

GENERAL PURCHASING TERMS & CONDITIONS OF DELIVERIES TO AAS Automotive s.r.o.

These Purchasing Terms and Conditions (hereinafter referred to as the “Purchasing Conditions”) of the company AAS Automotive s.r.o. govern the below specified obligations between the Supplier (hereinafter referred to as the “Supplier” only) and the company AAS Automotive s.r.o. as the customer (hereinafter referred to as the “Customer” only).

Any modifications or supplements to the present Purchasing Conditions require written form. Any changes to the individual provisions of the Purchasing Conditions shall not apply to the validity of the remaining provisions.

1. OBLIGATION OF CUSTOMER AND SUPPLIER

- 1.1. The obligation of the Supplier and Customer originated from the Framework Agreement, or from confirmation of a single order.
- 1.2. Based on the single order that is issued by an authorised person of the Customer a specific delivery shall be executed by the Supplier as per the present Purchasing Conditions, and the conditions specified in the order.
- 1.3. Based on the Framework Agreement and its supplements individual deliveries are executed between the Supplier and the Customer upon the issue of the Order sent by the Customer to the Supplier that is issued by an authorised person of the Customer. The list of the authorised persons is attached to the Framework Agreement; the Customer undertakes to provide the Supplier with the updated form of it in the event of any changes to it of personal nature.
- 1.4. Any data regarding the volume of the goods, i.e. amount of the deliveries stated in the prospects or other documents (other than the Orders) sent to the Supplier shall serve for orientation only. The Supplier is however obliged to make such technical, administrative, organisational and other necessary provisions that ensure that the deliveries are performed in accordance with the forecasts forwarded by the Customer.
- 1.5. The only binding document for the delivery of a certain amount of material, goods or services (hereinafter referred to as the “Items” only) is the Order, issued and signed by an authorised person of the Customer. Delivery connected with an order that is issued by a different than the authorised person is not binding for the Customer, and the Customer has the right not to accept it. Any unaccepted Orders can be returned by the Customer to the Supplier at the Supplier's expenses, and the Customer has the right to charge any expenses associated with this unaccepted order.
- 1.6. The Customer is entitled to use freely and further sell any Items supplied by the Supplier without any limitations and in all countries.

2. CONFIRMATION AND ACCEPTANCE OF ORDER BY SUPPLIER; CHANGE OF ORDER

- 2.1. The Supplier shall confirm a sent Order to the Customer within the maximum term of three business days, beginning the day that follows the day when the Order from the Customer is received. It applies that an Order is considered confirmed to the full extent by the Supplier although the Supplier does not confirm the Order explicitly in the stated term and does not send any written reservations to the Order to the Customer.
- 2.2. In the event that the Supplier expresses any reservations to the sent Order, it is deemed rejected by the Customer, and the Customer shall specify the Order together with the Supplier so that it is accepted and confirmed by the Supplier.
- 2.3. If the performance of the contracted job for final client of the Customer requires so, the Supplier shall discuss an extraordinary Order, or a supplement to the existing Order. Changes performed by the Customer can relate to the amount (increase or reduction), as well as to the term of the individual partial deliveries (earlier or later delivery). For such case, FIFO safety stock for the Customer can be established at the Supplier's.

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- 2.4. In the event that any change of an already confirmed Order, pursuant to par. 2.3 applies to a delivery of that Order that is already in progress, the Supplier is entitled to claim reimbursement of expenses the Supplier suffered due to any such change of the Order.
 - 2.5. Should the Supplier breach the obligation to execute a delivery based on the Order accordingly with the present Purchasing Condition, i.e. mainly deliver duly and timely, the Customer is authorised to claim all the expenses associated with the late delivery or failure to deliver at all, including any change or cancellation of any already sent and confirmed Orders, in accordance with the conditions advised in par. 12. In such case the Supplier shall not be entitled to claim reimbursement of expenses pursuant to par. 2.4.
 - 2.6. Any changes relating to the Order (quantity, term, cancellation) shall always require mutual written form. The Customer shall not be bound by any changes, waivers or supplements to the current Orders unless those are agreed in written. Any verbal agreements are considered invalid and unenforceable.
 - 2.7. The Orders of the Customer shall in no way be directly or indirectly promoted in any manner whatsoever without the Customer's written consent.

3. DELIVERY

- 3.1. The Supplier hereby guarantees the delivery of the ordered Items in the quantity and quality required by the Customer, and within the term stated in the Order; the Supplier shall be held liable for potential failure to fulfil this obligation.
- 3.2. Delivery terms
 - 3.2.1. Unless agreed or stated otherwise, the delivery terms shall be specified by the Customers by the delivery terms stated in the Price Agreement in the Order for every individual Item. Any potential delay in the delivery shall be reported by the Supplier to the Customer right after the Supplier becomes aware of it; stating the reason for it, and specifying the actual term of the delivery. Fulfilment of the above obligations does not however deprive the Supplier of its liability for damage caused by any late delivery.
 - 3.2.2. The Supplier shall be held liable towards the Customer for any (both direct and indirect) loss caused due to the Supplier's delay in the delivery. To the calculation of the scope of loss the provision stated in par. 12 of the present Purchasing Conditions shall apply.
 - 3.2.3. The delivery shall be executed to the address stated on the front page of the Order under the INCOTERMS conditions stated for every individual Item in the "Agreement for deliveries, prices and price trends".
- 3.3. Any delivered Items shall in all respects correspond with the purposes they are intended for, and shall be in tradable quantity and free of any defects of material or processing, whilst they shall conform to any requirements specified in the Order. The qualitative aspect of the Deliveries is specified in the documents stated in the annex to the Framework Agreement.
- 3.4. The risk of damage to the Items occurred during the transport shall be governed by the Delivery Conditions for every individual Item of the Order.
- 3.5. Unless agreed otherwise in written, the Supplier is obliged to provide each Delivery with such packing that is agreed in written by the Customer in form of the Packing Regulation entered into to every Item ordered. In the event that Packing Regulation is breached, the Supplier shall be held liable for any damage to the Delivery occurred during the transport.
- 3.6. The Supplier is obliged to notify the Supplier of the readiness for loading 24 hours prior to the loading via fax or email.
- 3.7. All Deliveries must be provided with the Delivery note and all other documents that were specified in written in the Order or in the Agreement for quality, alternatively on other documents relating to the Delivery (e.g. certificates, material sheets, declarations of conformity, results of final inspection).
- 3.8. If the Supplier does not send the Delivery to the address of the Customer but to an address of another Supplier (cooperating supplier) it shall always notify the Customer, and send the Delivery note to the Customer (via fax, electronically or by post) as the information about the sent cooperation delivery. The Supplier shall attach the Delivery note to the issued invoice when sending it to the Customer.

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- 3.9. The ordered Items are taken in accordance with the Order at the term and at the place stated in the Order. The Customer shall take only such quantity of goods that was the subject of relevant Order.
- 3.10. The Customer reserves the right to refuse the acceptance of any delivery based on an Order that is executed early, or whenever the delivered quantity of the ordered Item is either higher or lower than is the quantity stated in the Order. The Customer is entitled to return such delivery at the expenses of the Supplier, or store in the Customer's storage and charge the Supplier the fee of each day of such storage until the Supplier organises the transport back.
- 3.11. The Customer reserves the right to refuse any delivery of Items that were not either ordered, or are not in compliance with the Purchasing Conditions and/or any written specifications that were sent by the Customer to the Supplier. The Customer is entitled to return such delivery at the expenses of the Supplier, or store in the Customer's storage and charge the Supplier the fee of each day of such storage until the Supplier organises the transport back.
- 3.12. Any delivery from the Supplier shall comply with the applicable EU standards and regulations for the delivered Items, including the qualitative standards of the Customer. The Supplier shall comply with the laws and regulations required by any competent authority in association with any material, goods and services, and shall fulfil any requirements related to protection and/or safety of people that dispatch, accept, handle, use or possess the goods and/or services.
- 3.13. Prior to the delivery the Supplier shall perform any checks and inspections (including non-destructive tests) and those that are reasonably expected with any certified and diligent Supplier, and that are necessary and adequate in association with the guarantee of the quality, capability and security of the delivered Items. Inspection prior to the delivery shall not be considered confirmation of due delivery, or termination of the Supplier's liability concerning any of the goods and services.
- 3.14. The aforementioned shall not restrict in any manner whatsoever any rights that might be claimed by the Customer in association with any violation to any anticipated or explicit warranty.

3.15. Dispatch

3.15.1. The Supplier shall state all the references from the Order of the Customer in all documents that relate to it (confirmation, delivery note, invoice and correspondence). The delivery note shall be attached to every consignment, and shall contain the following:

- number of Customer's order,
- number of delivery note and date of dispatch;
- accurate address of the Supplier and the Customer;
- list of items contained in the consignment stating the number of the Item of the Customer and Supplier;
- quantity delivered;
- unit of measure;
- gross and net weight of the delivery (does not apply to the services);
- price for unit of measure;
- quantity of packing units does not apply to the services);
- data about the Items and containers resulting from legal standards (Waste Act, etc.) (does not apply to the services).

The Delivery note shall be accompanied with all the required certificates and, in the even that the delivery contains any hazardous substances, also accompanying sheets to these substances.

3.15.2. If the Delivery is to be executed to another locality than to the premises of the Customer the Supplier shall send a notice of the delivery of goods to the Customer.

3.16. Packing and containers

3.16.1. Unless agreed otherwise between the Contracting Parties, the Customer shall not be held liable for any return or any protection of any container or packing technology of the Supplier. If any re-usable container of the Customer is used for the transport, it shall remain in the Customer's possession throughout the existence of the Framework Agreement and shall only be used for the transport of the Items stated by the Customer. The Supplier shall be held liable for the cleanliness of containers used.

3.16.2. The containers of the Customer shall only be used based on the written or electronic Order of the containers (packaging). All these Orders shall contain the following information:

- number of the Order of containers,
- material number (identification of the Item of the container in the Customer's system),

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- quantity,
 - INCOTERMS
 - date of delivery
 - address or delivery place.

Any Order of containers shall be first sent to the agent responsible for containers within 10 business days at the latest prior to the required delivery. The Customer reserves the right to change the delivery term in the event that there is lack of free containers on its stock. The Supplier shall be notified promptly of such situation.

3.16.3. All returned containers shall be noted in the delivery note. Both Contracting Parties undertake to keep the container accounts of used returnable containers that are settled once a month. Stocktaking takes place once in 3 months at a term stated by the Customer. Any revealed discrepancies in the quantity of containers possessed by the Customer, or any revealed defects in the packing technology (damage, missing accessories, torn off spines) shall be reimbursed by the Supplier to the full extent.

3.16.4. The transport and back transport of the containers is governed by the agreed INCOTERMS for every individual item accordingly with the transport conditions stated in the Packing Regulation.

3.16.5. Every delivery shall be protected, packed and identified with the Customer's references relating to relevant specifications and logistic standards (hereinafter referred to as the "Packing Regulation" only) of the Customer. In the event that the Packing Regulation is breached, the Customer is entitled to claim a contractual penalty from the Supplier for every improperly packed Item (as advised in par. 12.6.).

3.16.6. The containers of the Supplier shall not be charged unless agreed otherwise with the Customer; but empty containers shall be returned on request whilst the freight costs shall be borne by the Supplier.

3.17. The Delivery shall be considered completed as long as the Supplier has met all its obligations towards the Customer that result from the Order.

3.18. The Customer undertakes to notify the Supplier in advance of any change to the specifications of the products, services and goods that might occur at the time of the existence of the Framework Agreement so that no future deliveries of the Supplier are affected.

3.19. If agreed so in written the Supplier shall maintain a security stock of the listed items on its stock in form of FIFO. Any associated expenses shall be stated in the "Agreement for deliveries, prices and price trends", including the amount of the security stock and specification of expenses associated with the storage of that security stock. The Customer undertakes to notify the Supplier in time of any necessity to maintain the aforementioned security stock. The Supplier undertakes to refill the taken quantity that reduced the level of the security stock within five business days.

3.20. The Supplier is regularly evaluated on the basis of the fulfilment of the requirements set by the Customer. This evaluation applies to all suppliers of materials, services and energy. Energy performance is one of the evaluation criteria for procurement of products, equipment and services.

4. PRODUCTION READINESS

4.1. Throughout the existence of the Framework Agreement with the Customer the Supplier shall provide for maximum production readiness at its own expenses for any deliveries that will be/ are agreed between the Customer and the Supplier.

4.2. If the Supplier undertook in written to create a permanent FIF stock of the Items for the Customer it is obliged to maintain it in a volume corresponding with the average weekly production need of the Customer that will be specified to it by the Customer. An exception is any irregular or repeating supplies when the Supplier is obligated to create that stock only based on a written request of the Customer.

4.3. Any Items kept on the stock specified in par. 4.2 shall be identified by the Supplier in an adequate manner and refill it throughout the existence of the contractual relationship so that no lack occurs or, more precisely, to complete the taken quantity that reduces the level of the agreed security stock within five business days.

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- 4.4. The Supplier undertakes to notify the Customer in any case whenever any materials or production parts are either changed, or their production is suspended whilst any changes related to the change of the Supplier's production shall be approved in advance by the Customer in accordance with ISO/TS 16949.
 - 4.5. The Supplier undertakes to provide for the production readiness and for the deliveries of the Items even after the series production for a specific final client of the Customer terminates for the period required by the Customer, however at least for a period of five years. The Supplier is authorised to recalculate the prices upon the termination of the series production, and submit it to the Customer for approval.

5. PRICES AND PAYMENT

- 5.1. The list of the prices of the ordered Items, including the price trend, is advised in the annex to the Framework Agreement titled "Agreement for deliveries and price trends" throughout the purchase of the products, and applies for the entire period of the Framework Agreement's validity unless any change to these prices is agreed in written.
- 5.2. The Price Agreement contains an arrangement on whether the price already includes the freight costs to the place of destination and non-returnable containers, or not. The price stated in the price agreement does not include the value added tax. In compliance with relevant legal regulations the Supplier shall add the above tax to the price and state it in the tax document as a separate item whilst the Customer shall pay it along with the price.
- 5.3. The prices of the items stated in the Order shall be considered fixed unless agreed otherwise in written in the Price Agreement. The prices do not include the value added tax.
- 5.4. The Supplier is authorised to issue an invoice – tax document - to the Customer (hereinafter referred to as the "Invoice" only) for duly delivered Items only upon their acceptance without reservations by the Customer. If the Customer does not notify the Supplier within three business days of any discrepancies between the delivered quantity and the Delivery not the delivery shall be deemed accepted by the Customer without reservations.
- 5.5. The original invoice shall be sent to the Customer in a maximum of two copies to the address specified in the Order. Every invoice shall correspond with the delivery notes to which it is issued, to a maximum of five delivery notes. The delivery notes shall be attached to the invoice even in case of cooperation deliveries to a different Supplier. In the event that the Customer requests so the Supplier shall send an issued invoice also by fax.
- 5.6. Every invoice shall contain the following:
 - invoice number
 - Order number
 - name and registered office of the Supplier and the Customer
 - payment conditions
 - subject of performance, stating the number of the Customer's Item
 - bank connection of the Supplier
 - price of goods and amount of VAT (if requested, the amount of VAT will be stated in a separate line and will repeat in the footer of the invoice)

 - quantity in unit of measure of the Order
 - the amount invoiced
 - declaration of the origin of goods.
- 5.7. The amount of invoices that are disputable or contradictory to the requirements, and that of invoices for sent containers delivered by the Customer, shall be automatically deducted from the following payment that the Customer will pay to the Supplier.
- 5.8. The Customer is authorised to include its due claims as well as any claims with deferred maturity term against the price charged for the delivered Items.
- 5.9. The Supplier is not authorised to assign any claims of the Customer in benefit of any third parties without the prior written consent of the Customer.

6. OWNERSHIP OF CUSTOMER – PROVISION OF MATERIAL AND TOOLS

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- 6.1. The ownership of the goods, material and specific tools including, but not limited to, any templates, data, drawings, matrices, tools and any other engineering products that are possessed by the Customer, and that are taken over by the Supplier for exclusive and proper purposes of the manufacturing process, repairs or storage for the Customer under ideal conditions, remain in the possession of the Customer, and can be anytime checked by the Customer without prior notice, or taken back upon prior notice. Any such goods, material and specific tools that are delivered by the Customer in the above described manner shall be further referred to as the "Customer's property" unless agreed otherwise.
 - 6.2. Unless explicitly agreed otherwise the Supplier shall be held responsible towards the Customer for any specification, production and acceptance of any tools that are used by the Supplier, and provides the warranty for proper functioning and harmony of all the tools in connection with the specific use which these are intended for (production and deliveries for the Customer) under ideal conditions of quality, continuity and safety.
 - 6.3. The Supplier undertakes to keep records of the use of the tools, and timely notify the Customer of any approaching end of the tool's service life, necessity of the tool's repair, alternatively of any necessity of other service interventions. All stated documents, especially the certificate of life service of the tool, shall be available to the Customer anytime.
 - 6.4. The Supplier hereby agrees to indemnify the Customer in the event of any loss or damage to the Customer's property during the period when it is in the possession, custody and under the control of the Supplier. During the above stated period the Supplier shall adequately insure the Customer's property in the name of the Customer and in benefit of the Customer at the Supplier's expenses with a renowned insurance company against loss or damage that might occur based on any cause, and upon the Customer's request present the Customer with insurance contracts relating to these insurances as well as with the documents of the payment of the insurance premium.
 - 6.5. The Supplier shall keep the Customer's property separately from any properties of other persons, and identify that property as the "Customer's property" so that it is easily identifiable. The Customer's property shall not be taken from the Supplier's premises without the written instructions of the Customer.
 - 6.6. The Supplier and any persons that are authorised by the Customer have the right to check and inspect anytime the Customer's property, and enter the premises and buildings of the Supplier in order to perform such inspections. The Supplier shall keep a separate account for any Customer's property that was delivered for the purpose of the production process or repairs and, upon the Customer's request, submit any statements showing a detailed description and the location of those, as well as any information relating to the Customer's property that the Customer has asked for.
 - 6.7. Where the Customer supplies goods or materials for processing or production by means of the Supplier, the Supplier shall return to the Customer such quantity of completed units that conform to the "conversion ratio" specified on the front page of the Order, or it shall be held liable for its failure to do so. The Supplier is obliged to use that material exclusively to the purpose it is intended for, unless it receives an explicit prior written consent of the Customer to a different purpose. At the same time it is obliged to make sure that in making the goods another material than the provided material has not been used.
 - 6.8. In the event that the material is not processed in full by the Supplier in the production of the Items for the Customer the Supplier is obliged to notify the Customer of that, and agree with the Customer on a manner of handling that material.
 - 6.9. Based on the Customer's request, the Supplier shall reimburse the Customer for the full value of any Customer's property that is not returned in a satisfactory manner.

7. KEEPING TRADE SECRET; OWNERSHIP RIGHTS

- 7.1. The Supplier undertakes to handle all the details of the trade and technical nature that it learns in connection with the business relationship with the Customer as the trade secret of the Customer.
- 7.2. Any information, material or documents that are issued or created by either Contracting Party in association with the Deliveries pertain to that Contracting Party and are confidential; any use of these shall be restricted to another party, its subcontractor or workers - this only for the purpose of the execution of the Delivery. Considering the fact that any rights arisen from the Delivery shall bind protection of intellectual property such protection shall be entrusted to the Customer, and the Supplier shall satisfy all the formalities that are necessary in order to formally assign these rights to the Customer.
- 7.3. Any documents, deeds, carriers or other articles related to the business relationship of the Supplier with the Customer which the Customer maintains the ownership right to, shall not be made accessible or assigned by the Supplier to any

third parties unless explicitly approved so in advance and in written by the Customer. Any reproduction of such documents shall only be admissible if the fulfilment of the Delivery requires so, and only with the explicit consent of the Customer whilst adhering to the copyright regulations or rights resulting from industrial ownership.

- 7.4. The Supplier is obligated to make sure that the trade secret of the Customer is respected by all its employees and subcontractors.
- 7.5. Throughout the period of performing the Deliveries or in any period that will follow, the Supplier shall not:
 - 7.5.1. produce or have produced for another company than the Customer any goods or material as per the templates and specifications provided by the Customer;
 - 7.5.2. make accessible to any person, entity or company any manufacturing process or trade secret in connection with the Deliveries to the Customer, or any information that relate to these Deliveries.
- 7.6. If the obligations of the Supplier as advised in this Article No. 7 are breached the Customer is authorised to claim that the Supplier refrains from any such undesired acting, and remedies any defective state. The Customer is further authorised to claim reasonable compensation that can be provided financially, damage compensation and delivery of unjustified enrichment.
- 7.7. In the event of repeated or negligent breach of the ownership rights of the Customer by the Supplier the Customer is authorised to terminate the contractual relationship with the Supplier immediately, and claim its rights, including sanctions against the Supplier by means of a competent court. The Supplier is not entitled to claim reimbursement of any expenses for any uncompleted Orders.

8. ENVIRONMENT PROTECTION

- 8.1. The Supplier is responsible for strict following of legal regulations in the area of environment in the processing of the Deliveries for the Customer. Upon the Customer's request the Supplier shall submit all documents relating to environmental policy in association with the production for the Customer.
- 8.2. If the Supplier uses any chemical substances featuring dangerous properties pursuant to Act No. 356/2003 Coll., on Chemical Substances and Chemical Preparations, the Supplier shall present the Customer with the safety data sheet and the estimate of the amount of the chemical substance used.
- 8.3. The Customer reserves the right to refuse the chemical substance in a particular case. The Supplier is subsequently obligated to make sure that such chemical substance has not occurred in the materials entering their product or service the Supplier provides.
- 8.4. If any waste is created from the Supplier's activity it shall be disposed of by the Supplier in a professional manner in accordance with the legislation and its expenses.
- 8.5. The Supplier shall be held liable towards the Customer for any loss suffered by breaching the par. 1 to 4 of Article 8; it is first of all obligated to pay any fees, penalties and other sanctions of financial nature that the Customer was imposed with in this respect.

9. CUSTOMS FEES AND PENALTIES

- 9.1. If the Supplier fails to duly document the origin of the goods, or to deliver any customs documents it shall promptly pay any customs fees and penalties that were imposed in consequence of the breach of the above obligations.
- 9.2. The Supplier shall be further liable for following of any other relevant regulations of administrative rights, and is obliged to pay any fees, penalties and other sanctions of financial nature that the Customer was imposed with in association with the negligence of its obligations.

10. OBLIGATIONS OF SUPPLIER FROM DEFECTS; WARRANTY

- 10.1. The Supplier shall supply the Customer with the Delivery in the quantity, quality and design that comply with the agreement between the Supplier and the Customer, the requirements defined in legal regulations and binding standards and, alternatively, also with the requirements typical for a contracted job of such kind. Any items that are the subject of the Delivery shall not be burdened with any third person's right. Should the Supplier breach the above obligations the Delivery shall be declared defective, and the Customer is authorised not to accept it or not to pay the price of it. Even a delivery of different goods than those that form the subject of the contractual relationship between the Supplier and the Customer shall be considered a defect, as well as any errors in the documents supplied together with the Delivery, or those that are necessary for the use of the Items.
- 10.2. The Supplier has to have a certified quality management system pursuant to the standards 9001 or ISO/TS 16949, and is obligated to notify the Customer of that in timely manner.
- 10.3. In the event that the Customer requests so, the Customer performs planned or unplanned audits at the Supplier's, or takes samples of parts, enters into quality agreements, defines the conditions of final inspection at the Supplier's, and input inspections at the Customer's, monitors the development of the Supplier and the delivery discipline of the Supplier, and the like.
- 10.4. The Customer is not obliged to perform any checks of the Deliveries on their acceptance. The Supplier shall be held liable for any apparent defects that existed at the moment of the takeover, and that were revealed later by the Customer. Any defects revealed in the above described manner shall be notified by the Customer to the Supplier in written without an unreasonable delay when these are discovered by the Customer, however latest within the term stated in par. 10.5.
- 10.5. Any defects that the Delivery did not feature at the time of the acceptance but that are discovered any later, shall be claimed by the Customer in written (the rights from defective performance exercised) by submission to the Supplier without an unreasonable delay on their discovery but not later than by the end of the warranty term agreed with the Supplier; otherwise the Customer's claim for these defects shall cease. Unless explicitly agreed otherwise between the Supplier and the Customer, the Supplier shall provide the Customer with a warranty for the quality of the Delivery and any components of it, as well as of the accessories in a 24-month term upon the acceptance of the Delivery by the Customer.
- 10.6. In case of Delivery of defective Items the Supplier shall immediately remedy the defects or replace any defective Items with perfect ones even at higher expenses incurred by the Supplier, such as extra shifts, freight costs etc., so that production line of the Customer and the Customer's final client was not put out of service. Should the Supplier fail to remedy the defect or supply a perfect alternate delivery, the Customer is entitled to rework the goods on its own, or by means of a third person at the expenses of the Supplier, or return the Delivery at the expenses of the Supplier, and request the return of the paid financial amount. The above however does not affect the right of the Customer for indemnification of potential loss that it might suffer in connection with the Delivery of the defective Items by putting the production line of the Customer or the final client of the Customer out of service.
- 10.7. The obligation of the Supplier, pursuant to par. 10.6 shall not apply to any defect of the goods that do not exceed the limit of any allowed defects agreed with the Customer based on a special arrangement. The above however does not affect the right of the Customer for indemnification of potential loss that it might suffer in connection with the Delivery of any defective Items.
- 10.8. Any hidden defects, i.e. defects that cannot be discovered in a common inspection of the Items of the Delivery on the acceptance, or any defects that might occur later, shall be claimed by the Customer in written at the Supplier within 24 hours following the moment when these could be discovered on the exertion of due care, or following the receipt of the complaint of the final client of the Customer. Hidden defects shall be claimed latest by the end of the warranty term specified for the Items.
- 10.9. Any claims of the Customer regarding defects of the Items shall contain the following information: identification of the order / partial purchase agreement, invoice number, defect description, when it was discovered and how it is manifested, requirement for the method of claim settlement, and shall be accompanied by relevant attachments, demonstrating the existence of the defect (e.g. delivery note, complaint protocol, certificate of defect discovery by an inspection body, etc.).
- 10.10. Any rights from defective performance of the Delivery Items shall not arise to the Customer in the event that any such defect occurred in consequence of the Customer's activity, especially due to any breach in following of the instructions for operation and installation, improper or inadequate use or storage, wrongful or negligent operation,

including any errors in the internal transport inside the Customer's plant, intentional damage or unauthorised intervention, same as in consequence of natural wear.

10.11. The exercise of any claims from defects shall not affect the claim of the Customer for compensation of additional loss potentially occurred in consequence of any defective performance. For the event that any loss claim arises that cannot be satisfied by virtue of liability from defects, Article 12 of the Purchasing Conditions shall apply.

10.12. Upon the exercise of the claim from defects the right of the Customer to cancel any issued Orders either in full or in part shall not be further affected in any manner whatsoever.

10.13. In case of any defects from Items that were duly and timely claimed and acknowledged by the Supplier as rightful the Customer is entitled to claim remedy of defects, preferentially:

10.13.1. by delivering of the missing quantity of the Items,

10.13.2. by replacing the defective Items with perfect ones,

10.13.3. by provision of adequate discount from the price, or

10.13.4. by withdrawal from partial agreement or the Order and returning the purchase price, as long as none of the pervious methods of claim settlement can be applied.

The selected manner of the claim and defect remedy shall not cause any excessive expenses to the Customer.

In the event of alternative Delivery and replacement of defective Items with perfect ones the Customer is obligated to return any claimed items fro the Supplier in the condition and quantity in which the Customer took these over.

Any expenses associated with such replacement and return of the goods shall be borne by the Supplier.

10.14. Regardless of any provisions that would be contradictory, and without any exceptions, the Supplier shall be held liable towards the Customer and any third party for the quality and safety of its Delivery. The Supplier shall indemnify the Customer in the event of any claims, lawsuits, losses, fees and expenses associated with the Deliveries to the Customer that will be claimed by a third party in any manner whatsoever.

10.15. To the extent to which the security of the Deliveries of individual Items is governed by these Purchasing Conditions the Supplier acknowledges that the Supplier relies on the Supplier's professional competence in respect with the Deliveries, and that the Supplier is obliged to provide due care and post-sale service to the Customer in association with the Deliveries of the Supplier.

10.16. Upon the request of the Customer the Supplier shall provide evidence of a proper and due insurance in connection with originated risks that is permanently effective, and that covers third-party risks in all countries. The Customer shall exercise its creditor's claims against the Supplier in connection with any insurance or insurances entered into for these purposes, as it will be necessary.

11. AVOIDANCE OF LOSS RISKS

11.1. Both the Customer and the Supplier are obliged to proceed so that no losses arise from their contractual relationship.

11.2. Within the prevention obligation pursuant to par. 11.1. the Customer and the Supplier are mainly obliged to provide each other with assistance so that the obligations of either Contracting Party are fulfilled to the full extent, and notify each other promptly of any and all circumstances that might have any important for the performance of the obligations of that contractual relationship, and help effectively to each other in solving of any discrepancies, inaccuracies, misunderstandings or other circumstances that might affect the quality of their contractual relationship in any manner whatsoever.

11.3. Prior to any Order and regardless of the content of the specification that the Customer discloses to the Supplier the Supplier shall:

11.3.1. provide maximum of information that relate to the conditions of use of the Items delivered by it.

11.3.2. Inform the Customer and notify it of any restrictions that result from the Items delivered in the above described manner.

11.3.3. provide maximum of information about any standards and regulations that are applicable in any country (countries) specified by the Customer.

11.3.4. Create and use a program for checking the quality and safety that will allow minimisation of the risk associated with the delivered Items, and provide for harmony of these Items with the standards and regulations that are applicable in any country (countries) specified by the Customer.

11.4. The Customer reserves the right to anytime at its own expenses carry out any tests and analyses in the Supplier's premises that relate to the Items and Deliveries in the manufacturing process, assembly, machining, raw materials and tools, production processes and methods, control systems, tests and relevant files, or have such check of the aforementioned performed at any potential subcontractors of the Supplier. The above check shall not deprive the Supplier or any of its potential subcontractors of their obligations towards the Customer associated with the fulfilment of any standards, regulations and specification, or those associated with the harmony, quality and security of the delivered Items.

12. OBLIGATION TO INDEMNIFY LOSS

12.1. The Contracting Party that breaches any of the obligations defined by legal regulations, or any of the obligations agreed within the legal relationship between the Customer and the Supplier shall indemnify the other Contracting Party for any loss that the other Party might suffer in consequence of breaching such obligation.

12.2. The Supplier is obliged towards to reimburse the Customer for any loss that the Customer may suffer mainly in consequence of breaching the obligation to supply the Delivery within the agreed term in the required quantity, volume and scope and the required quality whilst meeting all the conditions and obligations that were agreed with the Customer, or that result from legal regulations, standards or other binding documents, official directives or common practices, rules or principles in that respect.

12.3. For the purposes of these Purchasing Conditions, loss means mainly any property loss suffered directly by the Customer or claimed against the Customer within any rightful claims on the part of the contractual partners of the Customer or other third persons, including contractual penalties, or claimed against the Customer in form of imposing sanctions or other financially identifiable sanctions by competent authorities. Any lost profit that the Customer would achieve if the Supplier did not breach any of its obligations is also considered a loss; and means either any actually lost profit, or any profit that is usually achieved under comparable conditions. Finally, loss for the purposes of these Purchasing Conditions is mainly any loss that the Customer might suffer in consequence of the necessity of incurring expenses that it otherwise would not incur if the Supplier did not breach any of its obligations (e.g. increased costs of transport or production, consequential expenses of special equipment, surcharges for extra works, for increased effort of employees, for overtime work and other works that are paid extra, necessary alternate purchase, leases and other expenses incurred in this respect).

12.4. If any claim of a third party is raised against the Customer by virtue of any alleged breach of any of the Customer's obligations, whilst such claim of that third party is based on any breach of the Supplier's obligation, the Customer is obliged to notify the Supplier directly after the claim is raised by that third party, and enable the Supplier to evaluate such claim, provide the Customer with all necessary assistance for its qualified refusal, or acknowledge the manner of the settlement by means of the Customer or directly to the aggrieved party.

12.5. Liability for any loss caused due to any defect of the Items delivered by the Supplier shall be governed by the provision of § 2939 and fol. Act No. 89/2012 Coll., Civil Code, as amended.

12.6. The Customer is entitled to charge fixed costs to the Supplier in case of demonstrable errors in the Delivery of which the Supplier was notified, and the Supplier has acknowledged its liability; this according with the rate book stated in the Agreement for supplier quality assurance.

13. TERMINATION OF RELATIONSHIP

13.1. The implementation of the works and Deliveries of the Items within an Order, or any issued authorisation, can be terminated by the Customer as per its discretion, whilst he Customer shall provide the Supplier with an adequate notice.

13.2. If the contractual relationship is terminated by the Customer pursuant to par. 13.1 the Customer shall pay the below specified amounts to the Supplier without duplicity in form of full and final payment of claims that the Supplier may raise against the Customer within their contractual relationship:

13.2.1. Any amount that will be due to the Supplier for any Deliveries accomplished in accordance with the confirmed Orders.

13.2.2. Any expenses of the Supplier for the performed work (including any reasonable share of overhead expenses) and any material contained in the work in progress that was delivered to the Customer.

13.3. The Customer is entitled to terminate the contractual relationship with immediate effect by withdrawal with effects for the future should the Supplier fail to fulfil any of the provisions contained herein, and fails to remedy the situation within thirty business days that follow the receipt of a notice from the Customer in which that failure is specified.

13.4. Upon the receipt of the above notice of termination from the Customer for any reason whatsoever the Supplier shall fulfil all the obligations that result from the contractual relationship, and return any Customer's property promptly upon the first request of the Customer. The Supplier shall meet the Customer in order to satisfy the requirements of the Customer with the aim to avoid any negative effects of that termination. The Supplier hereby acknowledges that the Customer shall not cover any indemnification in association with that termination.

13.5. The right of the Customer to terminate the contractual relationship in the event of its breach by the Supplier shall not deprive the Customer of the right to claim indemnification of any damage or loss that arise in consequence of any such breach, regardless of whether this right is stated explicitly, or not.

14. ASSIGNMENT

14.1. Any rights and obligations resulting from any Order placed within the contractual relationship which the Customer has entered into shall not be assigned or transferred without the prior consent of the Customer.

14.2. The Supplier shall not enter into any subcontract for any Order or any part of it without the prior written consent of the Customer whilst the Customer shall only provide such consent out of any doubts as per its own discretion without being obliged to state any reason whatsoever. Wherever such consent is granted the Supplier shall receive the consent of its subcontractor with the conditions that will be similar to the present Conditions. The Supplier shall at its own expenses enforce the present Conditions by means of lawsuit if the Customer requests so, and prevent such subcontractor from any further implementation within the supplier Order.

14.3. Should any dispute arise between the Customer and the Supplier, the Supplier shall not use the existence of any subcontract or any condition contained in that subcontract to defend itself, and the Supplier shall be held liable for any subcontractors of the Supplier in all respects.

15. COMMON PROVISIONS

15.1. Should any clause or any part of it be considered unenforceable from the legal point of view, a change of that provision shall be considered to make it legally enforceable. Without the prejudice to the general validity of the receding clauses the unenforceability of any provision hereof shall not cause unenforceability of any of the remaining provisions hereof.

15.2. For the purposes of these Purchasing Conditions it shall apply that the written form is preserved even if common electronic communication media, such as fax or email, are used.

15.3. In the event that a claim of the Customer arises against the Supplier by virtue of any liability for defects, claim in consequence of delay or claim for indemnification, the Customer is authorised to include these claims either in full or in part against another existing and due claim of the Supplier against the Customer that has not been yet satisfied.

15.4. Such inclusion shall be notified by the Customer to the Supplier in written without an unreasonable delay right after executing it.

15.5. The Customer is entitled to assign any of its liabilities or rights and obligations from any contracts entered into with the Supplier to any company that forms a concern with the Customer. For any assignment to another person the written consent of the other Contracting Party is required.

15.6. The Customer and the Supplier reserve the right without any further liability to either cancel or suspend their obligations in the even of Force Majeure. The aggrieved party shall exert maximum effort in order to minimise the consequences that result for any such event caused by Force Majeure. Any suspension of any such obligation shall be limited by a time interval during which the consequences of Force Majeure will prevail.

16. GOVERNING LAW AND DISPUTES; APPLICABILITY OF LAW

16.1. Unless explicitly stated otherwise in written, any contracts and Order concluded and placed by the Customer, shall be governed by the laws of the country where the place of the business activity of the Customer is located.

16.2. In case of any disputes when the Contracting Parties refuse to solve a dispute by the arbitration court pursuant to Art. 16.4 the general courts at the place of the Customer's registered office shall have the exclusive jurisdiction, even in the event of higher number of the accused, cross claim or counterclaim, or lawsuit with a third party.

16.3. These Purchasing Conditions are governed by the legal order of the Czech Republic, mainly by relevant provisions of Act No. 89/2012 Coll., Civil Code.

Any disputes arisen from the present Purchasing Conditions and in association with them shall be finally resolved at the Arbitration Court at the Economic Chamber and Agricultural Chamber of the Czech Republic accordingly with its Rules and Regulations by one arbitrator appointed by the presiding judge of the Arbitration Court.

17. LEGAL RELATIONS

17.1. The Supplier secures and guarantees to the Customer that the business activity of the Supplier associated with the Customer consist of the sale of the Items that the Customer requests in the Order (Orders), and that the Supplier shall indemnify and keep the Customer harmless from any loss, costs, damage or expenses (including but not limited to any reasonably incurred fees and attorney's fees) that arise from any breach of the securities and warranties referred to herein.

17.2. It is stated explicitly that the General Contract or the Order do not constitute any employment between the Customer and the Supplier and its workers or subcontractors or their workers.