to withdraw from the Contract in accordance with Section 11.2 of these Purchasing Conditions, to arrange for facultative performance with a third party, and to claim compensations for damages caused by the failure to perform from the Supplier. All the above entitlements pertain to Krofian CZ spol. s r.o. even in case the Supplier marked the Delivery date as "non-binding", etc. The acceptance of a late delivery of Products does not represent the waiver of any entitlements of Krofian CZ spol. s r.o. incurred by the Supplier's delay.

7.4. Incoming Inspection. No later than within ten (10) Working days after the Delivery of Products, Krofian CZ spol. s r.o. will carry out the incoming inspection. Within the framework of the incoming inspection, Krofian CZ spol. s r.o. will examine the Products in a standard way for obvious defects and externally visible deviations from conformity and amount; apart from that, Krofian CZ spol. s r.o. will at its own discretion check and test the Products in order to find out if other requirements according to the Contract, the eventual Framework Contract and these Purchasing Conditions have been met. In case the Products fail to meet the requirements and properties stated in the Contract, the eventual Framework Contract and/or these Purchasing Conditions, Krofian CZ spol. s r.o. shall elaborate a protocol on the incoming inspection in which it specifies the defects found; in such case, Krofian CZ spol. s r.o. is entitled to

- a) Require the removal of defects by means of delivering spare or missing Product; or
- b) Require the removal of defects by means of repairing the Product, if the defects are repairable; or
- c) Require a reasonable discount from the Contractual price; or
- d) Withdraw from the Contract fully or partially; or
- e) Repair the Products himself or by means of another person at the Supplier's costs and risks or provide for extra delivery. In such case, the Supplier is obliged to fully refund any costs incurred by Krofian CZ spol. s r.o.

Krofian CZ spol. s r.o. is entitled to change its claims by virtue of the Supplier's responsibility for defects until the moment of a complete removal of the defect in question. The Supplier is obliged to ensure remedy according to the requirements of Krofian CZ spol. s r.o. The Supplier is at the same time obliged to pay all costs and expenses incurred therefrom by Krofian CZ spol. s r.o., including the costs of dispatch and transport of the returned Products, the costs of

assembly and disassembly within the framework of the removal of defects, or event. the new delivery of Products, as well as the costs of the actual determination of defect. None of the above processes shall affect the Supplier's guarantee for Products or the Supplier's liability for damages caused by defective Products or caused or incurred during the removal of Product defects.

7.5. Acceptance of Products. Products shall be considered as accepted by Krofian CZ spol. s r.o. upon the expiry of ten (10) Working days after the Delivery of Products in terms of Section 7.2 of these Purchasing Conditions, unless Krofian CZ spol. s r.o. delivers to the Supplier a protocol on the incoming inspection within this time limit, in which it shall state that the Products are defective. In this case, Krofian CZ will only accept the Products upon the settlement of claims from damages via its separate declaration.

8. Guarantee and Liability for Defects

8.1. Defects. The Product has defects if it is not delivered in the amount, quality and/or realization determined by the Contract, the eventual Framework Contract or these Purchasing Conditions, or if it fails to conform to the purpose implied by the Contract, otherwise being a regular purpose. Defects are also legal defects of Products and defects in the documents the Supplier must deliver to Krofian CZ spol. s r.o. together with the Product.

8.2. Defects of Products found prior to the Acceptance. If Krofian CZ spol. s r.o. discovers any defects in inspecting the Products prior to their Acceptance, Krofian CZ spol. s r.o. shall be entitled to:

- Request that the Supplier carries out the inspection of Products in the place and time limit determined by Krofian CZ spol. s r.o.; the time limit determined in Section 7.5 of these Purchasing Conditions for the Acceptance of Products is discontinued for the period of the inspections;
- Refuse the Acceptance of defective Products and return them at the Supplier's cost without Krofian CZ spol. s r.o. getting in delay with Accepting the Products; or
- Carry out the Acceptance of defective Products, with Krofian CZ spol. s r.o. being entitled to claim a corresponding discount from the Purchase Price or to claim the removal of these defects. To proceed in accordance with this point c), other provisions of these Purchasing Conditions dealing with the claims from the liability for damages will be analogously applied.

8.3. Guarantee. The Supplier is liable for all defects occurring on the Products within the period of guarantee, which starts as of the moment of Acceptance of the Products by Krofian CZ spol. s r.o. and ending (i) thirty six (36) months after the Acceptance of Products by Krofian CZ spol. s r.o., or event. (ii) twenty four (24) months after the Products are delivered to the customer of Krofian CZ spol. s r.o. , depending on which of these time limits expires first. The Supplier pledges that Products delivered according to the Contract will be suitable for utilization for the purpose specified in the Contract, or for the otherwise regular purpose, throughout the period of guarantee, and that they will preserve the properties determined by the Contract. If any of the properties of Products are not determined in the Contract, the Supplier pledges that the Products shall preserve at least the regular properties throughout the period of guarantee. The period of

guarantee is interrupted during the time when Krofian CZ spol. s r.o. or its customers within the framework of the Main Relation cannot use the Products due to defects for which the Supplier is responsible, starting as of the day when Krofian CZ spol. s r.o. informs the Supplier about the defect. In case of replacing the defective Product or its part, the period of Guarantee for the Product or the respective part starts anew at full scope. The Supplier hereby acknowledges the fact that within the framework of the Main Relation, the Products may be delivered to the end customer in any country in the world, thus guaranteeing to Krofian CZ spol. s r.o. the international guarantee without territorial limitations.

8.4. Claiming the defects. The Products will be checked for the incidence of defects according to routines valid at Krofian CZ spol. s r.o. Obvious defects and externally visible deviations in conformity and amount will be claimed by Krofian CZ spol. s r.o. without undue delay upon discovery, no later than within ten (10) Working days after the Delivery of Products. Hidden defects of Products will be claimed by Krofian CZ spol. s r.o. without undue delay upon discovery, no later than at the date of expiry of the period of guarantee according to Section 8.5 of these Purchasing Conditions or according to the Contract. In case of late report of a defect, the Supplier is obliged to deal with the claim as a timely claim if the claimed defect is a consequence of a fact of which the Supplier knew or had to know at the time of Delivering the Products.

8.5. Claims from the liability for defects of Products. In case defects occur in the Products upon their acceptance, Krofian CZ spol. s r.o. shall be entitled to:

- Request the removal of defects by means of delivery of a replacement or missing Product; or
- Request the removal of defects by means of repairing the Product, if the defects are repairable; or
- Request reasonable discount from the Purchase Price; or
- Withdraw from the Contract fully or partially; or
- Repair the Products himself or by means of another person at the Supplier's costs and risks or provide for extra delivery. In such case, the Supplier is obliged to fully refund any costs incurred by Krofian CZ spol. s r.o.

Krofian CZ spol. s r.o. is entitled to change its claims by virtue of the Supplier's responsibility for defects until the moment of a complete removal of the defect in question. The Supplier is obliged to ensure remedy according to the requirements of Krofian CZ spol. s r.o. The Supplier is at the same time obliged to pay all costs and expenses incurred therefrom by Krofian CZ spol. s r.o., including the costs of dispatch and transport of the returned Products, the costs of assembly and disassembly within the framework of the removal of defects, or event. the new delivery of Products, as well as the costs of the actual determination of defect. None of the above processes shall affect the Supplier's guarantee for Products or the Supplier's liability for damages caused by defective Products or caused or incurred during the removal of Product defects.

8.6. The obligation to remove defects. Unless stipulated otherwise in the Contract or by Krofian CZ spol. s r.o. within the framework of claiming the defects, the Supplier is obliged to remove the claimed defects within a reasonable time limit determined by Krofian CZ spol. s r.o., or otherwise without undue delay, even in case the Supplier questions his liability for the claimed defect. If it turns out subsequently that Krofian CZ spol. s r.o. is liable for the defect, it will

settle to the Supplier the reasonably exerted and duly documented costs of removing such damage.

8.7. Failure to remove defects. If (i) the Supplier fails to remove the defects of Products in a way and within the time limit defined in Sections 8.5 and 8.6 of these Purchasing Conditions, or (ii) the Supplier informs Krofian CZ spol. s r.o., about no intention to remove the defects, or (iii) it becomes clear that the Supplier will not be able or willing to remove the defects in time, Krofian CZ spol. s r.o. is entitled to:

- a) Withdraw from the Contract completely or partially; or
- b) Require a reasonable discount on the Purchase Price; or
- c) Repair the Products alone or by means of another person, at the Supplier's costs and risk, or provide for an extra delivery. In such case, the Supplier is obliged to settle the costs incurred in this respect by Krofian CZ spol. s r.o.

None of the above processes affects in any way the Supplier's guarantee regarding the Products, or the Supplier's liability for damages caused by defective Products or caused or occurring in removing the defects of Products.

8.8. Repeated defective performance. If defective Products are repeatedly delivered to Krofian CZ spol. s r.o., Krofian CZ spol. s r.o. is entitled to withdraw from the Contract, even in case of Contracts on the basis of which there should be gradual deliveries of Products. If a total inspection exceeding the regular extent of an incoming inspection turns out to be necessary due to the defective delivery of Products, the costs incurred thereby shall be borne by the Supplier.

9. Contractual penalty and liability for damages

9.1. Contractual penalty for late Delivery. If the Supplier fails to meet his obligation to carry out the Delivery of Products in time, Krofian CZ spol. s r.o. becomes entitled to receive a contractual penalty amounting to five tens of percent (0.5 %) of the Contract Price (including VAT) per each initiated day of delay.

9.2. General provisions on contractual penalties. The Supplier's obligation to pay the contractual penalty also relates to cases when the Supplier's delay occurred due to the delay of a Sub-contractor. The contractual penalty is due within fourteen (14) days after the contractual penalty billing is delivered to the Supplier. The payment of the contractual penalty does not affect the entitlement of Krofian CZ spol. s r.o. to receive compensations for damages exceeding the paid contractual price.

9.3. Interests on deposit payments in late Delivery. If the Supplier's delay in delivering (part of) the Products amounts to more than five (5) weeks, the payments of Krofian CZ spol. s r.o. settled until then for the Contractual price of such Products become interest-bearing in the amount of 8 % p.a., for the entire period starting as of the date of sending the respective amount from the account of Krofian CZ spol. s r.o. until the day of the Products' Delivery.

9.4. Liability for damage. The Supplier is liable for any and all damages caused to Krofian CZ spol. s r.o., to the customers of Krofian CZ spol. s r.o., or to other persons in association with the

violation of legal regulations or his obligations according to the Contract, the eventual Framework Contract and/or these Purchasing Conditions. The Supplier is obliged to settle to Krofian CZ spol. s r.o. all damages, especially all the sums exerted purposefully by Krofian CZ spol. s r.o. in association with the Supplier's violation, the costs of proceedings of Krofian CZ spol. s r.o. initiated in association with the violation of such obligations, as well as all the costs incurred in association with the defects of Products, including the costs of disassembly and new assembly of Products (also on the premises of a customer of Krofian CZ spol. s r.o.), the costs of decommissioning the final product in which defective Products were built-in, etc. The Supplier pledges to settle the costs of damages to Krofian CZ spol. s r.o. in full within thirty (30) days after the date of delivery of a written call from Krofian CZ spol. s r.o., which will include the amount of damages incurred and the supporting materials for its demonstration.

9.5. Liability for damages caused to customers of Krofian CZ spol. s r.o.

Krofian CZ spol. s r.o. hereby informs the Supplier and the Supplier hereby acknowledges that his Products may be an inseparable part of highly technically and productionally complex machines supplied by Krofian CZ spol. s r.o. to its customers within the framework of Main relations. The market value of performance provided by Krofian CZ spol. s r.o. within the framework of the Main relations may amount to several dozens of millions of CZK, and moreover, that the due and timely performance of Krofian CZ spol. s r.o. within the framework of Main relations is guaranteed via contracts by means of significant monetary penalties in the form of contractual penalties and compensations for damages, including the lost profit for late commissioning of a machine according to the Main relations. With respect to the above, the Supplier understands and agrees with the fact that any eventual damages associated with the delay of the Supplier in Delivering the Products according to the Contract will also include all the performances (especially the obligation of Krofian CZ spol. s r.o. to pay the contractual penalty) and damages to be paid obligatorily by Krofian CZ spol. s r.o. within the Main relations in association with the Supplier's delay, that is, for example, due to the fact that Krofian CZ spol. s r.o. shall not be able to deliver its performance within the Main relations duly and in time. The Supplier hereby declares that he will take all the necessary steps to prevent damages according to this Section, and if the damages occur due to his delay, he declares his understanding of the fact that such damages may exceed the total amount of the Contract Price, whereas he pledges to settle such damages.

9.6. Insurance. The contractor is obliged to arrange for a corresponding liability insurance for damages caused to Krofian CZ spol. s r.o. in association with delivering the Products.

10. Other provisions

10.1. Technical documentation. Tools, samples and all technical and other documentation provided to the Supplier by Krofian CZ spol. s r.o. in association with the delivery of Products, or made by the Supplier at the expense of Krofian CZ spol. s r.o. for the purposes of delivering Products according to the Contract (e.g. models, designs, profiles, drawings, lists of regulations, print patterns, calibres and software, other specifications), remain within exclusive ownership of Krofian CZ spol. s r.o., or eventually of the customers of Krofian CZ

spol. s r.o., and represent confidential information of Krofian CZ spol. s r.o. The Supplier is not authorized to disclose the technical and other documentation in terms of this Section, or make it accessible to any third person, or use it for the benefit of any third person, without Krofian CZ spol. s r.o. granting its written consent in advance. The Supplier is obliged to secure this documentation against unauthorized viewing or use, and to mark it recognizably as the ownership of Krofian CZ spol. s r.o. The Supplier is only authorized to use the said documentation in association with meeting his obligations according to the Contract. Also the Products manufactured according to such documents or samples must not be handed over to third persons or used for purposes other than for the benefit of Krofian CZ spol. s r.o. without a written consent of Krofian CZ spol. s r.o.

10.2. Material provided. All the material provided by Krofian CZ spol. s r.o. to the Supplier in association with the delivery of Products remains within exclusive ownership of Krofian CZ spol. s r.o. and it must be stored separately, labelled and maintained free-of-charge. Its use is only permissible for the customers of Krofian CZ spol. s r.o. The risks of damages to the provided material are borne by the Supplier. The Supplier is not vested with any retaining rights to the provided material. The material is processed or transformed on behalf of Krofian CZ spol. s r.o., which immediately becomes the owner of the new or transformed object. The Supplier is obliged to store the new object for Krofian CZ spol. s r.o. free of charge with due care and at his own risk.

10.3. Copyright to Products. If there is copyright related to the Products, the Supplier shall transfer a licence to these Products with no further charges, non-exclusive, spatially world-wide and limited in time for the duration of copyright; if the Products are made based on documents provided by Krofian CZ spol. s r.o. or made by the Supplier at the expense of Krofian CZ spol. s r.o. for the purposes of delivering Products according to the Contract, the eventual licence will be provided as exclusive. This licence contains the right to copy, distribute, change, modify, transfer, and commercialize in any form. The licence is being granted as of the moment of Delivering the Products to Krofian CZ spol. s r.o.

10.4. Availability of spare parts. The Supplier guarantees the availability of spare parts to the delivered Products for the period of 20 years for mechanical, 10 years for electrical, and 5 years for electronic parts of Products, whereas comparable and/or compatible solutions are permissible. The eventual necessary costs of the transformation shall be borne by the Supplier. The prices of spare parts, as compared with the prices valid as of the day of signing the Contract for the respective Product, may only increase by the annual inflation rate, expressed by the accrual of the average annual index of consumer prices, which will be declared on an annual basis by the Czech Statistical Office.

10.5. Activities carried out by the Supplier at Krofian CZ spol. s r.o. If the Supplier realizes the performance (partial) of the subject of Contract within the premises of Krofian CZ spol. s r.o. or in a place designated by Krofian CZ spol. s r.o., he is obliged to only move around the premises or manipulation sites defined for him by Krofian CZ spol. s r.o., and to abide by all the occupational health and safety regulations, especially the regulations dealing with behaviour rules within the premises of Krofian CZ spol. s r.o. In such case, Krofian

CZ spol. s r.o. shall not be responsible for the injuries of the Supplier's employees and damages associated with them, except for the wilful violation of obligations by Krofian CZ spol. s r.o. or gross negligence.

10.6. Offsetting the claims. Krofian CZ spol. s r.o. is entitled to offset any of its claims or claims acquired by assignment, payable and not-payable claims unilaterally against the Supplier's claims from the Contract, the eventual Framework Contract or these Purchasing Conditions or in association with them.

10.7. Assigning and pledging the claims. The Supplier is entitled to assign or pledge any of his claims against Krofian CZ spol. s r.o. existing as of the day of entering into the Contract, or coming into existence in future based on the Contract, the eventual Framework Contract or the Purchasing Conditions or in association with them, only with the previous written consent of Krofian CZ spol. s r.o.

10.8. Transfer of rights and obligations from the Contract. Krofian CZ spol. s r.o. is entitled to transfer its rights and obligations from the Contract onto a third person. Krofian CZ spol. s r.o. is obliged to inform the Supplier in writing about the transfer of rights and obligations from the Contract. The Supplier hereby grants his agreement with the eventual transfer of rights and obligations from the Contract and pledges to perform his obligations from the Contract towards the legal successor of Krofian CZ spol. s r.o. defined in the information note according to this Section. The transfer of rights and obligations from the Contract takes effect as of the date the information note according to this Section is delivered to the Supplier.

11. Termination of Contract

11.1. Termination of Contract. The Contract may only be terminated prematurely upon an agreement of both the Contracting Parties or by a withdrawal of one of the Contracting Parties in accordance with the Contract, the eventual Framework Contract and these Purchasing Conditions.

11.2. Withdrawal on the side of Krofian CZ spol. s r.o.. Krofian CZ spol. s r.o. is entitled to withdraw in accordance with the Civil Code and further on in the following cases:

- a) The Supplier's delay in Delivering the Products according to Section 7.3 of these Purchasing Conditions amounts to three (3) days as compared with the set date; or
- b) The Supplier fails to deliver replacement Products without undue delay after the Products are returned to him according to Section 7.4 of these Purchasing Conditions;
- c) The conditions stated in Section 7.3, 7.4., 8.5. or 8.7 of these Purchasing Conditions are met;
- d) The Supplier grossly violates any of his obligations determined by the legal regulations, the Contract, the eventual Framework Contract or these Purchasing Conditions;
- e) The Supplier violates any of his obligations determined by the legal regulations, the Contract, the eventual Framework Contract or these Purchasing Conditions in a minor way, failing to meet this obligation during the reasonable extra time provided to him by Krofian CZ spol. s r.o.;

f) The incidence of force majeure according to Section 12.3 of these Purchasing Conditions preventing the meeting of obligations according to the Contract lasts for a period exceeding one (1) month;
g) The Supplier goes into liquidation, or the enforcement of judgement is initiated against him (distrainment), or an insolvency proposal is filed against him, bankruptcy declared, his property becomes the subject of bankruptcy, reorganization is approved, or discharge from debts, or another way of resolving the bankruptcy, or the insolvency proposal is rejected due to lack of property on the side of the Supplier.

11.3. Settlement upon withdrawal by Krofian CZ spol. s r.o. In case of withdrawing from the Contract according to Section 7.3., 7.4., 8.5., 8.7., or 11.2 of these Purchasing Conditions, Krofian CZ spol. s r.o. is entitled to decide independently whether it withdraws from the entire Contract or only from a part of the Contract (generally within the framework of non-supplied Product, or supplied but defective Products). In case Krofian CZ spol. s r.o. withdraws from a part of the Contract, Krofian CZ spol. s r.o. shall pay a part of the Contract price to the Supplier in an amount corresponding to the value of Products it keeps; if Krofian CZ spol. s r.o. has paid to the Supplier an amount exceeding the Contract price of these products prior to withdrawing from the Contract, Krofian CZ spol. s r.o. shall be entitled to receive settlement from the Supplier and to get back the sum exceeding the Contract price of Products accepted in this way. In case of withdrawing from the Contract, the Supplier is obliged to transfer onto Krofian CZ spol. s r.o. his rights and obligations from contracts with Sub-suppliers, entered into with respect to the Products. In case of withdrawing from the Contract according to Section 7.4., 8.5., 8.7., or 11.2. of these Purchasing Conditions, Krofian CZ spol. s r.o. shall be entitled to provide for facultative performance from a third party and require from the Supplier the compensation for damages for the failure to perform, including the difference between the Contractual Price arranged for with the Supplier and the overall price charged by the third party for the facultative performance.

11.4. Withdrawal by the Supplier. The Supplier is only entitled to withdraw from the Contract in the following cases:

- a) Gross violation of obligations by Krofian CZ spol. s r.o. Gross violation of obligations of Krofian CZ spol. s r.o. can only be represented by a delay of Krofian CZ spol. s r.o. in paying the Contract price for a period exceeding sixty (60) Working days after the due date, of which the Supplier informs Krofian CZ spol. s r.o. in writing, whereas Krofian CZ spol. s r.o. fails to pay the respective amount due to the Supplier even during the additional reasonable time limit determined by the Supplier; or
- b) Krofian CZ spol. s r.o. goes into liquidation, or the enforcement of judgement is initiated against him (distrainment), or an insolvency proposal is filed against him, bankruptcy declared, his property becomes the subject of bankruptcy, reorganization is approved, or discharge from debts, or another way of resolving the bankruptcy, or the insolvency proposal is rejected due to lack of property on the side of Krofian CZ spol. s r.o.

11.5. Withdrawal without stating a reason. Regardless of any provisions in these Purchasing Conditions, Krofian CZ spol. s r.o. is entitled to withdraw from the Contract without stating a reason, at any time prior to the Delivery of Products. Unless agreed on otherwise by the Contracting Parties, the following procedure shall apply in such case:

a) Krofian CZ spol. s r.o. accepts the Products manufactured duly by the Supplier as of the moment the withdrawal takes effect and pays for the Products accepted in this way a part of the Contract price corresponding to the value of these Products. In case Krofian CZ spol. s r.o. paid a sum exceeding the Contract price of Product accepted in this way prior to withdrawing from the Contract, Krofian CZ spol. s r.o. shall be entitled to receive settlement from the Supplier and to be paid back the sum exceeding the Contract price of the accepted Products;

b) Regarding the Products that have not been manufactured yet, the Supplier is only entitled to receive compensations for documented and purposefully exerted costs of the realized manufacture of semi-finished Products and costs associated with the termination of Contract; the overall amount of compensations according to this Section b) shall, however, not exceed ten percent (10 %) of the Contract price (VAT not included) of the non-delivered Products. Krofian CZ spol. s r.o. is not obliged to compensate the Supplier for replacement margin or lost profit.

11.6. Form and effects of withdrawal. The withdrawal must be realized in written form (including an e-mail or fax), and it must be duly delivered to the other Contracting Party. The withdrawal takes effect as of the day the notification thereof was delivered to the respective Contracting Party.

11.7. Continuing entitlements and provisions. The Contract ceases to exist upon the withdrawal. However, the withdrawal does not affect the following provisions of the Contract, the eventual Framework Contract and the entitlements of the Contracting Parties:

- a) Entitlements regarding compensations for damages incurred by the violation of the Contract, the eventual Framework Contract and the Purchasing Conditions;
- b) Entitlements ensuing from the liability for defects of Products;
- c) Entitlements regarding the payment of contractual penalties resulting from the violation of the Contract, the eventual Framework Contract and the Purchasing Conditions;
- d) Provisions dealing with guarantee and liability for defects of Products;
- e) Provisions dealing with the settlement of Contracting Parties in case of withdrawal;
- f) Provisions regarding the obligation of secrecy, confidentiality and confidentiality of documents;
- g) Provisions regarding the choice of law and dispute resolution;
- h) Provisions regarding such rights and obligations, the nature of which suggests they are to continue upon Contract termination.

12. Final provisions

12.1. Suspension of performance according to the Contract.

Krofian CZ spol. s r.o. is entitled to suspend the performance of the Supplier according to the Contract at any time prior to the Delivery of the Products. While the performance is suspended, the Supplier is obliged to take due care of the manufactured or semi-finished Products and to carry out their Delivery without undue delay after the respective suspension is cancelled. By virtue of the suspension of performance, the Supplier is only entitled to require reasonable and duly documented costs of storage, which, however, he can only invoice from (i) the forty-fifth (45.) day of suspension in general, or (ii)

the ninetieth (90.) day of suspension in case the suspension was declared due to the suspension or cancellation of the Main relation between Krofian CZ spol. s r.o. and a customer of Krofian CZ spol. s r.o. The Supplier is not entitled to increase the Contract price on the basis of the suspension of performance according to the Contract.

12.2. Obligation of secrecy and confidentiality. The Supplier and Krofian CZ spol. s r.o. pledge not to convey any information or documents handed over mutually between the Contract parties and relating to the Contract or Products and not accessible freely to public to third persons, except for those that must be informed based on legal regulations and/or the decision of public administration bodies and/or in order to perform the Contract (e.g. Sub-suppliers or business partners) or activities in general associated with the activity of the respective Contracting Party (e.g. auditors or legal representatives), without a prior consent of the other Contracting Party. All the persons according to the previous sentence, which acquire access to confidential information of the other Contracting Party, must be informed about the obligation of secrecy according to these Purchasing Conditions; if such person violates the obligation of secrecy and makes the confidential information accessible to a third party, the disclosing Contracting Party shall be responsible for such disclosure of confidential information. Upon request of the entitled Contracting Party, the other Contracting Party is obliged to immediately return the acquired confidential information, erase such information from all its files, and ensure that all persons to whom it disclosed such confidential information according to these Purchasing Conditions proceed in the same way. The Supplier and Krofian CZ spol. s r.o. are mutually responsible for all damages incurred by the other Contracting Party due to the violation of obligation of secrecy and confidentiality. The obligation of secrecy and confidentiality continues to apply for a period of ten (10) years after the confidential information is disclosed to the other Contracting Party. If the Contracting Parties enter into a special contract regarding the obligation of secrecy and confidentiality, this contract shall remain valid further on and its provisions prevail over these Purchasing Conditions.

12.3. Force majeure. Force majeure represents an obstruction occurring independently on the will of the Contracting Party, preventing it from meeting its obligations, unless it can be reasonably assumed that the Contracting Party might divert or overcome such obstruction or its consequences and further that it might foresee such obstruction at the time of entering into the Contract. For the purposes of these Purchasing Conditions, such obstruction is namely represented by natural disasters, terrorist attacks, wars, civil unrests, uprising or revolutions, not being of a local character. Events like shutoff, delay in deliveries from Sub-contractors (unless caused by force majeure events), insolvency, lack of labour or material shall not be considered as force majeure events. In case of a force majeure event, the affected Contracting Party's time limits for meeting its obligations determined by the Contract or these Purchasing Conditions are extended by the time equal to the continuation of the force majeure event. The Supplier is obliged to inform Krofian CZ spol. s r.o. immediately about an incidence and cessation of force majeure in writing, yet no later than within five (5) Working days; otherwise the Supplier shall not be entitled to plead the circumstances of force majeure. However, an obstruction occurring at a time when the obliged Contracting Party has already been in delay with meeting its obligations, or occurring due to its economic

situation, does not exempt liability. If the force majeure circumstances last for less than one (1) month, the given performance shall be extended by the period of force majeure. In case the force majeure circumstance last for more than one (1) month, Krofian CZ spol. s r.o. shall be entitled to withdraw from the Contract according to Section 11.2 of these Purchasing Conditions.

12.4. Applicable law. The rights and obligations of the Contracting Parties, including the entering into the Contract, its validity and effectiveness, abide by the law of the Czech Republic. Issues not resolved by the Contract, the eventual Framework Contract or these Purchasing Conditions abide especially by the stipulations of the Civil Code. The application of an EU Convention on Contracts for the International Sale of Goods is hereby excluded.

12.5. Dispute resolution. All the eventual disputes arising between the Contracting Parties from the legal relations established by the Contract or in association therewith shall be decided by the general court with jurisdiction according to the registered office of Krofian CZ spol. s r.o. However, Krofian CZ spol. s r.o. is also entitled to enforce its claims with a court having jurisdiction according to the registered office of the Supplier.

12.6. Salvatorius clause. In case any of the provisions in these Purchasing Conditions are held to be or become or are found to be invalid, ineffective or unenforceable, this situation shall not influence (in maximum scope permitted by the respective legal regulations) the validity, effectiveness or enforceability of the remaining provisions in these Purchasing Conditions. In such case, the Contracting Parties agree on new conditions within the scope of the invalid, ineffective or unenforceable provision, which shall, to a maximum admissible extent, have the same meaning and effect as the provision to be replaced.

12.7. Changes to the Purchasing Conditions. Krofian CZ spol. s r.o. is entitled to carry out changes in the Purchasing Conditions at any time, and to inform the Supplier about such changes by way of sending the new wording via an electronic mail and/or by posting the new wording at the website of Krofian CZ spol. s r.o.: www.krofian.cz. Newly concluded Contracts will always abide by the current wording of the Purchasing Conditions. The new wording of the Purchasing Conditions shall apply to the already concluded Contracts if both the Contracting Parties express their agreement therewith in writing.

12.8. Limitation period. The Contracting Parties hereby explicitly arrange for the limitation period of ten (10) years, in terms of the stipulations of Section 630 of the Civil Code, for the rights of Krofian CZ spol. s r.o. ensuing from the Contract, the eventual Framework Contract or these Purchasing conditions.

12.9. Effectiveness. This version of the Purchasing Conditions takes effect as of 1st March 2020.