

General delivery and payment terms and conditions of the seller (hereinafter “VDPP” only)

1. Applicability of VDPP

- 1.1. These VDPP are an integral part of the quotation from the seller and shall be a part of the contract between the seller and the buyer (hereinafter “the contract”) unless their validity is excluded or changed by mutual agreement of both the parties.
- 1.2. Provisions of § 1751, subsection 2 of the Civil Code are hereby excluded, and the seller shall not accept any other general business terms of the buyer.
- 1.3. The seller reserves right to change the VDPP unilaterally, and the buyer shall be informed in advance thereof.

2. Purchase orders and conclusion of a contract

- 2.1. Contract between the seller and buyer shall always be concluded at the moment of written confirmation of the order of the buyer from the seller. A written purchase order from the buyer shall at least contain specification of the goods, their price, and quantity, INCOTERMS 2010 conditions, and confirmation the buyer is aware of the applicable VDPP. All the notifications relating to orders realized based on these VDPP should be made in writing, a duly signed letter or fax or e-mail delivered to the addresses of the contracting parties as stipulated in public accessible registers or business documents. Keeping the form in writing may be excluded only by mutual agreement of the contracting parties.
- 2.2. Should any clause of the contract be or become invalid in whole or in part, this shall not affect the validity of the remaining clauses or of the remaining part of the clause concerned, and the parties shall endeavour to replace any such invalid arrangement by a valid one which, as far as possible, is in line with the economic purpose of the invalid arrangement.
- 2.3. The parties have agreed on exclusion of application of the provisions of § 1799 and § 1800 of the Civil Code.

3. Purchase price

- 3.1. The purchase price is a substantial element of the contract, stipulated upon mutual agreement of the parties according to the seller’s price list, and may be changed subject to approval from both the contracting parties. Unless explicitly agreed otherwise in the contract, the purchase price does not include value added tax. Meanwhile, should there be substantial increase of feedstock prices, secondary operation substances, transport costs or custom tariffs with an impact on the financial acceptance of existing price, the seller shall have right to claim for purchase price increase from the one stipulated contractually.
- 3.2. The seller shall inform the buyer thereof in writing before dispatching of the goods and attach a supporting detailed price analysis with respect to increased costs not under control of the seller. At the same time, the seller shall have right to determine a deadline during which the buyer may express either acceptance or disagreement with the changed price. Approval of the changed purchase price should be made in writing and becomes an amendment to the purchase price. Should the buyer not approve the change to the price, the seller may withdraw from the contract and must immediately inform the buyer in writing about such withdrawal.
- 3.3. The seller shall have right to ask for payment of the purchase price from the buyer in advance.

4. Payment terms and conditions

- 4.1. The purchase price is mature within deadline specified in an invoice to a bank account of the seller, unless advance payment was provided. Unless the parties agree otherwise, maturity of purchase price is 15 days. The buyer shall pay late interest amounting to 8.05% p.a. should the maturity as specified above not be met.
- 4.2. The monetary liability, which includes the purchase price as well, shall be considered paid on the crediting day on the seller’s account. A claim by the buyer in writing is not a sufficient reason to refrain from meeting its financial liabilities resulting from the contract. In the event the buyer is the seller’s debtor based on a contract or other legal relations, the seller has the right to retain all things owned by the buyer and delivered by the buyer to the seller for processing according to such contract.
- 4.3. The buyer may not offset mutual claims and fulfilment resulting therefrom against the claims of other contracts or legal relations, unless explicitly approved by the seller in writing.

5. Deadlines for performance

- 5.1. The deadline for performance shall be governed by the buyer’s purchase order, unless specified by the seller otherwise. Should, even after previous notice of the seller made in writing, the buyer fail to comply with his either payment or cooperation liabilities associated with performance of the contract, the buyer shall be regarded as delayed and the seller shall have right to either postpone the performance or, upon useless expiry of remedy periods, withdraw from the contract.
- 5.2. Unless specified otherwise in the contract or unless explicitly notified about disagreement with partial supplies, the seller shall have right to make partial supplies.

6. Place of performance, delivery terms and conditions, packaging

- 6.1. The agreed place of performance for all contractual liabilities is the registered office of the seller in compliance with EXW INCOTERMS 2010.
- 6.2. Unless otherwise agreed, the goods are dispatched from the seller’s plant, and the loading costs shall be charged according to the delivery clause. Similar procedure shall apply for customs clearance, issuance of transport and other documents and insurance. Specific method of transport is agreed contractually in advance (e.g. a truck, railway, aeroplane). The seller shall pay insurance in addition to forwarder’s responsibility, if necessary and unless agreed otherwise (the buyer only under EXW and FCA).
- 6.3. Packing of the products shall be carried out according to wishes of the customer with regard to selected method of transport. Method of packing, material and type of packaging is specified in the purchase contract. The following rules shall apply for each packing type:
 - 6.3.1. standard packing with the use of packaging materials (wood, paper, foil)
 - packing material is included in the price of the product and becomes property of the buyer upon delivery
 - the seller shall use recycled materials only
 - 6.3.2. customer packaging (property of the buyer)
 - should the buyer require packing of the goods in his returnable packaging, the packing materials must be provided upon request of the seller
 - costs associated with transport of empty packaging to the seller subject to the purchase contract
 - the seller shall cover only costs for packaging damaged demonstrably in the plant of the seller or by transport, if provided by the seller
 - the purchase contract also stipulates responsibility for delayed delivery of the goods to the buyer due to late delivery of packing materials to the seller
 - 6.3.3. returnable packaging (property of the seller)
 - should the contract stipulate that packaging remains property of the seller, the purchase contract must indicate how the packaging is returned back to the seller, who pays for transport of the packaging, responsibility for damage to packaging at the buyer
 - management of the packaging may be outsourced by the seller for checking of inventories and potential settlement of packaging accounts and compensation of damage.

7. Transfer of risk to the goods

- 7.1. Unless agreed otherwise, acceptance of the goods and transfer of responsibility shall be governed by INCOTERMS 2000 conditions specified in the confirmation of the purchase order by the seller. The buyer shall confirm perfect condition of the goods by signing CMR or delivery note.
- 7.2. Should the goods do not conform to the declared conditions (quantity, packaging, damage from transport - i.e. obvious defects), the goods are accepted with an objection and the supply subjects to the complaints procedure.

8. Liability for damage

- 8.1. The seller shall deliver the goods to the buyer according to the contract in proper and perfect way, and the former shall transfer the ownership title to the goods under the conditions that follow. In the event the samples and drawings were used it is understood that the goods correspond to the general sample. It is therefore necessary for conclusion of the contract to exactly identify the samples and drawings defined as an obligatory criterion for identity and quality of the goods. In the event the samples and drawings were used for generally indicative purposes, the obligation of the seller shall be considered met when the delivered goods correspond to the general sample. Unless agreed otherwise, European standards shall apply for dimensions and thickness of material.
- 8.2. Unless agreed otherwise and as for the quantity of goods (weight), the following necessary quantity tolerances, with respect to circumstances of processing, shall apply.
 - under 2000kg +/-20% (-20/+0% customer with advanced payment)
 - over 2000kg +/-10% (-10/+0% customer with advanced payment)
- 8.3. The buyer shall claim apparent defects immediately after they have been observed, i.e. usually at the acceptance procedure. The buyer shall apply the rights resulting from defective goods in writing, and the defects shall be properly described, specified, and supported. The seller shall inform the buyer about legitimacy of the complaint within 12 business days of the complaint date.
- 8.4. The warranty period is one year and commences on the goods acceptance date by the buyer or its shipper, provided that the goods are warehoused and handled properly. The warranty does not apply to the defects obviously caused by unqualified handling and further transport, and corrosion of the goods 14 days after acceptance of the goods by the customer. The seller shall not be liable for long-term warehousing of the products in original packaging intended for protection during transport and not against other conditions such as change to temperature and surrounding relative humidity.
- 8.5. In case the seller accepts the claim of the buyer, it shall, at its own expense and as soon as possible, replace the defective goods with perfect goods of the same quantity and quality as ordered or a discount shall be granted to the buyer. The seller shall opt for how the complaint is cleared.
- 8.6. The buyer may withdraw from the contract due to defects of goods only when the defective goods exceeds 5% of the delivered goods and should the seller be unable to provide a spare delivery within a reasonable time to the buyer it has confirmed in its claim procedure.
- 8.7. The claims for responsibility for hidden defects, i.e. defects, which are not discoverable after perfunctory inspection, shall be settled in conformity with the Commercial Code. The seller and the buyer shall keep each other informed after the warranty period about possible hidden defects of the goods or about claims brought about by third parties in relation with their use, particularly as for the goods warranty, and to their best effort support each other in averting unjustified claims of third parties.

9. Intellectual property rights

- 9.1. The parties shall consider data and information provided each other as confidential in the sense of § 1730, subsection 2 of the Civil Code, and shall keep them in secrecy. Therefore, the parties agree not to divulge without prior written consent of the other party any information about the contract, and other information they learnt each other in the course of negotiation and doing business, provided that this information may be used in business competition.
- 9.2. Should technical documentation provided by the buyer be used in production of the goods, the buyer shall be responsible for guaranteeing that the patterns and drawings are free of any and all rights of third persons. If it is not the case, the buyer shall indemnify and hold harmless the seller from any and all damage and liabilities incurred to him due to infringement of the industrial ownership rights, particularly from any claims for compensation of damage resulting therefrom. The buyer shall be liable for any damage incurred to the seller due to wrong representations as above.
- 9.3. The buyer shall pay attention to the industrial rights of goods and structures, drawings or tools stipulated by the seller, to support the seller in defence of its rights against breaches by third parties, and the buyer shall be liable for any damage incurred to the seller through breaching the seller's industrial rights.
- 9.4. The seller shall protect the know-how of the buyer, particularly technical designs, technical documentation for each product, patterns and drawings, if provided by the buyer, and the seller shall protect them against access of third parties.

10. Reservation of ownership

- 10.1. The buyer shall acquire the ownership right to the goods after full payment of the agreed purchase price.
- 10.2. If the parties have agreed that the supplies by the seller to the buyer shall be paid for in instalments (i.e. without any cover or substantial deposit amount, letter of credit or a bank guarantee etc.), the parties have agreed the goods delivered based on the contract shall remain property of the seller until payment of full purchase price including accessories by the buyer. This provision binds the buyer to store goods subject to the reservation of the seller's ownership separately and take care of a proper housekeeper. This means, among others, insurance of the goods against theft, damage, fire, flood etc. In the event the buyer shall process the goods subjected to the reservation of the seller's ownership, the seller shall be the owner of such processed goods.
- 10.3. In the event the subsequent processing of the goods would practically make the application of the reservation of ownership impossible, the buyer shall warn the seller thereof. Upon such notification the parties shall alter the payment terms and conditions to pay for the goods prior to subsequent processing. In the event the buyer did not warn the seller about such circumstances in time, the seller shall have the right to compensation for damage. The buyer agrees to inform its customers about the reservation of ownership agreed hereunder.

11. Force majeure

- 11.1. If, after entering into the contract, objective circumstances that the contracting parties did not expect and might not expect and which prevent meeting the commitments defined by the contract, occur and the contracting party, which becomes delayed, is unable to remove such obstructions, such event is called force majeure. These are the circumstances that exclude liability for damage.
- 11.2. Force majeure events are particularly natural disasters such as earthquakes, fires, floods or war, riots, general strike or acts by the State (Government). In case of the occurrence of such event, the contracting party suffering from the force majeure shall immediately inform the other party about the existence of such obstruction and provide a credible proof thereof, and inform about likely duration of the same. However, immediately after the force majeure event is over, the injured party shall continue in execution of the contract and the parties agree to rearrange the contract in a manner most sensitive to the original contractual terms and conditions. However, should the force majeure obstruction prevent execution of the contract as of the date determined by both the contracting parties or during any time period, or should the force majeure event last for more than three months, the party not suffering from the obstruction has the right to withdraw from the contract with the entitlement to be returned everything the contracting party has executed, and in this case, the compensation for damage shall not apply.

12. Jurisdiction and governing laws

- 12.1. The rights and obligations of the parties shall be governed by these VDPP and the laws of the Czech Republic, particularly Civil Code.
- 12.2. In the event of a dispute resulting from a purchase contract, of which these VDPP are an integral part, the first instance District Court in Děčín shall have the jurisdiction according to registered office of the seller, unless agreed otherwise in laws.

13. Validity and force

These VDPP are valid and in force from November 1, 2015.