

## GENERAL PURCHASE CONDITIONS FOR THE SUPPLY OF GOODS AND SERVICES (01/2012)

These General purchase conditions (hereinafter "**GPC**") govern the relations between the companies for the purchases by TEDOM a. s., registered at Výčapy 195, 674 01 Třebíč, ID: 28466021, registered in the commercial register kept by the Regional court in Brno, section B, insert 6260 (hereinafter "**buyer**") and the other Contracting Party (hereinafter "**supplier**"). Any deviations from GPC have to be agreed in the writing relevant contract (order - proposal for conclusion of the contract). The provisions of the Contract (order) have precedence over the GPC. The rights and obligations of the Contracting Parties not specified in the contract (order) or GPC are governed by Act No. 513/1991 Coll., of the Commercial code. If the supplier confirms the order, the supplier will undertake to accept these general conditions of purchase.

### I. FORMATION OF CONTRACT

An order (a proposal for the conclusion of the contract) may be made in writing, by e-mail (may exceptionally be made orally). It may be for a particular supply, or may have a long-term character.

Proposal for the conclusion of the Contract, submitted by the buyer, will be confirmed by the supplier within the time limit referred to in the proposal. If the time limit is not fixed by the buyer, within 10 days after receipt of the proposal.

The implementation of any changes made by the supplier in the proposal set by the buyer will not confer entitlement to the formation of the Contract. In this case, it is a proposal for the conclusion of the contract submitted by the supplier to the buyer and the contract will be up to the date of receipt of the corresponding expression of the agreement from the buyer.

### II. PURCHASE PRICE

Unless otherwise agreed, the price includes packaging, transportation to the place of destination, and insurance.

### III. ELEMENTS OF THE INVOICES AND PAYMENTS

The Contracting Parties agree that the invoice must contain at least the following elements:

- a) the invoice number
- b) the indication of the Contracting Parties (according to the extract from the commercial register)
- c) the indication of their place of headquarters
- d) the indication of the competent section of the buyer
- e) the indication of the responsible person who is authorized to act for the buyer, if it is indicated in the contract (order)
- f) ID, VAT registration number of the Contracting Parties
- g) the number of the contract – order
- h) the subject matter of the taxable payment in accordance with the contract (order)
- i) the invoiced amount without VAT
- j) the rate of VAT
- k) the VAT amount
- l) the total invoiced amount
- m) the currency
- n) the bank connection of both Contracting Parties, including the account in foreign currencies
- o) the date of the taxable payment

- p) the date of issue of the invoice
- q) the date of delivery of the invoice
- r) the date of the invoice maturity

The buyer is entitled, before the expiry of the date of the invoice maturity, to return the invoice without payment, if it does not contain any of the above agreed requirements, or if these data are listed incorrectly.

The supplier is obliged to repair or newly drove up this invoice (according to the nature of the shortcomings). Returning the invoice will stop the original time limit for payment of the invoice, the whole of the period will run again from the date of receipt of the corrected invoice or from the date of receipt of the new one.

Unless otherwise agreed, the supplier is entitled to invoice from the date of fulfilling of the subject of the Contract and will be required to post a tax document no later than **15 days** from the date of the taxable payment.

The time limit for payment of the invoice is **60 days** from its delivery to the buyer. In the case of arrears with the payment of the invoice the Contracting Parties agree that interest on arrears will be at a maximum amount of **0.05 %** of the amounts due for each day of delay.

The invoice can be sent also in electronic form. In this case either the e-mail message, which will have an invoice in the attachment, will contain the electronic signature or the electronic signature will be on each invoice document. The invoice will be sent in non-editable form.

#### IV. PLACE OF DELIVERY - DELIVERY COMPLIANCE

Unless otherwise agreed in the contract or order, the supplier is obliged to ship the supplies and documents which are necessary for the acceptance and the use of goods or services, as well as other documents established in the contract (order) to the buyer. These documents are especially: handover protocol, certificates, attestations, worksheets, safety data sheets for chemicals, reports about tests that were made, evidence of the professional competence of the supplier and individual workers doing services for the buyer, service manuals (for purchases in the Czech Republic in Czech), operating rules, processes, etc. Delivery without complete documentation cannot be considered as fulfilled and it cannot be done unreservedly.

The number of the contract/order must be indicated in all the documents relating to the shipment.

#### V. DELAYS BY THE SUPPLIER AND CHANGES IN THE IMPLEMENTATION OF LONG-TERM SUPPLY

If the supplier has a delay, the buyer is entitled to demand a contractual penalty to **the amount of 0.05 %** of the agreed price of compliance for each day of delay, and without the determination of additional delivery time, to withdraw from the contract (order) without prejudice to the title to damages and lost profits.

If the supplier will not be able to meet the commitment in time, the supplier is required to inform the buyer without delay and at the same time will inform about an additional period of performance. The buyer is not bound by such a notice in writing and is entitled to withdraw from the contract (order) without prejudice to the title to damages and lost profits. The supplier will immediately inform the buyer if the delivery or the preparation of it is delayed, or if it can be expected to be delay.

In the case of long-term repeated supplies of goods, the supplier is obliged before the start of production to obtain the prior written consent of the buyer to any changes in the composition of the treated material or design to the earlier of deliveries of goods. The buyer is not obliged to check the homogeneity of the supply of goods after their delivery.

## VI. THE GUARANTEE PERIOD, THE APPLICATION OF THE LIABILITY FOR DEFECTS-CLAIMS

Unless otherwise agreed, the supplier undertakes to provide to the buyer a **guarantee period** for the subject of the execution of supply of **24 months** from the date of delivery. If the subject matter is the implementation of a part-supply by the purchaser to another entity, the guarantee period will run from the date of putting into service or date of delivery of this supply to another entity. The buyer is obliged to prove to the supplier the date of it is putting into service or the date of delivery of the shipment to another entity.

The total guarantee period, however, is not more than **36 months** from the date of delivery of the goods by the supplier to the buyer.

In the case of determination of defects when the goods or services are handed over, the buyer is obliged to notify the defects to the supplier without undue delay, the supplier will replace defective products with new ones.

In the case of complaints in the guarantee period, the supplier is obliged to send a written statement of complaints within **10 days** from the receipt of the request. If the supplier is not able to remove the defect in the subject of the complaint within **30 days** from this receipt of complaints, he is required to deliver a replacement. By mutual agreement of the parties, the corrections (the removal of the disagreements on the subject of the complaint) can be made at the buyer's workplace by the representatives of the supplier or by the buyer at the supplier's cost. In exceptional cases, by agreement of the parties, it is possible for the duration of the resolution of the complaint, temporarily rent other fully functional goods.

If the supplier is unable to provide a replacement, the price will be returned to the buyer in the range of performance within **7 days** after receipt of the defective goods by the supplier.

The supplier is obliged to pay to full extent all costs associated with the legitimate management of complaints to the buyer.

## VII. LEGAL DEFECTS OF THE GOODS

The supplier will guarantee that the delivery and the use of goods – the subject of the performance and practices used in their manufacture, do not infringe the rights of third parties.

## VIII. TRANSPORT AND PACKAGING, THE LIQUIDATION OF OLD GOODS

The supplier is obliged to send the goods in such packaging, which guarantees adequate protection against damage during transport and storage in suitable premises of the buyer.

Supplier of the product will ensure the adequate information about the method of loading with packaging and about the liquidation of old goods, in accordance with law No 185/2001 Coll., of the Law on waste.

## IX. THE SUBJECT OF THE PERFORMANCE - THE GOODS BY DATA, DRAWINGS AND MODELS OF THE BUYER

The goods manufactured or supplied by the supplier according to the data, drawings or models of the buyer and special equipment, dies, or other similar articles intended for their production, must not be supplied to third parties by the supplier without the previous written consent of the buyer.

The same will apply if the supplier arranges special equipment, dies, etc. at his own cost, or if the buyer refuses to accept the goods due to delayed or defective deliveries or if the buyer refrains from contracting for the supplies although the shipment was delivered in the order.

If improvements come about at the supplier's, in the context of the implementation of the subject matter of the contract, the buyer will have non-exclusive user rights to the industrial use of the

subject of improvements and any related rights free of charge. The supplier is obliged to obtain prior written consent of the buyer to joint usage, changes or to the destruction of special equipment or tools produced according to the data, drawings or tools bound to goods manufactured according to the data, drawings or models of the buyer.

Models, designs, drawings, technical changes or material of any kind which the buyer gave to the supplier in connection with the contractual relationship will remain at all times the property of the buyer and are subjects of his business secrets. The supplier will not be allowed to use the models, designs, drawings or other technical documents of the buyer himself or provide them to a third party.

Immediately after the request the supplier is obliged to return provided the models, designs, drawings or other technical documents or copies to the buyer.

In violation of the above provisions provided by the supplier, the buyer has the right to charge the supplier a fine agreed in specific cases of individual orders (contracts).

#### **X. RIGHT OF OWNERSHIP OF THE GOODS AND THE RISK OF DAMAGE TO THEM**

The buyer takes title to the goods as soon as they are received, at the same time the risk of damage to them passes on the buyer.

#### **XI. FORCE MAJEURE**

Contracting Parties consider as cases of force majeure those unusual circumstances (e.g. a natural disaster, changes in laws, etc.), which inhibit temporarily or permanently the performance of the obligations laid down by the Contract, which occur after the entry into force of the Contract, which have a direct influence on the subject of the performance of the contract, and which could not be foreseen or warded off neither the buyer nor by the supplier.

The Contracting Party which cannot perform the contractual obligations due to this force majeure will immediately inform the other Contracting Party about the beginning of such circumstances, and will submit them to the documents, or inform the other party that these circumstances have a substantial impact on the performance of contractual obligations. In the case of force majeure which continues for more than **90 days**, both of the Contracting Parties are obliged to discuss an amendment to the Contract.

#### **XII. WITHDRAWAL FROM THE CONTRACT**

The buyer has the right to withdraw from the contract in the case of a gross violation of the agreed conditions unreservedly.

Agreed conditions for violation will be deemed to be:

- a) a delay in delivery of more than **7 days**
- b) the delivery of a defective performance in the range of defects exceeding **10 %** of the volume of the delivery

In the case of withdrawal, the buyer returns only that part of the performance, which it is technically feasible to return. The supplier is entitled to get an aliquot part of the purchase price less **10 %** for unreturned part.

#### **XIII. JURISDICTION**

Any disputes arising from this contractual relationship will be decided by the competent court according to the laws in force in accordance with all the documentation, which was drawn up in connection with the business case. The contractual relationship will be governed by the law of the Czech Republic. Any disputes will be resolved by conciliation on a priority basis, in the event of failure by an action before a competent court of the Czech Republic according to the headquarters of the respondent (defendant) in the dispute.