

**General Purchase Commercial Terms and Conditions of
the company Strojírenské kovovýrobní družstvo SKD,
seated Husova 549, 687 71 Bojkovice,
for deliveries and sub-deliveries**

in compliance with the provision of § 273 of Commercial Code no. 513/1991 Collection of Law, subsequently amended, to simplify conclusion of contracts of sale about deliveries of raw material, material, services et cetera (hereinafter referred as „the goods“).

These general purchase commercial terms and conditions (hereinafter referred as „GPCTC“) are undivided part of every contract in which the purchaser is the company Strojírenské kovovýrobní družstvo SKD (hereinafter referred as „the purchaser“) and the supplier is an individual or a body corporate, domestic or foreign body (hereinafter referred as „the supplier“).

The part of these commercial terms and conditions can be also purchaser's directives to ensure quality, if they are added to the contract of sale.

These GPCTC are valid at any time if not otherwise stated in a concrete written contract between the purchaser and the supplier. Other commercial terms and conditions which would vary and other arrangements in confirmation, correspondence et cetera are invalid although they are not explicitly denied by the purchaser. Receipt of deliveries, service or their payment does not mean agreement with the supplier's purchase or commercial terms and conditions.

I. Conclusion of the Contract

All contracts, orders, cancelations as well as their alterations and amendments need to be concluded in the written form to be valid. The written form is also considered to be the declaration of will via distant data transmission that enables to determine the content of the action and the person who performed it.

- 1.1 The trade between the contractual parts is implemented on the basis of:
 - a) individual contracts of sale whereas even a written order whose minimal parts are details about the amount and the kind of goods, the place of taking over and the delivery date and which needs to be confirmed by the supplier in the written form, including calculation of the price, is considered to be the contract, or
 - b) contracts with the validity at least one year and their subsequent cancelations of the deliveries of goods.
- 1.2 Unless explicitly agreed differently, services are considered to be the goods as well. The supplier shall process the orders of the purchaser in the extent of 100 % of the confirmed goods with the acceptable deviation according to the article 2.4 of these GPCTC.
- 1.3 As long as the supplier does not receive the order within 3 working days from the receipt, the purchaser shall cancel it. Cancelations of orders become obligatory by the delivery date at the latest, unless being cancelled by the purchaser in the written form.
- 1.4 All deliveries are performed according to these GPCTC.
- 1.5 These GPCTC are considered to be accepted at the moment of confirmation of the order by the supplier at the latest.
- 1.6 Oral or written arrangements made before signing the contract of sale by both sides which are related to the trade according to the contract concluded later loose effect if they were not included in the contract of sale or do not comply with these GPCTC.

II. Delivery

- 2.1 The delivery place is determined according to the purchaser's order. Transport to the delivery place is provided by the supplier on his own costs. The danger of goods damage is passed on the purchaser at the moment of taking over the delivery in the delivery place. The supplier shall insure the goods in transit against all common dangers.
- 2.2 All deliveries of goods have to include the certificate of the origin of the goods, of their quality, movement as well as all other labelling and certification, all documents required by legal regulations referring to the goods. Each single delivery has to be accompanied by the delivery note which is given to the purchaser at the point of his/her receiving of the delivery. The delivery note has to possess at least the following properties: subject of the delivery note and its number, corporate name, the seat or the place of business, company registration number and company tax identification number of the supplier and the purchaser, the number of the contract or the order, the exact description of the terms of fulfilment of the contract, the delivery date, number of items in the package, number of packages, the number and description of reused packages, purchase price, the way of delivery, the place of delivery and the exact description of the purchaser. The documents that do not comply with these requirements are not considered to be the proper delivery note. Unless these requirements are fulfilled, the purchaser reserves the right not to take over the goods.
- 2.3 Partial deliveries as well as fulfilment of contract before the delivery date are not acceptable unless otherwise explicitly agreed in the written form.

- 2.4 Deviations of the delivered goods are acceptable in +/- 5% and only with the purchaser's previous explicit written agreement. Nevertheless, only actually delivered goods can be invoiced and paid.
- 2.5 If the delivery is delayed from the supplier's side, the purchaser can withdraw from the contract of sale after written notice, in which the supplier was provided with sufficient additional time for the fulfilment with the notice that he can withdraw from the contract. The purchaser has the right to return unused and already delivered goods at the expense of the supplier or may withdraw from the part of the contract only related to the undelivered goods.
- The content of the article 2.5 does not refer to the delivery of components of frames of moulds and shaped liners of moulds. Details about delay in delivery of components of frames of moulds and shaped liners of moulds are described in the article III. Penalty for Delay in Deliveries and Low Quality Deliveries.
- 2.6 The purchaser shall require indemnification in relation to not fulfilling the delivery date by the supplier. If the contract fine has been agreed in case of delay in delivery of goods, its payment does not affect the purchaser's right to require indemnification.
- 2.7 To assess fulfilment of the agreed delivery period the date of receipt of the goods by the purchaser is final.
- 2.8 The goods have to be delivered exclusively in the first-class quality and shall comply with the specification required, technical details and receiving conditions and if explicitly agreed it shall comply with preapproved samples of goods as well as all legal and technical requirements on the delivered goods. Furthermore, the supplier becomes familiar with all his obligations resulting from the quality assessment system ISO 9001, ISO/TS 16949 and ISO 14001.

III. Penalty for Delay in Deliveries and Low Quality Deliveries

- 3.1 The purchaser is entitled in case of delivery delay to charge the supplier with the penalty fee for the delivery delay. This fee amounts 5 % from the overall price of the work done in the event of delay of less than 5 calendar days from the delivery date and 10 % from the overall price of the work done in the event of the delay of more than 5 calendar days from the delivery date.
- 3.2 In the event of delivery of low-quality or incomplete components in the delivery the purchaser is entitled to repair such low-quality components on his own or may use a third person for that and thus he may fully charge the costs arisen from this additional work to the supplier.
- 3.3 As long as the fulfilment of the delivery date is unlikely to be met from the supplier's side the purchaser can implement the production of the threatened items on his own or can use a third person for it and he may charge the costs arisen from this additional work to the supplier.
- 3.4 The purchaser reserves the full right to charge the supplier for all the costs related to the loss of reputation and the good trade name or related to the eventual penalisation arisen due to delivery delay or due to delivery of low-class components.

IV. Prices

- 4.1 The prices of goods are stated according to the current price list of the supplier's goods which is confirmed in the order. Unless stated differently, the prices are stated as CPT of the purchaser to his address.
- 4.2 The price of goods indicated in the contract of sale or in the order is always standard. The change of the costs of the purchaser cannot influence its amount.
- 4.3 Unless stated differently in the contract, the prices indicated in the contract include the package, delivery costs and insurance. Value added tax in its current rate stated by law is added to the prices.

V. Payment Conditions and Documentation

- 5.1 The purchaser pays to the supplier the sale price on the basis of properly carried out invoicing. The supplier is entitled to issue an invoice only on the basis of the proper receipt of the goods according to the delivery conditions.
- 5.2 The invoice shall be sent in double written form by registered post to the address of the purchaser and shall contain at least the following: subject of the invoice, its number, corporate name, seat or the place of business, details of both the purchaser and the seller, the number of the contract or the order, exactly described details of fulfilment of the contract, corresponding to one delivery note, the delivery date, subject of the delivery note, bank connection of the supplier, the price including and without VAT, the amount invoiced, the delivery way and the delivery place, supplier's signature, delivery or montage note signed by the purchaser as well as all other proprieties of a tax document, otherwise it cannot be considered properly issued.

- 5.3 The purchaser shall return the invoice and the payment documentation or suspend its payment due to the fault in its content or the form. He is obliged to without delay inform about such fact the supplier who will immediately correct the invoice.
- 5.4 Supplier's invoices are due within 60 days from the issue, unless agreed differently in the written form.
- 5.5 In the event of delay in invoice payment, the supplier is entitled to charge the purchaser with the interests on late payment only in such value from the outstanding amount which is stated by law. The day of the withdrawal from the purchaser's account determines the proper fulfilment.

VI. Transfer of the Property Rights and the Danger of Goods Damage

Property rights as well as the danger of damage on the goods are transferred on the purchaser as soon as the goods are taken over properly in the delivery place. Receipt of the goods is confirmed by the purchaser on the delivery note whose copy the purchaser retains.

VII. Guarantee and Liability

- 7.1 The supplier provides the purchaser with the guarantee on the quality of goods at least for 24 months, starting with the delivery date according to the article V. in the GPCTC, unless the duration is not stated longer by the legislation. The supplier declares that the goods do not possess any legal faults and that they will keep the required, agreed or standard qualities as well as the qualities and conditions stated by the legal and technical norms. The duration of guarantee period does not have any influence on responsibility of the supplier for the faults that existed already during the transfer of danger on the goods.
- 7.2 The guarantee relates to all delivered goods, including sub-deliveries, packages, plastic granulates et cetera.
- 7.3 The purchaser is entitled to claim for the defects that existed already during the transfer of danger on the goods and can do so anytime after discovering them without the impact on the agreed guarantee period, and also after its expiration. The purchaser shall claim for defects that appear in the guarantee period at any time during the guarantee period.
- 7.4 In reference to complaints of goods defects the purchaser is entitled:
- 7.4.1 to require removal of the defects by delivery of alternative goods for the defective goods or by delivery of missing items or
- 7.4.2 to require removal of the defects by repair of the goods if the defects are repairable or
- 7.4.3 to require adequate discount from the sale price or
- 7.4.4 to withdraw from the contract
- 7.5 The purchaser has the right to decide what claim to choose from the article 7.4 as well as to decide about dates of alternative settlement. The purchaser can alter the claim also without the agreement of the supplier. If the goods show any defects and the supplier does not remove them in the appointed time, the purchaser is entitled to require a discount from the sale price at any time or to withdraw from the contract. The purchaser is entitled to withdraw from the contract also in the event of substantial breach of obligation of the supplier or due to circumstances beyond control. The purchaser's right for indemnification and compensation of entire costs related to the claiming of defaults is not affected by this.
- 7.6 The supplier can require from the purchaser to express his opinion whether he will withdraw from the contract or will insist on the fulfilment on adequate alternative delivery date. If the purchaser does not express his opinion in the adequate delivery date, the supplier can withdraw from the contract. The right of the purchaser for the indemnification is not affected by that.
- 7.7 The supplier shall compensate to the purchaser all damage arising in relation to the delivery of the goods and resulting from the breach or neglecting of the supplier's obligations that result from the GPCTC, from the contract, from orders or other agreement or those that would be claimed by third persons from their right of indemnification and that would relate to the delivered goods. This arrangement is valid also after the termination of contractual relationship between the purchaser and the supplier and is not restricted by time. The purchaser cannot renounce in anyway in the future his claim for the indemnification towards the supplier.
- 7.8 The purchaser shall claim for the defaults on the goods on the day when he receives the supplier's notice about the fact that the goods possess defects.

VIII. Circumstances Excluding Responsibility

Supplier's responsibility for the defects for which quality guarantee can be applied, does not arise if such defects were caused after the transfer of the danger of damage on the goods by outer events and if the supplier or other persons with whom supplier carried out his obligation have not caused them.

IX. Trade Secret

- 9.1 When fulfilling all contracts which comply with the GPCTC, the supplier is obliged to keep in secret all information gained in connection with fulfilment of individual contracts with the purchaser. These are in particular all facts that form trade secrets of the purchaser. The supplier cannot also publicize them without preceding written agreement of the purchaser in relation to third persons and cannot use such information for his own or external benefit. The supplier acknowledges that the subject of the trade secret of the purchaser is particularly following:
- the type of orders, price offers and all information from which the business strategy and politics of the purchaser could be deduced.
 - technical and other data, all information and data composing intellectual property of the purchaser or such facts for which can be presumed from their nature that could be considered to be the intellectual property.
- 9.2 The supplier shall also ensure that his employees, even after the cessation of the working relationship and also other persons whom he enabled to acquire any information about the purchaser and his trade secrets will keep silence about all facts which they will encounter during the fulfilment of contracts with the seller, especially about the facts that form trade secret of the purchaser and they cannot use them for their own benefit.
- 9.3 As long as the supplier gains the obligation to provide to a state body some information that forms the trade secret of the purchaser, the supplier is obliged to inform the purchaser in the written form about such facts and even before providing such information.
- 9.4 The provisions of this article are valid also after cessation of the cooperation of the supplier with the purchaser and are not in anyway time restricted.

X. Final Provisions

- 10.1 The contractual relationships in contracts of sale are subject to the laws of the Czech Republic, in particularly by the provisions of § 409 and following of the Commercial Code no. 513/1991 Collection of Law as amended.
- 10.2 Both the purchaser and the supplier, however, explicitly exclude for the relations arisen on the basis of the GPCTC to use the provision of § 428 of the Commercial Code, with the exception indicated in the article 7.3 of the GPCTC.
- 10.3 All contracts of sale about delivery of goods concluded between the supplier and the purchaser follow the GPCTC. Deviated arrangements in the contract of sale take priority according to the § 273 of the Commercial Code over these GPCTC.
- 10.4 Contracting parties exclude by their arrangement application of those non-mandatory provisions of the Commercial Code on the relations arisen on the basis of the contracts concluded between the purchaser and the supplier whose content would contradict with the GPCTC or the content of the individual contractual arrangements or next to which these could not stand.
- 10.5 Eventual invalidity of some parts of the GPCTC does not affect the remaining parts of GPCTC. The same also stands for the concrete contracts.
- 10.6 In the event of any dispute about the language interpretation of the GPCTC the Czech version applies to the Czech suppliers and English or German version holds for foreign suppliers.