

GENERAL TERMS OF BUSINESS

The company: **VOPSS Řepeč s.r.o.** located at Řepeč 104, Opařany 391 61

IČ: 28146085, DIČ: CZ28146085

Incorporated in the Companies Register administered by the Regional Court in České Budějovice, Volume C, File 20361, on 27.2.2012

Art. I. The Purpose of these General Terms of Business

1. These General Terms of Business (henceforth only "GTB") have been drawn up in accordance with the provisions of Section 1751 of Act No. 89/2012 Sb., Civil Code (henceforth only "Civil Code"); they partly determine the contents of the contracts specified in Par. 3 of this Article.
2. These GTB constitute an integral part of every contract specified in Par. 3. of this Article, where VOPSS Řepeč s.r.o. is in the position of the manufacturer, seller or supplier (henceforth only "Supplier"), as party one, and the entity in the position of the client, buyer or purchaser (henceforth only "Purchaser"), as party two. Whenever an order for work is made, these Terms of Business shall be applied, irrespective of the type of contract.
3. These GTB shall always be part of the following types of contract between the Supplier and the Purchaser:
 - a) purchase contracts
 - b) contracts for work
 - c) unnamed contracts in accordance with the provisions of Section 1746(2) of the Civil Code, if also containing provisions containing the necessary particulars of a purchase contract or contract for work
 - d) frame contracts constituting the basis for individual contracts drawn up in accordance with letters a), b), and c) of this paragraph
 - e) acceptance of bids by confirmation in writing per e-mail or sending and binding order(henceforth only "contract").
4. These GTB are always binding for the contractual parties, unless otherwise stated in writing in the concrete contract between the Supplier and the Purchaser. These GTB have priority over any conditions contained in the contract or other documents of the Purchaser.
5. Digressing contractual provisions shall have priority over the wording of these GTB.
6. The GTB may be part of contracts other than those specified in Par. 3, if the contractual parties so agree.

Art. II.

Contract Conclusion

1. Any and all contracts, as well as amendments or supplements thereto must be drawn up in writing to be valid.
2. Realization of the contractual parties' obligations must be done on the basis of duly a concluded contract or on the basis of the Purchaser's appropriate order in writing, submitted per fax or e-mail, and duly accepted by the Supplier.
3. The Purchaser's order, based on a contract between the contractual parties, is to be accepted by the Supplier within the appropriate time limit, i.e., no later than 10 days following order placement. If the Supplier makes any modifications or additions to the Purchaser's order, the confirmation of this order shall constitute a draft of a new contract.
4. The Purchaser's payment of the contractual work, in full or in part as an advance payment, it shall constitute the Purchaser's consent to all of the particulars of the bid.
5. The Purchaser is obliged to ensure that the order of merchandise (or the order's confirmation) is signed solely by a person whom the Purchaser has duly authorized to sign the contract with the Supplier, otherwise the Purchaser shall bear liability for any damage vis-à-vis the Supplier.
6. The Supplier reserves the right to make even partial deliveries. The Purchaser is obliged to accept these partial deliveries and pay the contractual price for them.

Art. III. Fulfillment of the Contractual Subject

1. The venue of the contractual turnover and takeover of the contractual subject is the domicile of the Supplier or the Purchaser, depending on their mutual agreement.
2. The date and time of the contractual subject's delivery is set forth in the contract. Alternatively, the delivery date shall be determined according to the Supplier's production capability depending on material availability and the technical capability of his subcontractors. The Supplier has the right – In exceptional cases and after a prior notice to the customer – to postpone the time of delivery specified in the contract and the order confirmation, without any penalty.
3. If personal pickup by the customer has been agreed or if the delivery requires installation of the contractual subject at the customer's site, the contractual delivery shall be considered made by the Supplier's written notification of readiness for turnover, i.e., the Supplier is ready for immediate installation of the contractual subject. Failure on the part of the customer to take over the contractual subject or to allow the installation thereof shall not affect the proper fulfillment of the deadline on the part of the Supplier. The turnover and takeover of the contractual subject shall be confirmed by the Purchaser on the delivery note or the takeover protocol. Any interventions by the Purchaser into the process of the contractual subject's delivery shall extend the final delivery date.
4. Any changes to the subject of the contract and additional work resulting from the findings on the subject of the contract during performance will be defined in the form of an addendum to the existing contract (order). The contracting parties admit that the change of the contract may also be an e-mail communication made by a person authorized in contractual or technical matters..
5. The implementation of the subject of the contract is always carried out in the configuration, parameters and quality in which the subject of the contract was designed and manufactured by the manufacturer, unless there is an agreement on change between the customer and the supplier. Design modifications, parameter modifications, configuration, quality and other changes must be discussed and agreed by the contracting parties and must be defined in the form of an addendum to the existing contract (order). The contracting parties admit that the change of the contract may also be an e-mail communication made by a person authorized in contractual or technical matters.
6. Controlling and measuring, as applicable, at the time of delivery shall be done using the Supplier's method or any other measuring method that the Purchaser would ask of the Supplier. This also applies to quality control.

Art. IV.

Price

1. The price of the contractual subject shall be set by agreement in the contract.
2. Unless expressly stipulated in the contract otherwise, all prices are VAT exclusive.
3. The purchase price shall be defined as of the takeover date of the purchased item, with consideration given to the production cost of the purchased item. The purchase price shall be adjusted proportionally to price changes of the materials and components from sub suppliers.
4. Should anytime during the contractual period CZK no longer be the legal currency in the Czech Republic, due to the instatement of EUR, all amounts payable under the contract shall be converted (or recalculated) into EUR using the official conversion coefficient between CZK and EUR set forth for the Czech Republic by the European Council (ECOFIN) or another authority authorized in that respect. If the due amount has been converted into EUR and that currency ceases to be valid, the conversion shall be made using the mean ČNB (Czech National Bank) exchange rate in effect the preceding day.
5. The transport, packing, and shipping pallets shall be provided by the Client. The packing material shall be provided by the manufacturer. The Client's special packing instructions must be agreed upon in advance. The manufacturer has the right to charge the cost of specific packing according to the Client's requirements.
6. The price bids sent to the customer are informative only, as the final amount invoiced may vary according to the degree of damage of the contractual subject, individual components, and the hours actually worked. Immediately after ascertaining the need for increasing the costs of repair, the Client shall be notified of this

fact and invited to approve the proposed solution and the augmentation of the costs.

7. The fee for processing technical reports, related documents and materials for the insurance company handling the given Purchaser's loss event linked to the subject of the contract between the Purchaser and the Supplier, is CZK 5,000.00 (say five-thousand Czech crowns), VAT exclusive.

Art. V. Payment Conditions

1. The Purchaser shall pay the price of the contractual subject on the basis of the Supplier's invoice issued in the form of a tax document. The Supplier is entitled to issuing invoices after the turnover and takeover of the contractual subject.
2. The Supplier's invoices are payable within 15 days from the date of issue, unless agreed otherwise. In case of doubt, the due period of invoices commences from the moment of the completion of the work and the ability to deliver the goods.
3. If the contractual parties agree in the contract on making advance payments for the contractual subject and the due advance is not paid in a proper and timely manner, the Supplier shall have the right to interrupt the fulfillment of the contractual subject until the due advance has been paid; the delivery deadline shall be extended accordingly, whereby the Supplier shall have the right of withdrawal from the contract.
4. If the fulfillment of the contractual subject involved repeated performance and the Purchaser is in arrears with the payment of the price, the Supplier shall have the right to interrupt the contractual performance and/or demand payment in advance. In such a case, the Supplier shall have the right to withdraw from the contract.
5. In cases involving late payment or late payment of the advance of the price of the contractual subject the Purchaser shall be entitled to charging late interest amounting to 0.05 % of the amount owed per day of delay. If the Purchaser's delay lasts longer than 30 days, the Supplier shall have the right to withdraw from the contract. In such a case, the parties shall be obliged to return everything they gained under the contract to date.
6. In the event that a discount on the price of the contractual subject has been agreed upon between the Supplier and the Purchaser, the Purchaser's entitlement to the discount expires when the Purchaser is late with the payment of the price of the contractual subject.

Art. VI. Transfer of Ownership and Risk of Damage to Goods

1. The ownership right to the contractual subject is transferred from the Supplier onto the Purchaser the moment of full payment of the price for the contractual subject.
2. The risk of damage to the contractual subject is transferred from the Supplier onto the Purchaser the moment of takeover of the contractual subject. The Purchaser is hereby advised that, if the goods are not taken over in a timely manner, a storage fee shall be charged. A suitable storage area cannot be guaranteed.
3. In the event that the contractual subject has to be repaired, the ownership right remains on the part of the Client throughout the realization of the work.

Art. VII. Warranty on Quality, Liability for Defects

1. Liability for defects is subject to the relevant generally binding legal regulations (in particular, the provisions of Sections 1914 through 1925, Sections 2099 through 2117, and Sections 2161 through 2174 of the Civil Code). Liability for defects occurring on the contractual subject shall be dealt with in accordance with these provisions, unless the GTB or the contract stipulate otherwise.
2. The Purchaser is obliged to inspect the contractual subject at the time of turnover/takeover. Visible defects must be claimed immediately at the of the contractual subject, other defects must be claimed immediately after detection, within 24 hours, but no later than within one month.
3. The Purchaser is obliged to notify the Supplier of defects upon detection, without undue delay. Claims must be filed with the Supplier in writing immediately upon detection at the Purchaser's site. In the notification, the type of defect must be specified, including a description how the defect was manifested.
4. The Purchaser must prove that his right of claim is justified, primarily by proving that he acquired the defective item from the Supplier and when, by presenting the takeover protocol or delivery note, and a document of the installation. The right of claim shall be considered properly exercised, if the goods are complete and the required documentation submitted. In the event that the defective goods are shipped, the Purchaser is obliged to ensure that they be complete and properly packed, in compliance with the requirements on the original packing, optimally in the original container. The Supplier is not obliged to accept a claim of goods that are not properly packed and with the originally delivered components and accessories missing. Claimed goods shall only be accepted, if properly cleaned and dried.

5. If the defective goods are shipped with postal services, the Purchaser is obliged to mark the shipment as defective goods and the above documentation as "RECLAMATION" and include exact and current contact data, especially postal address and telephone number.
6. The Purchaser may not withdraw from the contract or demand replacement with new merchandise/goods, if unable to return the claimed goods in the same condition they had when taken over. This does not apply to cases where the condition of the goods was changed during inspection of the given item to identify the defect, whereby the Purchaser has already used the item before the detection, but the Purchaser rendered the return in the original condition impossible due to inappropriate handling or negligence, or the Purchaser sold the item before detecting the defect, or consumed the item, and/or modified the item by common use. If any of the aforesaid has occurred in part only, the Purchaser may return to the Supplier the remaining part that can be returned, and pay the Supplier a compensation for the partial use of the item.
7. The Supplier's liability for defects, which is part of the warranty on quality, does not arise, if the given defect was caused by external events after the transfer of ownership and risk onto the Purchaser and if it is not accountable to the Supplier's fault. The Supplier's liability for defects does not apply to components (or units) delivered by another supplier or to components that have different parameters than the remainder of the contractual subject; this sphere of liability is subject to conditions issued by the supplier of these components.
8. The Supplier's liability for defects does not apply in cases of inadequate or inappropriate maintenance of the contractual subject or its inappropriate use.
9. The Purchaser's does not have the right of claim, if the Purchaser knew that the item is defective before the takeover of the contractual subject, and/or if the Purchaser caused the defect himself.
10. Damage/loss arising from each individual contract shall be covered up to the value of the contractual subject, maximum, provided that the price of the contractual subject has been paid in full. Compensation shall not be paid to third parties.
11. The Purchaser is obliged to specify all the circumstances related to the loss event and/or possibly relevant for the damage. In the event of failing to disclose any relevant circumstances, thus causing reoccurrence of the damage, the Client's right of claim under the warranty becomes void.
12. From the moment of the contractual subject's takeover, the Client shall be entitled to a 12-month warranty.
13. Unless agreed otherwise, the warranty period shall be shortened to 6 months in cases of incomplete or economic variant of repair.
14. The Client's right of claim due to a defect becomes void, if it is discovered that the contractual subject was used for inappropriate purposes or under unsuitable conditions for its operation. The same exclusion applies, if it is discovered that the contractual subject was used for other than the designated technological operation.
15. Defects accountable to failure to do regular maintenance servicing shall not be covered under the warranty.

16. The supplier is not liable for defects and damage to the subject of the contract in cases of design error of the subject of the contract not caused by the supplier (original component design is faulty), design error of related units not caused by the supplier, inappropriate conceptual design of the subject for the technology, inappropriate design of parameters design of parameters of related units and aggregates, which are an integral functional part in the operation of the subject of the contract. If, during the repair of the subject of the contract, the supplier finds out the above facts, he shall notify the customer of these facts..

Art. VIII. Other Rights and Obligations of the Contractual Parties

1. The Purchaser has the right to present the goods and its functions to another entity/person or the right to have the goods checked by another entity/person solely upon prior agreement between the contractual parties.
2. The Purchaser may not, without the Supplier's prior consent in writing, assign his rights and obligations arising from the contract and from these GTB onto a third party. The Supplier has the right to delegate a part of the contractual work onto a third party, however his responsibility vis-à-vis the Client remains unaffected.
3. The Purchaser acknowledges that the Supplier is not liable for errors or damage caused by interventions of third parties under a contract between them and the Purchaser.

4. The Client is obliged to ensure regular maintenance of the machine in the area of the cooling media filling (spindle cooling, cutting process cooling etc.) and filling of the hydraulic and pneumatic circuits. Maintenance must be conducted in accordance with the instructions of the machine's manufacturer. Furthermore, the customer is obliged to ensure the required purity of the media at the point of entry into the contractual subject (spindle unit, turret, rotary table, motor, etc.) by making arrangements for the cleaning of the tanks, conduction pipes, and for regular checking and replacement of fillings, as well as regular checking and replacement of filters.
5. If any impurity is found during the contractual realization in the cooling, pressurized, and pneumatic or hydraulic circuits, the Client shall be informed and advised to ensure inspections and cleaning of the relevant tanks and equipment. This moment also constitutes the beginning of the Client's obligation to take appropriate measures for inspections and other activities for the elimination of impurities. Failure to comply with this obligation on the part of the Client shall cancel his right to claim defects.
6. The Supplier reserves the right to use spare parts of comparable quality or better parameters than the original components.
7. The customer is obliged to ensure the cleanliness of the working environment adequate to the requirements of the operation of the subject of repair.
8. The Supplier reserves the right to charge a fee for the processing of technical reports, related documents and materials for the insurance company handling the Purchaser's loss events arising from the contract between the Purchaser and the Supplier.

Art. IX.

Vis Major

1. The parties consider the following unusual events as vis major cases (in particular: acts of war, civil unrest or insurrection, fire or natural catastrophe, strike) which prevent the fulfillment of the contractual obligations, temporarily or permanently, and which could not have been foreseen or averted by the contractual parties. The party prevented from fulfilling its obligations must inform the other party, without undue delay, of the given circumstances and present relevant evidence, including information why these circumstances substantially affect its ability to fulfill its contractual obligations. The contractual parties subsequently agree on changing or terminating the contract without a penalty.

Art. X. Confidentiality

1. The contractual parties are obliged to observe the rules of confidentiality with respect to any and all information concerning the contract and the circumstances learned in connection with the contract, especially any and all information constituting the business secrets of the contractual parties. Such information may not be disclosed or be accessible to third parties without a prior written consent of the contractual party whose business secret it concerns.
2. The business secrets of the Supplier are, in particular:
 - price bids and any information disclosing the Supplier's business strategy and policy
 - technical, production, and other circumstances constituting the Supplier's intellectual property, especially its know-how

Art. XI. Delivery of Communication

1. Any and all documents, deeds or mail shall be considered delivered to the other contractual party if sent per fax, e-mail or personal delivery the day of delivery; written documents delivered via registered letter to the address specified in the contract, order of goods or acceptance of an order, shall be considered delivered the third day following postage date.
2. The following shall be considered confirmation of delivery:
 - a) delivery via e-mail: confirmation of delivery to the sender's e-mail address specified in the contract, order of goods or order acceptance;
 - b) personal delivery: written receipt of delivery;

- c) post-office delivery: postage receipt of registered mail.
3. The mode of delivery and packing of goods is determined by the Supplier, unless otherwise stipulated in the contract. As a rule, goods are delivered to the address stated in the order. In the event of special packing requirements, the Purchaser is obliged to inform the Supplier adequately in advance. Whenever the mode of shipping or packing has been agreed according to the Purchaser's requirements, the Purchaser shall bear the risks as well as any additional costs arising from the given type of shipping or packing. In such cases, the act of takeover shall be effective upon turnover to the first carrier. The Supplier reserves the right to choose a different mode of delivery of the goods, if the mode of delivery chosen by the Purchaser appears to be inappropriate.

4. In the event that it is necessary, for reasons on the part of the Purchaser, to deliver goods repeatedly or in a manner other than specified in the order or in another manner than agreed on, the Purchaser shall be obliged to pay the costs arising from repeated deliveries or the different mode of delivery.

Art. XII. Other Provisions

1. The GTB, as well as any and all contracts between the Supplier and the Purchaser are subject to the laws of the Czech Republic, in particular, the Civil Code.
2. Any disputes arising from the contract shall be resolved by the court of competence in the Supplier's location.
3. If any of the provisions in the contract or GTB turn out to be invalid or ineffective, it shall not affect the other provisions in the contract. The contractual parties undertake to replace the invalid or ineffective provisions with new provisions that optimally fulfill the originally intended purpose.
4. In the event that the relations arising from the contract or based on the contract contain international (foreign) elements, the parties agree that the relations shall be governed by the Czech law. Any disputes as may occur between the contractual parties shall be preferably resolved by mutual agreement in an amicable manner. If no compromise or amicable solution can be reached, the dispute shall be resolved by the Czech court of competence by venue in accordance with the currently valid and effective legislation.
5. **These GTB come into effect on 23.1.2020.**

Řepeč, 23.1.2020

VOPSS Řepeč s.r.o.