

GENERAL COMMERCIAL TERMS OF COMPANY ZAT ON PURCHASE OF GOODS
(hereinafter referred to as „General terms“)
VOP_NZ_V04_ENG – valid from 15. 02. 2019

I. SCOPE, PURPOSE AND VALIDITY OF GENERAL TERMS

- 1.1 All provisions of present General terms become an integral part of each trade relations of obligations between company ZAT, company registration no. 451 48 431, registered office at VI, K Podlesí 541, zip code 261 80, registered in the Commercial Register kept at Municipality court in Prague, section B, entry 1583 (hereinafter referred to as „**Purchaser**“ or „**Buyer**“) on the one hand and a company designated in the purchase order or purchase agreement as a supplier, seller, etc. (hereinafter referred to as „**Supplier**“) on the other side.
- 1.2 Present General terms provide for the conditions of purchase of commodities from the side of Purchaser based on purchase agreement or general purchase agreement concluded between Purchaser and Supplier. The purchase agreement as defined in present general commercial terms is understood as a purchase agreement or general purchase agreement concluded in written form, Purchaser's order accepted by Supplier (or Purchaser's order that is considered accepted by Supplier) or a purchase agreement concluded through direct delivery of goods on the basis of Purchaser's order.
- 1.3 Through concluding purchase agreement, confirming order by Supplier or at the moment when Purchaser's order is understood accepted by Supplier or through concluding purchase order by direct delivery of goods based on Purchaser's order the Supplier declares that he/she gets familiarized with content of present General terms and expresses his/her full consent with all rights and obligations included in present General terms and following from present General terms.
- 1.4 A document that is issued by Purchaser and is sent to Supplier for the purpose of concluding „sub“ purchase or other commercial agreement is understood as Order. Respective „sub“ agreement is concluded through written acceptance of the Order by Supplier or through direct delivery of goods that will fully comply with terms of the Order and that will be taken over by Purchaser.
- 1.5 In case that the „subcontract“ differs in its content from content of present General terms, provisions of „subcontract“ prevail over deviated provisions of present General terms.
- 1.6 Supplier's commercial terms that have not been explicitly approved by Purchaser in writing as a part of contractual documentation between contracting parties will not be applied to legal relation between Purchaser and Supplier.

II. PURCHASE PRICE

- 2.1 Purchaser is obliged to pay to Supplier the purchase price stipulated in purchase agreement. Purchase price stipulated through the agreement is fixed, set in parity DAP ZAT a.s., Příbram VI, K Podlesí 541, zip code 261 80, Czech Republic, pursuant to INCOTERMS unless stated explicitly in purchase or partial agreement otherwise.
- 2.2 Supplier shall issue an invoice for supplied goods as an accounting and tax document, respective purchase price shall be accounted for through this invoice. Invoices shall be served at address: ZAT, Financial department, Příbram VI, K Podlesí 541, zip code 261 80.
- 2.3 Each invoice shall meet the requisities of a tax document stipulated by legal provisions.
- 2.4 Purchaser is entitled to give back the invoice that does not include required requisites and information within the due date of such invoice without being delayed in settlement purchase price. In case of giving back the due date anticipated by purchase agreement or present General terms shall be calculated from the date of serving the corrected invoice that includes all required requisites and information.

- 2.5 Due date of purchase price is stipulated in purchase or partial agreement. In case that due date of purchase price is not stipulated in purchase agreement, Purchaser is obliged to pay purchase price within sixty (60) days from the date of serving proper invoice. There arises Supplier's right for issue of invoice, if he/she meets his/her obligations following from purchase agreement.
- 2.6 The day when the amount of purchase price is withdrawn from Purchaser's account by the bank is the day of paying the purchase price.
- 2.7 Purchaser is entitled to unilaterally allow for any of his/her receivables in relation to Supplier, payable or unpayable, time-barred or not. Supplier is not entitled to perform unilateral allowing for of his/her receivables against the Purchaser's receivables from purchase agreement or present General terms or in relation to them.
- 2.8 Supplier is entitled to refer the receivables from purchase agreement to Purchaser only with Purchaser's previous written consent.
- 2.9 Supplier undertakes not to charge in any way (e.g. through right of lien) his/her receivables towards Purchaser from purchase agreement or present General terms for the benefit of a third person without Purchaser's previous written consent.

III. AMOUNT, QUALITY OF PERFORMANCE, PACKAGE OF GOODS

- 3.1 Supplier is obliged to deliver goods in the amount stipulated in purchase agreement. In order to eliminate doubts both Supplier and Purchaser explicitly exclude application of provision § 1930 par. 2 first clause of Civil code in case of part performance by Supplier.
- 3.2 In order to eliminate doubts both Supplier and Purchaser also exclude application of provision § 2093 Civil Code.
- 3.3 Goods must be delivered to Purchaser in the quality, performance and with documents that are explicitly stipulated by purchase agreement. In case that quality and performance of goods are not explicitly stipulated in purchase agreement, Supplier is obliged to deliver to Purchaser goods in the quality and performance that fully complies with the purpose for which is the goods delivered, and in case that such purpose has not been concluded, with the purpose for which is this goods usually applied. The goods shall comply with all technical requirements and technical and safety standards for given type of goods, both binding standards and directory statutes in the Czech Republic and the country of goods origin or the one mentioned in the subcontract. Goods as well as the parts used for its manufacture shall be new, not used, not damaged and made of quality material. If material is delivered based on samples, designs or drawings, it must fully comply with these samples or drawings. Goods must be able to make permanently standard performance in accordance with the properties and quality stipulated in purchase agreement and fully comply with the purpose for which it is delivered. Goods can not be burdened with any legal defetscs.
- 3.4 Purchaser is entitled to perform audit or inspection of all Supplier's processes any time in the course of purchase agreement validity. Performing audit, inspection or approving any Supplier's act or procedure from the side of Purchaser does not relieve Supplier from responsibility for defects of the goods delivered in accordance with purchase agreement and present General terms. Supplier is not entitled to charge a third person with performance of a part or all his obligations resulting from purchase agreement or present General terms without Purchaser's previous written consent. Binding requirements for corrective actions can be a part of Supplier's competence evaluation.

- 3.5 Supplier declares and guarantees that the goods, in a state described through respective purchase agreement, will (be):
- a) in accordance with the material, dimensional, technological and physical specifications set through respective drawing or other technical documentation, to which the purchase agreement or order refer to, where:
 - (i) standard in the form of referential sample can also be a part of such specifications;
 - (ii) Supplier is obliged to receive Purchaser's previous written consent concerning all possible deviations from the mentioned specifications;
 - (iii) Purchaser's approval of any technical documentation submitted by Supplier does not restrict the Purchaser's right to claim product defect;
 - b) bear unique identification mark if respective technical documentation requests so.
- 3.6 Supplier undertakes that each delivery of goods shall include the documents that are mentioned in purchase agreement. Each document proving observing required elements of quality and safety shall bear reference to delivery of the products that it relates to.
- 3.7 Identification of supplied products is one of the important requirements of ISO 9001. Supplier undertakes to ensure for each package unit that the delivery consists of to state at least product name, its unique identification mark corresponding order no., Supplier's name and date of production and/or dispatching.
- 3.8 Supplier is obliged at his own expenses to pack the goods, to secure it or supply it properly for transport in the way that is explicitly set in purchase agreement. In case that the method of packaging and securing the goods for transport is not stipulated in purchase agreement, Supplier undertakes to pack the goods and secure it in such a way that there can not be any damage or depreciation of the goods in the course of transport including loading and unloading. All costs of packaging, securing and arrangements of goods are included in purchase price pursuant to purchase agreement.
- 3.9 Supplier shall use such method of packaging and such packaging material that will be adequate to nature of products and that will sufficiently secure them against damage during transport, manipulation connected with transport and storage. There can even be through purchase order stipulated or referred concrete packaging regulation.
- 3.10 A delivery note is a part of each supply. This document shall include at least the following data:
- a) Supplier's and Purchaser's identification;
 - b) specific number (identification code) of respective purchase order;
 - c) complete description of delivered goods including specification of supplied documents;
 - d) amount of of really delivered products;
 - e) identification numbers of goods from purchase agreement/order.
- 3.11 Supplier and Purchaser have agreed that time of performance is set up for the benefit of Purchaser.
- 3.12 Supplier takes into account the fact that Purchaser does not keep storage for the goods therefore the early supplies of goods create a condition for duly fulfilment of Purchaser's obligations in relation to his/her customers. Supplier also takes into account that in case of delay with delivery of goods for Purchaser pursuant to purchase agreement and present General terms it can mean sanctions in the form contractual fine and/or damage compensation required from the side of Purchaser's customer. In the case that Supplier finds out that there exists risk of delay with delivery of goods, he/she undertakes to inform Purchaser immediately about this fact and to submit a proposal of possible solution.

- 3.13 The day which a the Purchaser goods receipt worker states on the delivery note as a part of its confirmation shall be considered real delivery date. However, confirmation of delivery note is not a confirmation of faultless performance. Quality inspection for detecting evident defects is performed just after acceptance of the delivery not later than within fourteen (14) days after goods receipt.
- 3.14 Supplier undertakes to notify Purchaser of all cases when an ordered supply contains substances of dangerous nature.

IV. PERFORMANCE OF CONTRACT

- 4.1 Supplier is obliged to supply the goods to Purchaser duly and in a timely manner. Goods is regarded as supplied in a timely manner if it is supplied within the agreed term of performance. Goods is considered duly supplied at the moment of meeting the following conditions:
- a) goods is duly delivered by Supplier at the place of delivery together with all documents,
 - b) the documents related to the goods are delivered complete and faultless together with the goods,
 - c) goods is taken over by Purchaser,
 - d) goods is without defects. Takeover of goods has no impact on Purchaser's claims from responsibilities for defects.

V. RESPONSIBILITY FOR DEFECTS

- 5.1 Supplier is responsible for all defects that the goods has at the moment of its takeover by Purchaser, even though the defect becomes evident later, as well as for all defects that occur within guarantee period.
- 5.2 Through provision of par. 5.1 above there are not affected Supplier's obligations from guarantee for quality. Through guarantee for quality Supplier undertakes that the goods delivered pursuant to purchase agreement shall be within guarantee period eligible for the use stipulated in purchase agreement, otherwise for usual purpose and that it shall keep the properties stipulated in purchase agreement, otherwise usual properties. If purchase agreement does not stipulate some properties of goods, Supplier is obliged in relation to Purchaser through guarantee for quality that the goods delivered pursuant to purchase agreement keeps its usual properties within the guarantee period. Supplier is responsible for these defects detected after goods takeover and claimed by Purchaser within guarantee period.
- 5.3 Length of guarantee period is stipulated in purchase agreement or subcontract. If guarantee period is not explicitly stipulated in purchase agreement or subcontract, guarantee period is thirty six (36) months from the day of Purchaser's takeover of the goods.
- 5.4 Contracting parties conclude and explicitly declare that Purchaser is not obliged to examine the goods at takeover or without delay after that.
- 5.5 Any defect can be reproached any time within deadline for complaints stipulated by length of guarantee period.
- 5.6 If Purchaser detects any defects on delivered goods, he/she shall write down a protocol on defetcs that will mainly include defect specification, which impact it has and what claim mentioned in par. 5.8 of present General terms he/she requests (hereinafter referred to as „defect reproach“) and shall send it to Supplier not later than within thirty (30) days after the day of detecting the defects. Purchaser's right for damage compensation is not affected by making the claim from responsibility for defects of goods.

- 5.7 To eliminate doubts contracting parties explicitly exclude application of § 1965, § 2103, § 2104, § 2111 and § 2112 of Civil Code.
- 5.8 Purchaser is always without regard to character of defect and seriousness of breaching the purchase agreement through defect entitled to:
- a) request elimination of defects through delivery of reserve goods instead of defected goods, delivery of missing goods and request elimination of legal errors,
 - b) request elimination of defects through repair of goods,
 - c) request adequate discount from purchase price,
 - d) withdraw from purchase agreement,
 - e) eliminate defect by himself/herself, if it is most suitable from the economic point of view and point of view of speed, namely at the Supplier's expense. Supplier undertakes to settle all costs related to elimination of the defect.
- 5.9 Selection of the claims mentioned in par. 5.8 of present General terms exclusively belongs to Purchaser. Supplier and Purchaser have agreed not to use provision of § 2106 par. 2 and 3 and § 2107 of Civil Code.
- 5.10 In the case that Purchaser makes a claim from responsibilities for defects pursuant to prov. 5.8 subpar. a) and b) of present General terms and Supplier does not eliminate defects of the goods in a way and within the period stipulated by Purchaser or if Supplier notifies Purchaser before expiration of this period about the fact he/she will not eliminate the defects, Purchaser has the right to:
- a) withdraw from purchase agreement; or
 - b) request any other claim pursuant to prov. of 5.8 of present General terms.
- 5.11 Supplier is obliged to eliminate the defect and bears all the costs related to elimination of the defect, this even applies when he/she does not acknowledge that he/she is responsible for the defects until the contrary is proved. In order to avoid doubts Supplier and Purchaser explicitly agree that provision of § 1749 of Civil Code is not applied for determination of amount of discount from purchase price by an expert.
- 5.12 In the case that complaint of the defect reproached by Purchaser is rightful, then Purchaser is entitled to request at Supplier settlement of inclusive charge amounted up to 50 EUR (in words: fifty euros) for each such defect. This charge is due based on Purchaser's invoice.

VI. TRANSFER OF THE TITLE AND DANGER OF DAMAGE

- 6.1 Ownership right for delivered goods is transferred to Purchaser at the moment of takeover of the goods by Purchaser. Danger of damage to the goods is transferred to Purchaser at the moment of takeover of the goods by Purchaser.

VII. CLAIMS FOR DELAY AND BREACHING OF CONTRACT

- 7.1 In the case that Supplier does not meet his/her obligation to deliver goods to Purchaser duly and/or in a timely manner, Purchaser is entitled to claim settlement of contractual fine the amount of which is specified in purchase agreement. If the amount of contractual fine is not stipulated in purchase agreement, then contractual fine is 0,5 % of purchase agreement for the goods the due deliver of which is delayed by Supplier, namely for each started week of delay. Through settlement of contractual fine there is not affected the Purchaser's right for compensation of damage in the full amount besides contractual fine.
- 7.2 In the case that Supplier breaches provision of par. 9.1 of present General terms, Purchaser is entitled to receive contractual fine amounted to 5% of sum of the purchase agreement without VAT paid by Purchaser for entire calendar year in which there occurred the

breaching of obligation, namely for each individual case of breaching. Supplier takes into account that breaching of provision of par. 9.1 of present General terms is a fundamental breaching of Supplier's obligations. Supplier also takes into account that this contractual fine is adequate to nature of the obligation the breaching of which it covers. Through settlement of contractual fine there is not affected the right for compensation, namely in the full amount.

- 7.3 In case of breaching of par. 2.8 of present General terms from the Supplier's side Purchaser has the right for contractual fine amounted to ten percent (10%) of nominal value of the receivable proceeded in contradiction with present General terms. Through settlement of contractual fine there is not affected the Purchaser's right for compensation, namely in the full amount besides contractual fine.
- 7.4 In the case of Purchaser's delay with settlement of purchase price or its part pursuant to purchase agreement, Supplier has the right to receive interest on late payment the amount of which is stipulated through legal regulations.

VIII. FORCE MAJEURE

- 8.1 If some of the contracting parties is obstructed in performance of the obligations from purchase agreement by extraordinary unpredictable and insuperable obstacle occurred independently on their will as defined in provision of § 2913 par. 2 of Civil Code, there are prolonged the terms for fulfilment of the obligations stipulated for contracting parties through purchase agreement by the time during which there lasts the obstacle. Supplier is obliged to immediately inform Purchaser on occurrence and termination of such obstacle and to document this obstacle for Purchaser. As soon as the obstacle terminates to occur, Supplier undertakes to make maximum effort leading to fulfilment of purpose of purchase agreement and undertakes to ensure fulfilment of the obligations from purchase agreement without unnecessary delay. The following will be considered the extraordinary unpredictable and insuperable obstacles for purposes of purchase agreement: war, mobilization, natural catastrophes affecting entire country in which the contracting party that is obstructed by the obstacle has its headquarters. Contracting parties declare that they do not regard strike as force majeure for purposes of purchase agreement.

IX. SECRECY AND PATENT LAWS

- 9.1 In relation to realization of purchase order there are provided by Purchaser to Supplier various supporting materials including drawings, sketches, samples, also notifications of confidential character, knowledge and experience. Supplier undertakes not to submit such information in any way to a third person without Purchaser's previous written consent and to use it solely for purposes of realization of purchase orders assigned by Purchaser.
- 9.2 Purchaser reserves the copyright law to any form of submitted technical documentation marked with logo „ZAT“.
- 9.3 Purchase order, present General terms and all information and documentation related to them have confidential character, and no contracting party will be entitled to make this information available to third persons without consent of the other contracting party, with the exception of the cases when making available of this information is required by legal regulations or respective authorities based on legal regulations or if it is the information already available to public or if it is the making available of this information to governed companies.
- 9.4 Supply of goods shall not breach any patent laws or other protected laws and rightful interests of third persons and shall not show other legal errors either. In case that the third side makes a claim in relation to Purchaser resulting from patent or other legal claims, Supplier undertakes to compensate Purchaser and shall settle all costs and damage arisen in

relation to it. Supplier shall provide cooperation in solving such claims of third persons, mainly shall provide the documents proving faultless character of the goods delivered by him/her.

- 9.5 Purchase is entitled to transfer all patent laws, licenses or other protected rights of third persons supplied by Supplier to his/her customers for purposes of putting into operation, operation, maintenance and repair of the equipment a part of which it will be.
- 9.6 Purchase is also entitled to make his/her other contractors/subcontractors familiarized in the necessary extent with the information that he/she receives from Supplier in relation to delivery of the goods.

X. WITHDRAWAL

10.1 Purchaser is entitled to withdraw fully or partially from purchase agreement with Supplier in case that:

- a) there has been started insolvency proceedings with Supplier;
- b) Supplier is in delay with delivery of goods pursuant to purchase agreement for longer than 2 weeks;
- c) Supplier is in delay with elimination of defect for longer than 2 weeks;
- d) Supplier transfers receivable or any of its part in contradiction with provision of art. 2.8. of present General terms.

10.2 Through withdrawal from agreement there become extinguished all mutual rights and obligations of contracting parties resulting from purchase agreement, with the exception of the rights mentioned in provision of § 2005 art. 2 of Civil Code, namely on the day of serving written withdrawal to the other contracting party.

10.3 In case of withdrawal from purchase agreement Purchaser keeps the goods delivered by Supplier till the moment of serving the withdrawal from purchase agreement and shall pay to Supplier purchase price of the delivered goods till the moment of withdrawal from purchase agreement.

XI. ETHICAL CODE

11.1 Purchase has issued ethical code of company ZAT that is available at the address: <http://www.zat.cz/en/code-of-conduct.htm> (hereinafter referred to as „Ethical Code“). Ethical Code concerns principles of social responsibility in the field of human rights, labour conditions and environment and anti-corruption fields that are defined by organizations United Nations Global Compact, Global Compact Czech Republic and International Labour Organization. Ethical Code is binding for Purchaser and his/her employees.

11.2 Supplier undertakes to observe Ethical Code in the extent that applies to it, namely within performance of the rights and obligations related to present General terms.

XII. GOVERNING LAW AND CONFLICT RESOLUTION

12.1 Rights and obligations of contracting parties including conclusion of purchase agreement, its validity and efficiency and are governed by system of law of Czech Republic, mainly Civil Code. Contracting parties have hereby agreed that Purchaser is entitled any time during efficiency of purchase agreement to amend these General terms. Purchaser shall notify Supplier of each amendment of General terms in writing at least two (2) months before the day when this amendment is supposed to come in force. Supplier is entitled not later than on the day of efficiency of amendment of General terms to refuse the amendment and to

withdraw from the purchase agreement in writing with the notice period of one (1) month from the day of serving the notice to Purchaser. If Supplier does not refuse the amendment till the day of its efficiency, there applies that he/she agrees with the amendment. Purchaser shall notify Supplier about this consequence in the notification on amendment of these General terms. Supplier declares that through efficiency of amended General terms he/she becomes familiarized with all alterations of General terms.

- 12.2 Contracting parties undertake to solve any conflicts arisen from purchase agreement or in relation with it in principle in a conciliatory way. Contracting parties also agree that if they do not solve any conflict or claim incurred from purchase agreement or in relation with it in a conciliatory way, they shall submit such conflict or claim for final decisions to a respective court. Contracting parties have agreed the District Court Pilsen-City or Regional Court in Pilsen to be the locally respective court depending on subject-matter jurisdiction.

In Příbram on 15.2.2019