

GENERAL PURCHASE TERMS

of **HESTEGO a.s.** registered office Vyškov, Na Nouzce 470/7, postal code 682 01, Company ID: 634 75 073, registered in the Commercial Register maintained by the Regional Court in Brno, File No. B - 6368 (hereinafter the "**Client**")

1. INTRODUCTORY PROVISIONS

- 1.1. These general purchase terms (hereinafter "**GPT**") define mutual rights and obligations of both Parties related to or based on contracts for work, purchase contracts, service provision contracts and other similar types of legal contracts, as well as framework agreements and related orders concluded between the Client and its business partner or as a seller or contractor (hereinafter the "**Contractor**"), and are an integral part of any request for quotation or an order from the Client or any contract concluded between the Contractor and the Client.
- 1.2. In order to improve the quality of provided services in conjunction with the evolution of legal environment, development of technologies and also in terms of the Client's business policies, the Client is authorized unilaterally to modify these GPT in an adequate scope, in particular as concerns the communication between parties, invoicing methods, scope of offered products and services, claim procedures and termination of the contractual relationship (hereinafter "**Modification**"). In such case, the Client has the right to propose such Modification to the Contractor in writing no later than two (2) months before the day when the given Modification takes legal effect. Should the Contractor disagree with the Modification, the Contractor is entitled to withdraw from the contract in writing with effect from the day prior to the day when the proposed Modification comes into legal effect. The written withdrawal notice must be delivered to the Client no later than one (1) month before the day of the proposed Modification. Should the Client not receive the above-mentioned withdrawal notice within the stipulated deadline, the Modification shall take legal effect on the proposed date of effect and shall be binding for both Parties.
- 1.3. In the event of contradiction between these GPT and the Contractor's general business terms and conditions, these GPT take precedence.

2. CONTRACT CONCLUSION

- 2.1. The contract between both Parties shall be concluded (i) upon its signing by both Parties or (ii) upon written confirmation of the Client's order by the Contractor.
- 2.2. The Client reserves the right to cancel or amend the order at any time before its written confirmation by the Contractor.
- 2.3. If there is a framework delivery agreement concluded between both Parties, the Client shall order individual deliveries through orders (hereinafter the "**Order**"), which shall contain the following: (i) specification of the item or work; (ii) number of units; (iii) required delivery date; (iv) price; (v) specification of the person who issued the Order including their first name, surname and job position, and (vi) date of the Order. If necessary, a drawing or technical description shall be attached as an integral part of the Order. A subcontract is concluded once the Order is confirmed by the Contractor.

- 2.4. If the confirmation of the Order and/or the Contractor's fulfilment differs from the content of the Order, the Client is bound vis-à-vis the Contractor only if it expressly and in writing confirmed such diversion from the Order for the Contractor. Acceptance of fulfilment from the Contractor or payment by the Client for such fulfilment does not constitute approval.

3. SUBJECT OF FULFILMENT

- 3.1. The subject of the fulfilment is the delivery of items or the performance of work (hereinafter the "**Products**"), as agreed in the given contract or specified in the Order confirmed by the Contractor.
- 3.2. Should the quality, properties or design of the Products not be expressly agreed, the Contractor shall provide the Products with the quality, properties and design so that they are suitable for the purpose arising from the contract, Order or offer.
- 3.3. The Client undertakes to provide the Contractor with all the cooperation necessary for proper fulfilment of the Contractor's obligations without undue delay.
- 3.4. The Client is authorized to call on the Contractor at any time to suspend fulfilment of the contract. The Contractor undertakes to interrupt all fulfilment of the contract upon receiving such notice, until such a time when it receives a written notice from the Client to continue in fulfilment.
- 3.5. For the first 90 days from the suspension of contract fulfilment, the Contractor is not authorized to request compensation of storage fees or other expenses incurred during this period. The contract fulfilment deadlines shall be postponed as appropriate by the period of the suspension of fulfilment.
- 3.6. If suspension of contract fulfilment lasts more than 90 days, the Contractor may call on the Client by written notice to negotiate further procedure. If the negotiations are not held within a reasonable time or do not lead to an agreement on further progress, the Contractor is authorized to withdraw from the contract or Order. If fulfilment is performed based on an Order under a framework agreement, the right to withdrawal applies only to the respective Order.
- 3.7. The Client is obliged to observe proper storage conditions, professional installation, handling, maintenance and operation of Products in line with the Contractor's instructions, which the Client shall receive at latest during handover of the Products.

4. GOODS DELIVERY

- 4.1. The Contractor shall deliver the Products to the Client at the agreed time and place of fulfilment, and the Client undertakes duly to accept the delivered Products. Should the place of fulfilment not be expressly specified, it is deemed that the agreed place of delivery shall be the Client's registered office. The time of fulfilment is on working days from 6:00 to 15:30.
- 4.2. The Contractor shall pack the Products in such a manner:
- a. so as to prevent damage or detriment to health or property during transport,
 - b. and pursuant to the Client's packaging instructions, if specified.
- 4.3. The Contractor shall attach a delivery note with all the data from the Order to the Products,

including in particular the Order number, Product registration number, precise identification of the Goods and Order item.

- 4.4. The Client undertakes duly to accept the Products at the place of fulfilment, inspect them without undue delay using an authorized employee and confirm acceptance on the Contractor's delivery note.
- 4.5. The risk of damage to the Products passes to the Client upon takeover of the Products.
- 4.6. Ownership right to the Products passes to the Client:
 - a. if the Products are delivered without installation, by confirming acceptance (the delivery note) of undamaged goods at the place of fulfilment pursuant to the confirmed Order;
 - b. in the Products are delivered with installation, by signing the protocol on takeover (handover protocol) of fulfilment by the Contractor and Client.
- 4.7. If there is a risk of delay on the part of the Contractor, the Contractor is obliged to inform the Client immediately and request its instructions.
- 4.8. If the Contractor delays in fulfilling the contract, the Contractor is obliged to pay the client a contractual penalty equal to 0.3% of the price of the respective partial fulfilment (with which the Contractor is in delay) including value added tax (hereinafter "VAT") for every day of delay, but minimally CZK 2,000 for every caused delay. Payment of the contractual penalty does not affect the Client's claim to compensation of damages exceeding the value of the contractual penalty.

5. PRICE AND PAYMENT CONDITIONS

- 5.1. Unless specified otherwise, the agreed price is final, specified with VAT which shall be added to the price in the amount defined by legal regulations, and includes all of the Contractor's costs required for due fulfilment of the contract or Order, such as transport, postage, packaging, insurance, taxes and similar fees, costs for documentation and installation.
- 5.2. The Client is obliged to pay the Contractor the agreed price of the Products based on an invoice which shall comply with tax document requirements defined in the Act No. 235/2004 Coll., on Value Added Tax, as amended.
- 5.3. Unless agreed otherwise, the invoice shall be payable within 60 days from takeover of the Products by the Client. As a rule, the invoice shall be issued no later than within 15 days after delivery of the Products. In case of partial deliveries, the Contractor is authorized to issue an invoice for the individual partial deliveries, unless both Parties agreed otherwise.
- 5.4. In the event of delay by the Client in paying the invoice by no more than 14 days, the Contractor is not authorized to charge interest on arrears.

6. PRODUCT DEFECTS, QUALITY WARRANTY AND CLAIMS

- 6.1. The Client is obliged to inspect the Products or to arrange for such inspection. During this inspection the Client shall focus on the number of packaging units and packaging integrity, as well as obvious defects in the scope corresponding to the nature and quantity of the Products.

If Products are delivered in large amounts, a random inspection during delivery shall suffice. Inspection is carried out according to the following rules depending on designation of the Products:

- a. If the Products are designated for further processing or incorporation directly by the Client, the Client is obliged to inspect the number of Product packaging units and packaging integrity upon delivery to the place of delivery. Inspection of the Product quantity and inspection for the purpose of identifying potential obvious defects shall take place before their processing or incorporation by the Client, but no later than one (1) month after delivery of the Products to the place of delivery.
 - b. If the products are designated directly for the Client's business partner, the Client shall only inspect the number of Product packaging units and packaging integrity after delivery to the place of delivery. Inspection of the Product quantity and their inspection for the purpose of identifying potential obvious defects shall take place before their processing or incorporation by the Client's business partner.
- 6.2. The Contractor provides the Client with a quality warranty on the Products of 24 months, unless agreed otherwise in the Contract. The warranty period starts on the date of takeover of the Products.
- 6.3. The Contractor undertakes that its fulfilment shall comply with the requirements of the ISO 9001 standard. If the Contractor is certified under this standard, it must have a valid certificate posted on its website. If the Contractor is not certified under this standard, the Client is authorized to conduct an audit of the Contractor in order to determine the compliance of fulfilment with this standard.
- 6.4. If a defect occurs during the warranty period, the Contractor is obliged at its own expense and at the Client's discretion to either remove the defect or delivery new products within 5 business days from reporting of the claim. This provision shall also apply to Product where the acceptance inspection was limited only to a random inspection of samples. The Contractor is obliged send the Client information about the corrective measures introduced to prevent the recurrence of errors. The deadline for sending this information is 2 business days from receiving the claim.
- 6.5. If the Contractor does not remove the defect or delivery substitute Products even after the provision of an adequate additional deadline by the Client, the Client is authorized:
- a. to withdraw from the contract in full or in part,
 - b. to request the provision of a discount, or
 - c. to remove the defect or arrange for the substitute delivery of Products at the Contractor's expense either by itself or through a third party, whereas this does not affect the Contractor's obligations from the quality warranty and liability for defects.
- 6.6. The defects may be removed at the Contractor's expense even without the provision of an additional deadline to the Contractor pursuant to Art. 6.4 of the contract, if the Contractor was in delay with the original fulfilment.
- 6.7. The Client has the right to apply a contractual penalty vis-à-vis the Contractor for every defective partial fulfilment of the subject of the contract, equal to 15% of the price for the respective defective partial fulfilment, but minimally CZK 2,000. This does not affect the Client's claim to compensation of damage caused or incurred in connection to the Product

defect in excess of the paid contractual penalty.

- 6.8. The Contractor is obliged to compensate the Client for the costs incurred by the Client to remove the consequence of violation of obligations by the Contractor and costs for removal of all the Product defects based on a written request form the client. This applies as appropriate to costs expended in vain by the Client for incorporating or modifying the Products for the aforementioned purpose.
- 6.9. The Client is authorized to apply claims from obvious Product defects within one (1) month from the moment of the respective inspection carried out under the conditions stipulated in Art. 6.1, during which these defects could have been identified.
- 6.10. In the case of occurrence of other than obvious defects, the Client is authorized to apply a claim (respectively claim from hidden defects and claim from warranty) throughout the entire warranty period.
- 6.11. The foregoing rules apply as appropriate also to the substitute delivery of Products pursuant to Art. 6.4.
- 6.12. The Client's costs related to claims, including all legal expenses, are paid by the Contractor.
- 6.13. Should there be a dispute between Parties as to whether or not a Product defect is covered by the warranty or by the Contractor's liability, the Parties shall select an expert or other well-respected specialist in the given field who shall assess the defect and determine whether or not it is a defect for which the Contractor is liable for. Costs related to compiling the expert opinion or statement provided by the generally respected specialist in the given field shall be paid by the Party whose opinion of the defect was not upheld by expert opinion or statement.

7. CONTRACT TERMINATION

- 7.1. The contract may be terminated only:
 - a. by agreement between both Parties;
 - b. by written notice for the reasons stipulated in the contract or in the GPT;
 - c. written withdrawal from the contract for the reasons stipulated in the contract or in the GPT.
- 7.2. The reasons for withdrawal from the contract by the Contractor are (i) delay of the Client in providing the cooperation necessary for due fulfilment of the Contractor's obligations, (ii) failure of the Client to provide the necessary rights to use references delivered by the Client in accordance with Art. 8, or (iii) failure of the Client to pay any amount due to the Contractor for more than 60 days. Should the Contractor have reason to withdraw from the contract, it shall first deliver a written notice to the Client with a request to remedy the situation within a reasonable deadline, which shall not be shorter than ten (10) business days. If this additional deadline passes in vain, the Contractor may withdraw from the contract.
- 7.3. The reasons for the Client to withdraw from this contract are: (i) delay by the Contractor in delivering the products by more than 5 days, or (ii) failure of the Contractor to remove rightfully claimed Product defects as per Art. 6.

8. COPYRIGHTS

- 8.1. Drawing documentation, models, technical documentation and all other technical information and reference materials shared between the Contractor and the Client for the purpose of manufacturing and delivering the Products must not be used for any other purpose without prior express consent from the party that procured and submitted these references to the other Party. In particular, these references must not be copied, reproduced or made available to any third parties without prior written consent of the Party that provided these references.
- 8.2. Unless both Parties expressly agree otherwise, technological procedures, documentation and technical information concerning the manufacturing of the Products, except for essential documents delivered by the Client, constitute the intellectual property of the Contractor.

9. CONFIDENTIALITY

- 9.1. Both Parties are obliged to keep all information related to either Party and acquired either directly or indirectly from the other Party in relation to conclusion of the contract and fulfilment of obligations from the contract confidential, and to not disclose it to third parties, except for its disclosure for use in the necessary scope to ensure due fulfilment of the contract. Both Parties undertake to ensure protection of the confidential information, including the assurance of adequate technical and organizational measures in order to protect the confidential information and prevent unauthorized or illegal use or transfer. If a separate nondisclosure agreement or confidentiality agreement is concluded, the provisions of such separate agreement shall take precedence over this confidentiality clause in the event of a dispute regarding confidential information.
- 9.2. The following information is not regarded as confidential pursuant to this article: (i) information which is or becomes publicly available through other means than through a violation of the nondisclosure obligation as specified in these GPT, (ii) information which is expected to become public by these GPT (for example references), (iii) and information: (a) which is subject to a legal obligation to be disclosed to the court of law or with other public authority, or if either Party suspects that the other Party has committed a criminal offence against human life, health, human dignity or personal freedom, (b) confidential information is disclosed to party which is also obliged by the bound by a nondisclosure obligation, in particular an attorney or other professional advisor, or (c) such information is disclosed in order to fulfil the obligations arising from the contract.
- 9.3. The Contractor is obliged to preserve confidentiality and ensure the protection of confidential information throughout the validity of the contractual relationship between the Parties, and for another three (3) years after termination of the contract. In the case of violation of the obligation pursuant to this clause, the Contractor is obliged to pay the Client a contractual penalty of CZK 2,000,000 for every such violation. The Client's claim to compensation of damages exceeding the contractual penalty is not affected by payment of the contractual penalty.
- 9.4. The Contractor grants consent pursuant to the previous clause to the duration of this contractual relationship for the period of an addition three (3) years after its fulfilment.

10. FINAL PROVISIONS

- 10.1. The Parties' contractual relationship is governed by Czech law.
- 10.2. All disputes ensuing from the contract or in relation to it, which cannot be solved through negotiations between both Parties, shall be decided by the general court of the Client.
- 10.3. The Parties preclude the application of Sections 1757, 1765 and 1766 of the Civil Code.
- 10.4. Unless expressly specified otherwise, any changes to the contract must be carried out in the form of written amendments signed by both Parties. This shall not apply to changes in the contact persons, where only prior written notice is required, or to changes in the GPT as defined under Art. 1.2 above.
- 10.5. These GPT come into effect on 15 March 2017.

For [ADD]

For **HESTEGO a.s.**

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Ing. Monika Šimánková, Ph.D., Statutory Director

Date:

Date: