

## General Terms and Conditions of Sale ŘV 01/2016

### 1. General Data

These General Terms and Conditions of Sale (hereinafter referred to as "GTCS") govern, in accordance with provisions of Section 1751 para. 1 of Act no. 89/2012 Sb., Civil Code, as amended (hereinafter referred to as „Civil Code“), the rights and duties of parties mentioned in a sales contract (hereinafter referred to as "Contract") concluded between the company ŘETĚZY VAMBERK spol. s.r.o., I.D.: 42885396, having its seat at Dvořákova 426, zip code 517 54, Vamberk, as a seller on one side (hereinafter referred to as „ŘETĚZY“ or „ŘETĚZY company“) and a client as a buyer on the other side (hereinafter referred to as „Client“).

### 2. The GTCS Validity/Application

- (1) These GTCS apply without reservations to all contracts concluded between ŘETĚZY and a Client whereas under the Contract is also understood a written order of the Client acknowledged in writing by the ŘETĚZY company, or, respectively, a written proposal of the ŘETĚZY company proposing a Contract to be acknowledged in writing by the Client.
- (2) Explicit agreements between parties in the Contract prevail over those provisions of the GTCS which regulate the same issue.
- (3) Provisions of the GTCS form an integral part of the Contract.
- (4) The GTCS validity can be excluded or limited only way of a written agreement between the ŘETĚZY company and the Client. Any limitation or exclusion of the GTCS validity in one contractual relationship has no impact on the GTCS validity and application in other contractual relationships between the same parties. Any limitation or exclusion of the GTCS validity in one business transaction does not mean any automatic limitation or exclusion of the GTCS validity in the consequential contractual relationships between the parties.

### 3. The Contract of Sale

- (1) The Contract of sale between ŘETĚZY company and a Client shall be concluded on the grounds of a declaration by two consenting minds formulated explicitly and downright in a Contract or in a written order of the Client acknowledged in writing by the RETEZY company, or, respectively, in a written proposal of the ŘETĚZY company acknowledged in writing by the Client. Verbal arrangements must always and unconditionally be acknowledged in writing by both contractual parties, otherwise they shall be null and void.
- (2) The order of the Client shall be considered as a proposal to conclude a Contract only if it is sufficiently exact, comprehensible and if it defines the ordered Goods, their quantity and/or other specific features of the Goods required by the Client and, moreover, the price for the Goods or the method of its determination. If the order of the Client fails to meet the said specifications, it shall be considered exclusively as an invitation of the Client to be proposed by the ŘETĚZY company to conclude a Contract.
- (3) There is no legal claim to enforce the acknowledgement of the order. If an order of the Client is not acknowledged by the ŘETĚZY company in writing within 21 days, it shall be deemed that the order of the Client was not accepted and thus it became ineffective. Lack of response or inactivity by one party cannot be considered as an acceptance of the proposal.

- (4) The acknowledgement of the order of the Client or the acknowledgement of the ŘETĚZY company's proposal by the Client must always be complete. The contractual party for which the order or the proposal is made must unconditionally agree with the complete contents thereof. Any acknowledgement of the order of the Client or any acceptance of the ŘETĚZY company's proposal for conclusion of the Contract containing amendments, differences, reservations, limitations or other modifications shall be considered as a rejection of the original proposal and it will be considered as a completely new proposal even if such amendments, differences, reservations, limitations or other modifications would constitute only an insignificant change of the terms and conditions as defined in the order or in the ŘETĚZY company's proposal. By placing an order/offer or by acceptance of the ŘETĚZY company's proposal for the conclusion of the Contract, the Client acknowledges that he was adequately notified of these GTCS before entering into the Contract, got acquainted with them in detail and agrees with them in wording valid and effective at the time of placing the order/offer or at the time of acceptance of the ŘETĚZY company's proposal for conclusion of the Contract.
- (5) The Contract is concluded when it is signed by both contractual parties or when the acknowledgement of the order of the Client or the acceptance of the ŘETĚZY company's proposal to conclude the Contract is delivered to the other contractual party. In case of any doubt as for delivery of the acknowledgement or of the acceptance, it shall be deemed that the said documents were delivered to the other contractual party on the 3<sup>rd</sup> day which following the day when the said documents were provably dispatched.
- (6) Any drawings, images, dimensions and weights shown or delivered by the ŘETĚZY company are only of an informative nature, or, respectively, of an illustrative nature – unless the parties have agreed that the Goods must comply with the said drawings, images, dimensions or weights.
- (7) If the Client does not specify the features of the ordered Goods in his order exactly enough, the ŘETĚZY company will invite him to complete the necessary specifications without any unnecessary delay. If the Client does not complete the Goods specification within the desired time, the ŘETĚZY company is entitled to specify the relevant features of the Goods by itself so that the said features comply with the Client's requirements as specified in his order and simultaneously with legal regulations and technical norms applicable for the Goods. The Client is obliged to take such Goods (i.e. the Goods partially specified by the ŘETĚZY company) from the ŘETĚZY company and to pay the agreed price for it and the Client shall simultaneously bear the risk that such Goods may not be suitable for the intended use.
- (8) Should the ŘETĚZY company have delivered the Client a bigger quantity of the Goods than agreed, it shall be deemed that the relevant Contract was concluded also for this excessive quantity, however only if the Client does not reject such an excessive quantity in writing and without any unnecessary delay, albeit no later than within 5 days. The rejected Goods must be returned by the Client to the ŘETĚZY company within 5 days since rejection. If the Client has not rejected the excessive Goods, he shall pay the ŘETĚZY company the price for the Goods increased by the price for the said excessive quantity of the Goods.
- (9) The ŘETĚZY company reserves its ownership rights and intellectual property rights for all its drawings, images and other specifications of the similar nature. The Client is not entitled to dispose of them in any manner, to transfer them and to make them accessible to any third party.

#### 4. Prices

- (1) Agreement on amount of the purchase price for the Goods, eventually on the method of its determination, is a requirement necessary for conclusion of the Contract. All prices are to be

understood “from the plant“ (i.e. “ex works“), value added tax excluded (hereinafter referred to as „VAT“).

- (2) The VAT shall be stated in the invoice for the Goods (hereinafter referred to as „Invoice“) in accordance with the legal regulations (terms, percentage etc.) of the Czech Republic. The Client is obliged to pay price for the Goods increased by the current VAT rate - this does not apply if the transaction is carried out under the VAT reverse charge regime, in which case the Client has a duty to declare VAT.
- (3) Unless stated otherwise, the price for the Goods does not include the packaging according to the Article 5 of these GTCS.
- (4) The price for the Goods does not include the transportation costs. Should a Contract state that the ŘETĚZY company is to provide the transportation of the Goods, the transportation costs will be charged to the Client.
- (5) The price for the Goods does not include assembly and installation of the Goods.
- (6) All the other costs, such as insurance, export and import fees, customs duty etc. shall be borne by the Client – unless stated otherwise in the Contract. Should a Contract state that the ŘETĚZY company is to administer the insurance for the Goods or to settle any other costs, such additional costs will be charged by the ŘETĚZY company onto the Client.
- (7) Bank fees and other fees related to the payment of the price, as well as other payments related to the cashless transfer from abroad (from outside the Czech Republic territory) shall be paid by the Client.
- (8) The Client shall pay all the transportation and travel costs which will arise as a result of his unjustified warranty claim or of his unjustified complaint.
- (9) The price for the Goods may be adjusted after the relevant Contract has been concluded – with regard to i.e. predominantly changes of purchase prices for raw materials, energies, changes of manufacturing costs, fuel costs, wages and salaries as well as a result of exchange rate variations. The ŘETĚZY company shall notify the Client about the price adjustment without any unnecessary delay.
- (10) The Client is aware of the fact that any Goods manufactured according to his special request and meeting all the specific parameters defined by him are such Goods the price of which does not have to correspond with the price which is usual for Goods of the same nature. For this purpose, the Client is obliged to pay the ŘETĚZY company also a price higher than usual and he waives his right to require any price reduction (after the relevant Contract had been concluded) which might seem to have been constituted by the impossibility of fulfilling the Contract because of the price for such specific Goods.

## 5. Packaging

- (1) The Goods delivered by the ŘETĚZY company shall be packed in wrappings which are suitable for normal transport conditions so that any damage or decline in value of the Goods is prevented. Any specific packaging requested by the Client will be provided at the Client’s expense.

- (2) Unless agreed otherwise between the ŘETĚZY company and the Client, the used packaging is disposable and remains at disposal of the Client, who becomes its owner as of the delivery of the Goods.

## 6. Delivery Terms/Delivery Time

- (1) The delivery time starts to run from the date of concluding the Contract or from the date of the Client's order acknowledgement with the ŘETĚZY company or from the delivery of the Client's acknowledgement by which he accepts the ŘETĚZY company's proposal to conclude a Contract.
- (2) The ŘETĚZY company undertakes to exert the utmost efforts in order to meet all the agreed delivery times and deadlines.
- (3) Should it be necessary for a delivery of the Goods to obtain any permits, licences, decisions or other documents, the delivery time commences to run on the day which follows the day when the said permits, licences, decisions or other documents had been obtained (if the said documents are to be obtained by the ŘETĚZY company) or on the day which follows the day on which the Client was notified that the required documents had been obtained (if the said documents are to be obtained by the Client).
- (4) The delivery time does not commence to run until the Client delivers the ŘETĚZY company all the information and specifications necessary for realization of the delivery, or, respectively, if the ŘETĚZY company is entitled to specify (instead of the Client) the missing features of the Goods according to the Article 3, par. 7, the delivery time commences to run from the day on which the missing features of the Goods were specified by the ŘETĚZY company.
- (5) The course of the delivery time shall be interrupted and it will commence to run from the beginning again when the Client, after the Contract had been concluded, applies changes which have impact on fulfilling the deliveries by the ŘETĚZY company. The Client may change his requirements stated in the order only till such time and to such an extent that the existing results of the ŘETĚZY company when manufacturing and delivering the Goods can be applied. The ŘETĚZY company will not take into consideration to any changes which do not meet this condition unless something different is agreed in writing between the parties and, at the same time, the Client will pay the ŘETĚZY company in advance all the costs related to the implementation of the said changes.
- (6) If any obstacles preventing the Goods delivery appear during the course of the contractual relationship, especially on delivery of the Goods and the ŘETĚZY company can neither influence nor prevent their existence and duration nor remove such obstacles effectively (due to e. g.: Force Majeure, accidental transportation impediments, break down of the manufacturing equipment or its part, customs control delays, decision or instruction of a competent state authority etc.), the contractual parties will agree on a reasonable extension of the delivery time until the said obstacles cease to exist or until the said obstacles are removed by persons who are able to do so. In such case, the ŘETĚZY company shall not be liable for any failure to comply with obligations under the Contract or for any delay or default caused.
- (7) Fulfilment of the delivery duties by the ŘETĚZY company is subject to timely and proper fulfilment of the Client's obligations by the Client in accordance with the concluded Contract. The time when the Client is in delay with fulfilling his obligations (e.g. monetary debts), including from any other contracts concluded with the ŘETĚZY company, shall not be included into the delivery time and the delivery time will be extended by the said time of delay.

- (8) The ŘETĚZY company shall deliver the Goods to the Client:
- By the day as set in the Contract or by the day which can be ascertained from the Contract,
  - At any time within the period as stated in the Contract or which can be ascertained from the Contract,
  - Within reasonable time, with regard to the scope and nature of the delivered Goods, after the Contract had been concluded – in other cases.
- (9) The duty to deliver the Goods shall be duly fulfilled when the ŘETĚZY company has delivered the Client the Goods in compliance with the specifications, quantity and quality as stated in the Contract or in individual acknowledged orders or in proposals issued by the ŘETĚZY company and accepted by the other party. The Client is not entitled to require a premature delivery of the Goods.
- (10) The day on which the ŘETĚZY company conveyed to the Client the information that the Goods are ready to be taken by the Client shall be considered the day of fulfilled delivery. If the Goods are to be sent, the day of fulfilled delivery shall be considered the day on which the ŘETĚZY company handed over the Goods to the first forwarder for the Client shall be considered the day of fulfilled delivery.
- (11) The contractual parties have agreed that the contractual relationships established towards the Client having his registered seat or place of business outside the territory of the Czech Republic shall be governed by the INCOTERMS, unless the Contract implies otherwise. The contractual relationships towards the Client having his registered seat or place of business on the territory of the Czech Republic shall be governed by the INCOTERMS only if this was explicitly agreed between the parties. With regard to the interpretation of the delivery terms, the binding version of the INCOTERMS shall always be the latest edition.
- (12) When taking over the Goods from the forwarder, the Client is required to check the integrity of the packaging and immediately notify the forwarder in case of any faults and defects. The Client is advised to duly check the Goods upon delivery. When the Goods are delivered, the parties shall sign a relevant bill of delivery. In case the Client rejects to sign the bill of delivery, the ŘETĚZY company may refuse to hand over the Goods to the Client, otherwise it shall be deemed that the Goods were delivered to the Client on the day when the Client rejected to confirm the acceptance of the Goods. By signing the delivery note, the Client confirms that the delivery complies with all the terms and conditions and any further claims regarding the infringement of packaging will not be accepted.
- (13) Together with the delivered Goods, the ŘETĚZY company shall hand over the Client the documents related to the Goods. The ŘETĚZY company may require that the price for the Goods be paid prior to handover of the documents enabling the Client to dispose of the Goods.
- (14) The Client shall collect the Goods when delivered, at the agreed time and destination. Unless the destination is agreed explicitly, the place of delivery is the plant of the ŘETĚZY company. If the time is not agreed, the Client must collect the Goods without unnecessary delay after delivery. If the Client is in delay to collect the Goods, the ŘETĚZY company gives him an additional reasonable time for the collection of the Goods. After the lapse of such additional time, the ŘETĚZY company may extend the time for the collection of the Goods once again or withdraw from the Contract immediately. The withdrawal of the Contract is not to the prejudice of the ŘETĚZY company's right to seek damages.

- (15) If the Client fails to collect the Goods duly and on time, the ŘETĚZY company may charge the Client a storage fee until the delivered Goods are collected by the Client or by another person acting provably for the Client's benefit whereas such storage fee shall be 0.05 % of the total value of the stored Goods for each day. Should the time of the Goods storage exceed 30 days, the ŘETĚZY company may withdraw from the Contract and seek compensation for the damage possibly incurred.
- (16) If a withdrawal from the Contract is caused exclusively by the Client and, subsequently and within a reasonable time, the ŘETĚZY company sells the Goods, which the Client did not collect although he was obliged to do so under the Contract or these GTCS, to a third party at a lower price without the ŘETĚZY company's fault, the ŘETĚZY company may require the Client to compensate for the ŘETĚZY company's damage, i.e. the Client to settle the balance between the price stated in the Contract and the price agreed between the ŘETĚZY company and the said third party in the compensatory business transaction.
- (17) The ŘETĚZY company will not deliver the Goods in parts, unless agreed otherwise between the parties. Should the Goods be delivered as partial deliveries, then a possible delay with the partial delivery of the Goods will not entitle the Client to withdraw from the Contract in full.
- (18) The risk of the Goods loss and/or damage passes onto the Client when he collects the Goods from the ŘETĚZY company – unless explicitly otherwise agreed between the parties – or, if the Client fails to do so duly and in time, when the ŘETĚZY company enables the Client to dispose with the Goods and he fails to collect the Goods contrary to the Contract. This applies also for the case when the ŘETĚZY company keeps the Goods at its premises for the sake of storing the Goods at the expenses of the Client.
- (19) Should the Goods be dispatched and, unless explicitly otherwise agreed between the parties, the risk of the Goods loss and/or damage passes onto the Client when the Goods are handed over by the ŘETĚZY company to the first transporter in order to transport the said Goods to the Client. If the Goods are already being transported at the time the Contract is entered into, the risk of the Goods loss and/or damage passes onto the Client when the Contract is entered into – unless explicitly otherwise agreed between the parties .
- (20) The loss and/or damage of the Goods incurred after the risk of the Goods loss and/or damage had been passed over onto the Client does not affect the Client's duty to pay the ŘETĚZY company the price for the Goods, or, respectively, to settle other payments in accordance with a written agreement of the parties, unless the loss and/or damage of the Goods was caused by a breach of the ŘETĚZY company's duty.

## **7. Payment/Terms of Payment**

- (1) Payments shall be made by the Client by bank transfer onto the ŘETĚZY company's account as it is stated in the Contract, without any deductions – unless otherwise stated in the Contract. In case of partial deliveries, the payments shall be made based on the volumes of such partial deliveries.
- (2) The Invoice shall contain all requirements as prescribed by the legal regulations of the Czech Republic. The Client is required to pay the price for the Goods to the bank account of the ŘETĚZY company within the due date indicated on the Invoice. In case the due date is not indicated on the Invoice, the Client shall pay the price for the Goods within 30 days from issuance of the Invoice. Should the Invoice not include all requirements as prescribed by the Law, or should it have other defects and/or shortcomings, the Client is entitled to inform the ŘETĚZY company

accordingly and to require another (corrected) Invoice. In such a case the ŘETĚZY company shall correct the said Invoice, or, respectively, the ŘETĚZY company will issue a new Invoice with a new due date. The Client is not in delay with the settlement of the Invoice until the corrected or new Invoice is due to be paid up. However, the Client may require the correction of the Invoice (issue of a new one) no later than the original Invoice is due to be paid up, otherwise it shall be deemed that the Client has no objections against the original Invoice.

- (3) Unless the Contract states otherwise, the due date commences to run on the day following the day when the Invoice was issued.
- (4) The duty to settle the Invoice within the due date is not affected even if the Goods delivery or transportation thereof is delayed or impossible due to reasons exclusively on the side of the Client or because of other reasons over which the ŘETĚZY company has no control.
- (5) The payment is considered as fulfilled on the day when the relevant amount is credited onto the ŘETĚZY company's account.
- (6) Any failure to settle the agreed price of the Goods or any separate payment or a part thereof within the due date is a significant breach of the Contract and it entitles the ŘETĚZY company to withdraw from the concluded Contract.
- (7) Should the price for the Goods or another payment or a part thereof not be settled in full by the Client within the due date, the Client shall pay the ŘETĚZY company a contractual default interest of 0,05% from the outstanding amount for each day of delay until the payment is settled in full.
- (8) The ŘETĚZY company may require – prior to the delivery of the Goods to the Client – a settlement of an advance Invoice amount as stated by the ŘETĚZY company, payable in the due date indicated on the Invoice, otherwise within 30 days from issuing the Invoice, in case the due date is not indicated on the Invoice. The settlement of the said advance Invoice may be replaced, at the ŘETĚZY company's discretion, with a bank security, guarantee, issuance of a bill of exchange, establishment of a pledge or by providing another suitable security. Until the advance Invoice has been settled or another suitable security has been provided by the Client, the ŘETĚZY company is not in delay with the Goods delivery.
- (9) The ŘETĚZY company is entitled to discontinue production or deliveries of the Goods and other merchandise (even deliveries of the Goods based on other contracts entered into by and between the ŘETĚZY company and the Client), or even to withdraw from the Contract or require an adequate security for fulfilment of the Client's obligations in the period designated by the ŘETĚZY company, if:
  - a. the Client is in default with his settlement of an Invoice until its full repayment,
  - b. some facts arise on the side of the Client which may jeopardize fulfilling the Client's payment duties (e.g. liquidation, bankruptcy or circumstances indicating an imminent bankruptcy of the Client, bad payment discipline, default exceeding the period of 30 days etc.).
- (10) Should the Client fail to provide the said reasonable security, in accordance with par. 9 of this Article, within 30 days at the latest, all the Client's obligations as stated in the Contract and resulting from these GTCS become due immediately and the ŘETĚZY company may withdraw from the Contract and/or seek compensation for the damage which it might have incurred.

- (11) If a Goods delivery is discontinued according to par. 9 of this Article, the ŘETĚZY company is entitled to charge the Client all the costs related to the Goods storage until the complete settlement of the Invoice or until providing a reasonable security for fulfilling the Client's duties – in the amount of 0.05 % of the total value of the stored Goods for each day. Should the time of the Goods storage exceed 30 days, all obligations of the Client arising from the Contract and these GTCS become due and the ŘETĚZY company may withdraw from the Contract and seek compensation for the damages it might have incurred.
- (12) Should the Client be obliged to settle more payments to the benefit of the ŘETĚZY company, the payments made by the Client or in his name shall be set-off against the Client's outstanding payables in the following order: costs for an out-of-court recovery of debts, (including the actual costs of legal counselling/representation), costs of legal proceedings (including the actual costs of legal counselling/representation), due claimed receivables, and then the owed securities based on the dates of outstanding Invoices – regardless of any different on instructions provided by the Client .
- (13) The Client is neither entitled to assign to a third party any of its receivables against the ŘETĚZY company arising from the Contract or in connection with it, nor establish a pledge to these receivables in order to secure his debts or the debts of third parties, without the prior written consent of the ŘETĚZY company. In the event of a breach of this obligation, a contractual penalty is agreed in the amount 30 % of the market value of the assigned or pledged receivables without such authorisation, which does not affect the right to claim damages by the ŘETĚZY company.
- (14) Furthermore, the Client is not entitled to unilaterally set-off receivables against his debts to the ŘETĚZY company.

## **8. Protection of the Intellectual Property**

- (1) All documentation, brochures, images, drawings etc. which the ŘETĚZY company provided for the Client in relation with the conclusion or performance of the Contract (hereinafter referred to as the „Information and Documentation“) shall remain the ŘETĚZY company's property and they are protected by copyright and/or by other rights protecting the intellectual property, including the right to the protection of trade secrets and confidential information.
- (2) The exchanged Information and Documentation do not constitute any priority right for the Client in terms of any industrial property regulations.
- (3) The Client shall not apply Information and Documentation in another way than that for the sake of using the delivered Goods for the purpose as provided.
- (4) The Client shall not multiply and/or publish Information and Documentation (and the data therein contained or known to the Client) without an explicit prior consent in writing granted by the ŘETĚZY company.
- (5) The Client shall not apply Information and Documentation for his own business, manufacturing, technical and any related activity.
- (6) In case of a breach of the provisions quoted in this Article it represents a material breach of the Contract and the Client shall pay the ŘETĚZY company the contractual penalty of CZK 150.000 / EUR 5000 for each separate breach. Regardless of the right to the contractual penalty, the



ŘETĚZY company also has the right to withdraw from the Contract, the right to claim damages, as well as any other rights arising from a material breach of the Contract.

- (7) The ŘETĚZY company declares that it manufactures and sells its products in accordance with the relevant standards and norms. A special technical documentation is developed for non-standard products; the said non-standard documentation shall be archived at the ŘETĚZY company.

#### **9. Certificates of Testing and Quality**

- (1) Before delivering the Goods to the Client, the ŘETĚZY company carries out a routine test during the manufacture of the Goods under the conditions defined by the legal regulations of the Czech Republic.
- (2) The certificates and test sheets, if required by the Client, will be issued by the ŘETĚZY company for a charge as agreed by the parties.
- (3) The Client's requirement seeking issue of a certificate and/or test sheets for the Goods must be quoted already in the Contract or in the Client's order acknowledged by the ŘETĚZY company.

#### **10. Reservation of the Ownership Right**

- (1) The contractual parties explicitly agree upon a so called reservation of the ownership right regarding all their contractual relationships resulting from the Contract in accordance with these GTCS.
- (2) The ŘETĚZY company will retain their ownership right onto the Goods until the price for the Goods such late payment charges and all other payments according to the concluded Contract and in accordance with these GTCS have been paid up in full, as well as full payments of all the Client's obligations resulting from the failure to fulfil the Contract and these GTSC.
- (3) The Client is not entitled to refer to his right of retention with respect to any of his receivables and he may not unilaterally set off these claims against receivables or other claims of the ŘETĚZY company.
- (4) Until complete settlement of all payments in accordance with par. 2 of this Article, the Client may not dispose with the Goods in order to sell it unless the ŘETĚZY company consented to it previously and in writing.
- (5) Until the ownership right is transferred onto the Client, the Client is not entitled to sell, to encumber, to process or to otherwise dispose with the Goods.
- (6) If the Client creates a new thing from the delivered Goods and/or by means of it, while he has no ownership right towards the delivered Goods, the ŘETĚZY company shall have the ownership right towards such new thing created by the Client and it shall be deemed that the Client holds such a new thing for the ŘETĚZY company, which may claim the release of the said new thing.
- (7) Should the Client be in delay with settlement of the payments defined in par. 2 of this Article, the ŘETĚZY company is entitled to collect the Goods in the Client's ownership and on the Client's expenses from the place where the Goods are situated – this applies for all the time until the ownership right is transferred onto the Client as well as in case the ŘETĚZY company withdraws from the Contract because the Client fails to fulfil his duties resulting from the Contract. For this sake, the Client explicitly permits the ŘETĚZY company to enter his premises or another place

where such Goods are situated. Should the Goods be stored at a third party's place, the Client shall ensure that the Goods being held by the said third party will be released to the ŘETĚZY company without any unnecessary delay. The Client shall reimburse the ŘETĚZY company for all the costs which the ŘETĚZY company would have to expend for the Goods transportation and/or for removing the obstacle in access to such Goods.

- (8) The Client undertakes to take all measures necessary to protect the ŘETĚZY company's ownership right until the ownership right is transferred onto the Client.

#### **11. Warranty and Rights from Defective Performance**

- (1) The ŘETĚZY company is obliged to deliver the Goods in the amount (weight), quality, size and performance agreed by the parties or common with regards to the nature of the Goods and the purpose of their usage, if it is not explicitly agreed by the parties. The Goods shall be deemed as duly delivered (i.e. it does not represent a defective performance), if the amount (weight), size or quality of the delivered Goods corresponds with the allowable tolerance deviation pursuant to Article 12 of these GTCS or the Contract, trade customs, applicable standards and norms or other generally binding regulations.
- (2) The ŘETĚZY company provides a warranty for the delivered Goods for the time of 12 months or for the time of 2000 hours of service, whichever happens first. The warranty period commences to run when the Goods are delivered to the Client.
- (3) If the Client does not make claims for defects of the Goods during the warranty period, his claims from the warranty expire. The warranty period does not include the time when a Client's warranty claim concerning a Goods defect is being administered.
- (4) The ŘETĚZY company shall instruct the Client how to use the Goods in a proper and correct manner. This shall be done by means of the manual called "Instructions how to use correctly the chains and chain wheels of ŘETĚZY VAMBERK spol. s.r.o." ("Instructions of the ŘETĚZY company") whereas these instructions shall be handed over to the Client together with Goods. The Client must use the Goods in accordance with the said Instructions of the ŘETĚZY company and in compliance with directions from the manufacturer, otherwise the ŘETĚZY company may not be held responsible for any defects of the Goods arisen as a consequence of any incorrect application thereof. In the event the Client sells the Goods or provides them for usage or any other disposal to a third party (e.g. his own customer), the Client is obliged to inform such third party about the relevant requirements for the correct and appropriate usage, handling and disposal with the Goods. The ŘETĚZY company has no obligation with respect to providing instructions to any third parties (with the exception of the Client) regarding the appropriate usage, handling and disposal with the Goods and ensuring that they are sufficiently acquainted with the relevant instructions - this is a duty of the Client and the ŘETĚZY company therefore bears no responsibility for any damages or defects caused.
- (5) The ŘETĚZY emphasizes explicitly the necessity that the delivered Goods (i.e. chains) must always be mounted on new chain wheels/ sprockets, otherwise the ŘETĚZY company may not be held responsible for any defects of the Goods and/or for any damage arisen as a consequence of not respecting this requirement.
- (6) The warranty does not cover any defects and the ŘETĚZY company is not liable for defects caused by normal wear-and-tear, incorrect and/or unprofessional assembly, wrong operation or using the Goods for another purpose than that which they were manufactured for, or when the Goods defects were caused by not respecting the manuals, instructions for the correct use of

the Goods issued by the ŘETĚZY company and the manufacturer of the equipment, in unsuitable environment, because of impact of chemical or electrolytic agents or due to other causes which the ŘETĚZY company cannot influence. The warranty does not cover the cases when the Goods were manufactured when using (even if partially only) the Client's materials, either. All consumable things are also excluded from the warranty (e.g. sealing, fillings, operating fluids etc.), if they constitute part of the delivery.

- (7) The ŘETĚZY company shall not be held responsible for any defects of the Goods which were modified by the Client or by a third party without a prior written consent from the ŘETĚZY company, and also in cases when the Client does not implement immediate measures to prevent any greater damage and/or if he does not permit the ŘETĚZY company to remedy the relevant defect.
- (8) If the Client claims in writing and within the warranty period a defect of the Goods, in writing or in person with the ŘETĚZY company at an address specified in the order or in the Contract, or by an e-mail at [obchod@retezy-vam.cz](mailto:obchod@retezy-vam.cz), the ŘETĚZY company will, at their discretion, carry out an examination of the Goods within the shortest possible time regarding the nature of the Goods and that of the claimed defect. The said claim should contain the contact details of the Client and must sufficiently define the Goods defect or, at least, to describe how the defect is represented. If the defect is identified as one for which the ŘETĚZY company is responsible under the Contract or in accordance with these GTCS, the ŘETĚZY company shall remedy it either by repair or by replacing the defective part/s where the problem was caused by using material/s of inferior quality, a wrong design or incorrect workshop fabrication. The exchanged parts shall remain the property of the ŘETĚZY company. If the claimed defect cannot be remedied by a repair or with replacing the defective part/s, the Client may require a delivery of brand new Goods or he may require a reasonable reduction of price.
- (9) As for handling the Client's claim, the ŘETĚZY company shall bear only costs for repair or when replacing the defective part/s were carried out in the ŘETĚZY company's plant. If, for any reasons not caused by the ŘETĚZY company, the said repair or replacing the defective part/s cannot be carried out in the ŘETĚZY company's plant, the relevant additional costs shall be covered by the Client.
- (10) If based on the Client's claim, the ŘETĚZY company cannot exactly identify the Goods defined by the Client as its own Goods or if the Client has not specified the purpose of using the Goods, the ŘETĚZY company will not be held responsible for the Goods and the relevant defects, either.
- (11) In the event of damage to the Goods supplied by the ŘETĚZY company (regardless of whether the cause of such damage was a defect of the product or not), the Client shall immediately report it to the ŘETĚZY company and allow it to repair the Goods, eventually consult with ŘETĚZY the appropriate method of repair, which shall subsequently be executed by the Client or a third party based on such agreement, and (if possible) provide the damaged part of the Goods to the ŘETĚZY company for further analysis.

## **12. Quantities, Dimensions, Weights and other Data**

Any variations up to 5% from the given quantities, dimensions, weights, numbers and other similar data will not be considered as a Goods defect and they cannot be claimed by the Client as a complaint.

## **13. Client's Examination of the Goods**

- (1) The Client shall examine the Goods immediately after the delivery whereas the examination shall focus on the following: accuracy and completeness of the delivered items and visible damage. Any discovered evident defects must be entered into the bill of delivery and confirmed by the transporter, otherwise it will not be acknowledged. In case the Client discovers any hidden defects of the Goods, he is required to claim them with the ŘETĚZY company without an undue delay after their discovery. The Client is required, for the entire duration of his right to claim the hidden defects of Goods, while exerting the necessary and sufficient care, to control and perform checks of the Goods regularly for the purpose of potential discovery of any hidden defects.
- (2) The Client is obliged to examine the Goods (and their contents) or have it examined within the shortest possible time since it was delivered to him, however, no later than 8 days after the Goods delivery to the Client. The Client is obliged to inform the ŘETĚZY company in writing and without unnecessary delay about the possible Goods defects, otherwise his right to claim defects with respect to the Goods will expire. This applies also for cases when the Goods had been dispatched and sent further by the Client without any possibility to examine it.
- (3) If the defect of the Goods consists in an insufficient quantity, the Client may require only completion and supplementation of the missing Goods.
- (4) The ŘETĚZY company shall be responsible for any defect of the Goods which had been caused by a breach of the ŘETĚZY company's duty.

#### **14. Termination of the Contract**

- (1) In cases which are explicitly defined in the Contract and in these GTCS or when the Client does not fulfil properly and timely any duty which is defined for him to fulfil according to the Contract and in compliance with these GTCS and therefore he infringes substantially his obligations, as well as in cases such as: opening of court or execution proceedings against the Client's property, opening of insolvency proceedings against the Client, ordering official trusteeship of the Client, discontinuation of the Client's operations or dissolution of the Client with liquidation, furthermore in cases, when the Goods can no longer be delivered (e.g. the Goods are not being manufactured any more) or otherwise replaced, the price for the Goods has significantly changed without the default of the ŘETĚZY company (e.g. as a result of changes in the purchase prices of raw materials, production costs, wage claims, foreign currency exchange rates etc.), and the Client does not accept this change, as well as in case of an obvious error in the indicated price of the Goods, the ŘETĚZY company is entitled to immediately withdraw from the Contract without any obligation to compensate for any damage resulting from such a withdrawal and the ŘETĚZY company may require immediate settlement of all the outstanding obligations and current performances. The obligations which were not due yet will turn due on the day of the withdrawal from the Contract. Instead of the withdrawal from the Contract, the ŘETĚZY company may choose to discontinue the Goods deliveries until the reason for such discontinuation ceases to exist.
- (2) The ŘETĚZY company is also entitled to withdraw from the Contract if the ŘETĚZY company cannot fulfil its duties resulting from the Contract in part or in full, temporarily for at least 60 days, or permanently because of one or more circumstances which the ŘETĚZY company cannot be held responsible for or which are beyond its control.
- (3) The Client's termination of the Contract or a delay in fulfilling his duties is subject to an exclusive consent from the ŘETĚZY company.

- (4) If the Contract is terminated based on grounds that lie solely on the part of the Client, the ŘETĚZY company reserves their right to charge the Client all the costs incurred in connection with fulfilling the ŘETĚZY company's obligations resulting from the legal relationship that is being terminated up until the termination of the Contract, however, always at least 40% of the price for the Goods.
- (5) In the case of withdrawal from the Contract by any of the parties, the Contract is terminated with effect as of the date of withdrawal from the Contract (ex nunc), not from the beginning. Parties are therefore not obliged to return anything from what they received under the Contract over its duration. The provisions of Section 2004 of the Civil Code shall not apply.

#### **15. Compensation for Damages and Limitation of Liability**

- (1) The ŘETĚZY company shall be held responsible to the Client only for damages caused by wilful acts or as a result of a gross breach of the ŘETĚZY company's duties, however, only up to the limit for which the ŘETĚZY company is insured for damages caused by ŘETĚZY company, or to the amount of the agreed price for the Goods, to which the breach of duties and emergence of damages relate, while the lower one of the aforementioned amounts always applies.
- (2) The ŘETĚZY company is not obliged to compensate for any other damages than that concerning health or things – unless otherwise agreed in writing between the parties.
- (3) The ŘETĚZY company reserves all legal and contractual protective means which can be used to protect the said company's responsibility against the Client, and also to protect the company's employees and other persons for whose acts or negligence the said company could be held responsible.
- (4) In connection with those things delivered to the Client, which originally come from a third party, the ŘETĚZY company is responsible for damages only to such an extent to which the responsibility of the ŘETĚZY company and the responsibility of such a third party for such damages was not excluded.
- (5) The Client undertakes to exert the utmost efforts in order to protect the ŘETĚZY company against claims from third parties as for damages and/or losses which might arise in connection with things delivered by the ŘETĚZY company.
- (6) Furthermore, the ŘETĚZY company is not responsible for: (a) any indirect, incidental, accidental or consequential damages; (b) any damages arising from the interruption of business activities; (c) loss of profit; (d) loss of income; or (e) loss of anticipated savings.
- (7) The ŘETĚZY company is not responsible for any defects or damages (e.g. turned pin or pin galling, fractured or worn-out chain plate, fatigue failure, broken pins or rollers, excessive noise or chain vibration, chain climbing on sprocket teeth or wear on the inside of inner plates and on one side of sprocket teeth) caused due to incompatibility of the Goods with parts and components, in connection with which the Goods are normally being used, furthermore as a result of incorrect and inappropriate handling, use or installation of the Goods, failure to comply with operating regulations, manuals or Instructions of the ŘETĚZY company, as well as with regulations of equipment manufacturers, excessive strain, inappropriate environment, impact of chemical or electrolytic agents or other factors beyond the control of the ŘETĚZY company. The aforementioned applies also to third parties (especially to the end-customers of the Client), even if they were not sufficiently acquainted with the necessary requirements on the correct

and appropriate usage of the Goods, if the Client was sufficiently acquainted with them by the ŘETĚZY company.

- (8) The Client is responsible for damages, which arise to the ŘETĚZY company as a result of breach of the Contract or these GTCS.

## 16. Governing Law/Dispute Settlement

- (1) All legal relationships between the ŘETĚZY company and the Client resulting from the Contract and concerning rights and duties from the Contract, including all rights and duties related to the Contract, shall be governed by legal regulations of the Czech Republic.
- (2) The relationships which are not regulated by these GTCS, or by the Contract concluded between the ŘETĚZY company and the Client, shall be mainly regulated by legal regulations in accordance with the Civil and the Commercial Law.
- (3) Unless an agreement between the parties does not stipulate explicitly otherwise, the relationships arisen in accordance with the Contract and these GTCS shall not be regulated by the UN Convention on Contracts for the International Sale of Goods.
- (4) All disputes arising from or related to the Contract or to these GTCS between the ŘETĚZY company and the Client, including the disputes about their validity, interpretation or nullification, shall be decided with a final validity by the Arbitration Court at the Trade Chamber of the Czech Republic and the Agricultural Chamber of the Czech Republic (hereinafter referred to as the „Arbitration Court“) in compliance with its Order and Rules by arbitral tribunal composed of three arbitrators appointed by the Chairman of the Arbitration Court. The place of the proceedings shall be Prague.
- (5) The contractual parties explicitly declare they got acquainted with the Order and Rules of the Arbitration Court (hereinafter referred to as the „Order“) before signing the arbitration clause, whereas the said Order is accessible on the Internet website: [www.soud.cz](http://www.soud.cz), and the parties consider the said document (i.e. the Order) to be an integral part of this arbitration clause. The parties acknowledge that detailed information regarding the method of initiating and the form of conducting the arbitration proceedings, as well as information regarding the method of delivery of the arbitration ruling, the individual types of costs and expenses of the arbitration proceedings and the rules regarding their admission, are specified in the Order. The amount of remuneration of the Arbitration Court for conducting the arbitration proceedings shall be determined as a percentage amount calculated from the total value of the dispute - the concrete value of the dispute can be found at: [www.soud.cz](http://www.soud.cz). The parties also acknowledge the fact that the proceedings will be concluded by issuance of the arbitration ruling and they undertake to fulfil all duties inflicted on them by the said arbitration ruling (i.e. the legally effective arbitration ruling is enforceable).
- (6) The Client also expressly agrees that all costs and expenses incurred by the ŘETĚZY company, in connection with the initiation or conduct of any potential dispute between the parties, in connection with the Contract or these GTCS, before any authority other than the Arbitration Court established according to this arbitration clause (e.g. the costs of proceedings, representation costs, costs of execution of an expert opinion etc.), both in the Czech Republic and abroad, shall be paid and reimbursed to the ŘETĚZY company by the Client in full.

## 17. Severability Clause

If one or more provisions of these GTCS or any obligation resulting from these GTCS are invalid or become invalid, ineffective or unenforceable, the validity, effectiveness and enforceability of the remaining provisions of these GTCS and of all other obligations resulting from these GTCS shall remain intact. The parties undertake to replace, without unnecessary delay, by means of an amendment, the relevant invalid, ineffective or unenforceable provision or the invalid, ineffective or unenforceable obligation resulting from these GTCS so that the new provision/new obligation would correspond to the object, purpose and meaning of the original proposition/original obligation.

## 18. Non-disclosure/Confidential Data

- (1) The confidential information includes especially „know-how“, business secret, and other trade, technical, production, organization, financial, property, marketing and all other relevant data of the ŘETĚZY company which shall, at the discretion of the ŘETĚZY company, remain secret and which are protected in a reasonable manner against becoming accessible to third parties and unauthorized persons.
- (2) The Client is required to keep secret all the confidential information and not to make accessible to any third party the said confidential information, even out of negligence, by way of any action, omission or sustinment, directly or indirectly, orally or in writing or by any other way. The Client's duty to keep the said information and data secret and confidential does not apply to information, which is already known or becomes generally accessible to the public before conveying such information to the Client.
- (3) The Client undertakes not to make use of the confidential information obtained from the ŘETĚZY company for any other purposes than these, which relate to the fulfilling and execution of the Contract and that the Client will not use the said information neither for his own benefit, nor for the benefit of any third parties.
- (4) The confidentiality obligation and the duty to keep the confidential information secret relates to such confidential information, which was obtained by the Client when the parties negotiated the Contract and/or which was conveyed to the Client during the effectiveness of the Contract and it shall last also after the Contract is terminated.
- (5) Should the Client infringe any provision/s of this Article, he shall be held responsible for any damage caused to the ŘETĚZY company because of such infringement.

## 19. Other Provisions

- (1) The contractual parties have agreed that all written communication between the ŘETĚZY company and the Client shall be conveyed as written documents via postal services, by fax or via e-mail. Oral agreements between the parties, unless confirmed in writing, shall remain ineffective.
- (2) Any written communication between the parties shall be sent to the contact addresses stated in the Contract and/or in the order/offer or to other contact addresses which are known to both parties. If some contact details change, the parties undertake to inform the opposite party accordingly, however, no later than within 3 workdays. In case of non-fulfilling this information duty, it shall be deemed that the contact details remained unchanged and the deliveries onto the original addresses shall result in effects according to the Contract and these GTCS.

- (3) In case of any doubt, it shall be deemed that the day of delivery is the 3<sup>rd</sup> day following the day on which the relevant document was sent by post, by fax or via e-mail by one party to the other, even if the receiving party does not have knowledge of such a document.
- (4) All communication between the parties shall take place in one of the following languages: Czech, Slovak, German, English, and Russian. Communication in another language than one of the above mentioned shall not be taken into account and it shall not result in any legal effects with respect to the relationships between the contractual parties.
- (5) The Client consents to the processing and collection of personal data by the ŘETĚZY company for the purpose of the performance of the rights and obligations from the Contract. The Client, who is a natural person, hereby grants to the ŘETĚZY company an explicit consent with the processing of all personal data conveyed by him to the ŘETĚZY company, in accordance with Act No. 101/2000 Coll., on Personal Data Protection, as amended. This consent shall be valid until the Client revokes it in writing. The Client acknowledges that he is obliged to submit all of the personal data conveyed by him to the ŘETĚZY company correctly and accurately, and that he is required to inform the ŘETĚZY company of any changes thereto without an undue delay. The ŘETĚZY company may authorize a third person (as the processor) to process the personal data of the Client. The personal data will be processed electronically in an automated way or in printed form in non-automated way. If the Client finds that the ŘETĚZY company performs the processing of his personal data in conflict with the law or with the protection of his privacy (especially if the personal data is inaccurate with respect to the purpose of their processing), the Client may request the ŘETĚZY company or the processor to provide relevant explanation, eventually to secure a sufficient remedy. The ŘETĚZY company is also required to provide the Client with information regarding the processing of his personal data, if he requests it.
- (6) Should one of the parties de cease or cease to exist, the rights and duties resulting from the concluded Contract and from these GTCS shall be transferred onto its legal successor, who shall be bound by the Contract and by these GTCS to the same extent as the original party.
- (7) The contractual parties undertake to bear any changes of circumstances on their own risk after having concluded the Contract, even if the circumstances might change substantially or insignificantly in comparison with the circumstances existing at the time when the Contract was concluded. Therefore, no party is entitled to seek a change of the conditions stated in the Contract due to some changes in circumstances, even if such change of circumstances could not be reasonably expected or influenced by such party. This applies also in cases when such changed circumstances cause a substantial disparity between the rights and duties of the parties. This does not affect the provision of Article 14 of these GTCS.

## 20. Effectiveness of these GTCS

These GTCS shall become effective on 1<sup>st</sup> January 2016 and they shall remain valid and effective until their validity and effectiveness is terminated or replaced with new GTCS – at the discretion and according to the needs of the ŘETĚZY company. Any change/s of the GTCS and their effectiveness shall be conveyed by the ŘETĚZY company to the Client without any unnecessary delay.

In Vamberk on 15<sup>th</sup> December 2015