



GENERAL TERMS AND CONDITIONS

Chropynská strojírna, a.s., Chropyně, Komenského 75, IČ: 18189679

1. Introductory Provisions

1.1. These General Terms and Conditions (*hereinafter referred to as the "Terms & Conditions"*) regulate the contractual conditions between the *Principal* and the company of Chropynská strojírna, a.s., registered office Chropyně, Komenského 75, company number 18189679 (*hereinafter referred to as the "Producer"*). These Terms & Conditions form the undivided appendix to the contract concluded between the *Principal* and the *Producer* (*hereinafter referred to as the "Contract"*), while the subject of the *Contract* is the undertaking of the work by the *Producer* for the *Principal* under the provisions pursuant of section 2586 and consequential sections of the Civil Code.

1.2. In case of a disagreement between the individual provisions of the Terms & Conditions and the individual provisions of the *Contract*, the provisions of the *Contract* are superior.

2. Formation of the Contract

2.1. Delivery of the subject-matter of the *Contract* shall be realized only if ordered by the *Principal* in writing on the basis of the valid offer of the *Producer*. The offer, which is considered to be a draft contract, is binding if confirmed by the *Producer*.

2.2. Every order must contain at least this essential information:

- identifying data of the *Principal* and the *Producer* including their company name/name and surname, registered office/place of business, company number;
- work description;
- required amount of work including its technical specifications;
- contractual price;
- place and date of the work delivery, unless the place of delivery is given, the registered office of the *Producer* shall be considered;
- The signature of the person entitled to act on behalf of the *Principal*; seal of the *Principal* unless being sent electronically.

2.3. A written order can be delivered to the *Producer* by mail, fax or a means of electronic communication. The *Principal* is bound by the order - draft contract for a period of thirty days after its delivery to the *Producer*.

2.4. When the *Principal's* order is delivered, the *Producer* shall send the *Principal* a confirmation of the order or a new draft contract. The confirmation of the order shall contain elements in accordance with article 2.2 hereto. Unless an order confirmation or a draft contract is sent to the *Producer* within thirty days after its delivery to the *Producer*, the order terminates. The order can be confirmed by mail, fax or means of electronic communication.

2.5. The *Contract* between the parties is concluded by delivering the order confirmation to the *Principal*. If the *Producer* confirms an order regarding just a part of the work, the contract regarding the confirmed part of the work is concluded. If there are other changes than just reducing the amount of work in the confirmed order, which is the subject-matter of the contract, it shall be considered as a new draft contract. The *Principal* is entitled to accept this draft contract in the same period of time and in the same way as the *Producer* is entitled to accept the *Principal's* order.

2.6. Any changes of this contract shall require the written attachment signed by both parties hereto. Before the attachment is signed, the amount of additional expenses arising in respect of concluding the attachment shall be calculated and mutually agreed and this amount corresponding with the agreed additional expenses shall be expressly stated in the attachment. By signing the attachment, the *Principal* undertakes to pay the *Producer* these additional expenses.

3. Performance of Work Delivery

3.1. The *Principal* is fully liable for acceptance of the work under the concluded *Contract*. In case that the *Producer* authorizes to accept the work any third person or a deliverer (*hereinafter referred to as the "Authorized person"*), he is fully liable for the accuracy of the authorization and for the acts of such person who was authorized to accept the work. The *Producer* shall not be liable for the damage caused by such person authorized by the *Principal*.

3.2. In case that the *Producer* transfers the work under the *Contract* in a place of delivery given by the contract to a person, who acts as an authorized person by the *Principal*, applies that the *Producer* acted in good faith regarding the identity of such person. The *Producer* shall not be liable for any consequences arising from the relation to the *Principal* in case that it turns out that such person was not actually authorized by the *Principal* to accept the performance under the contract.

4. Quality of the work

4.1. The work will be produced to the usual standard of quality appropriate for the kind of delivered work unless agreed otherwise between the parties hereto.

4.2. The guarantee on the delivered work is given to the *Principal* by the *Producer* if this is stated by a generally binding legal regulation and in the duration of such legal regulation unless agreed otherwise between the parties hereto.

5. Price

5.1. The price shall be binding by the concluding of the contract. The price in the contract is given on condition that implementation of the work is completed in a single, fluent way without interruption by reasons from the *Principal's* side. If additional expenses arise from the reasons of the *Principal's* side, the *Principal* undertakes to pay such additional expenses at the full rate to the *Producer*.

5.2. If there is a duty of the *Principal* to pay the advance payment to the *Producer* agreed in the contract, the *Producer* shall not start implementing unless the advance payment is paid by the *Principal*. If the *Principal* falls into delay with the advance payment, the *Producer* cannot be in delay with the performance and for the period of *Principal's* delay the period for the *Producer's* performance is extended.

6. Payment conditions

6.1. Non-cash payments between the *Producer* and the *Principal* shall be deemed made at the time when they are credited to the account of the *Producer*. Payments in cash between the *Producer* and the *Principal* shall be deemed made at the time when they are given to a person authorized by the *Producer*.

6.2. Payment of the remaining part of the price under the contract reduced by the deposit shall be made by an invoice – receipt of tax deductible expenditure – issued by the *Producer*. The *Principal* shall make the payment within the mature period stated by this invoice.

6.3. If the *Principal* fails to pay the price or any part of the price on the mature day, the *Principal* shall be considered to be in default of payment since the following day. Should the *Principal* be late in payment of the price or any part of the price, he is obliged to pay a contractual penalty which shall be 0.05% of the debt per each day of arrears. Agreed contractual penalty does not affect the *Producer's* claim for compensation to a full extent.

7. The rights arising from defective performance, guarantee claim

7.1. The rights arising from defective performance follows the relevant provisions of the Civil Code, as amended.

7.2. The *Producer* is liable for defects, which the work has at the moment when a danger of work damage devolves from the *Producer* to the *Principal*. The *Producer* is also liable for defects arising within the agreed guarantee period after devolution of the danger of damage from the *Producer* to the *Principal*, if the *Principal* proves that the defects were caused by the breach of duties of the *Producer*. The guarantee, if agreed, shall not apply to regular wear and tear, to the cases of malicious work damage or to the damage caused by an unavoidable accident.

7.3. If there are any repairable defects in the work, the *Principal* is solely entitled to the removal of such defects or to a reasonable discount on the price; the option is on the *Producer*. The condition of such claim is the fact that the *Principal* claimed the defects to the *Producer* in writing without unreasonable delay after their discovery. If it turns out that the defects are removable, but the removal of such defects would involve unreasonable costs, the *Principal* is entitled to claim for damages under the subparagraph 7.4. of these Terms & Conditions. The assessment, whether the particular defects are removable or irremovable as well as the assessment of reasonability of the expenses related to the defects removal, belongs solely to the *Producer*. The *Producer* is obliged to inform the *Principal* about the result of such an assessment in writing.

7.4. If there are irremovable defects in the work the *Principal* is entitled to be delivered a new work free from any defect in return for the defected work or a claim for a reasonable discount on the price; the option is on the *Producer*. The condition of such claim is the fact that the *Principal* claimed the defects to the *Producer* in writing without unreasonable delay after their discovery.

7.5. The *Producer* shall not be liable for defects caused by transportation (if provided by the *Principal*), improper use or storage of the work, unqualified intervention or neglect of necessary maintenance of the work and for mechanical or chemical damage. The *Producer* shall not be also liable for damages in the work caused by the non-observance of requested or usual ways of use. The condition of the guarantee, if given, is the fact that all maintenance and repair of the work during the guarantee period shall be carried out by the *Producer*. Work, which was not installed by the *Producer*, is guaranteed to the extent specified in these Terms & Conditions as well as the confirmation of guarantee, in accordance with limitations specified in the Terms & Conditions only on the work itself, while the *Producer* at the same time shall not be liable for defects in the work caused by installation.

7.6. All expenses incurred to the *Producer* as a consequence of unjustified guarantee claim on the part of the *Principal* shall be paid to the *Producer* by the *Principal* at the full rate.

7.7. In case that the *Principal* is in default of payment under the contract, the *Principal* automatically and irreversibly loses a claim for any guarantee for quality under these Terms & Conditions and for the confirmation of guarantee (guarantee certificate). The guarantee does not apply in such a case.

8. International Element

8.1. If the *Principal* be a natural person or a legal entity with a registered office/place of business outside the Czech Republic (*hereinafter referred to as the "Foreign Principal"*), following provisions, which are superior to other provisions of these Terms & Conditions, shall apply to the contract concluded between the *Producer* and the *Foreign Principal*.

8.2. The legal relation arising from the contract between the *Producer* and the *Foreign Principal* follows the Czech law. Czech courts shall be competent at disputes arising from such legal relations. United Nations Vienna Convention on Contracts for the International Sale of Goods dated April 11, 1980, which was promulgated for the Czech Republic under no. 160/1991 SB, is not used.

8.3. If it is not necessary to install the work or if the installation according to the contract shall be made by a *Foreign Principal*, the *Producer* fulfils his duty to deliver the work at the moment, when in any of his premises, he hands the work over to the *Foreign Principal* to his own transportation or he hands the work over to the transporter authorized by the *Foreign Principal* or who was agreed mutually by the *Foreign Principal* and the *Producer*. Transport costs are borne by the *Foreign Principal*.

8.4. A danger of work damage (e.g. loss or deterioration of the work quality) as well as any additional expenses passes from the *Producer* to the *Principal* at the moment of handing the work over to the *Principal* or the authorized transporter.

9. Final Provisions

9.1. If there are irremovable obstacles, not caused by the *Producer*, on the *Producer's* side preventing performance of his obligations to the *Principal*, the *Producer* has the right to terminate the contract one-sidedly in writing and is obliged without delay to return the *Principal* the amount of money reduced by the expenses incurred so far, which are

beneficial to the Principal. The Provider shall not be liable for failure to fulfil the obligations from the contract or for damage caused by such failure if the failure to fulfil the obligation is caused by unpredictable or unavoidable circumstances which could not have been prevented by the Provider. The Provider shall not be liable to the Principal for any damages arising from the Principle's contract concluded with the third party, in particular for consequential or indirect damage.

9.2. The Principal represents that he has secured financial means to pay the expected price for the work at the full rate. The Principal is not entitled to assign any of his claims for the Provider to a third party. The Principal is not entitled to one-sidedly set off any of his obligations to the Provider with any of his claims for the Provider.

9.3. The Principal grants the Provider consent with producing his personal data to such extent as it was provided to the Producer by the Principal. The Principal agrees that his data shall be kept, for the period of the Provider's business, in the database of the Provider under the conditions given by Act no. 101/2000 Sb. The data of the Principal shall be used only to

inform the Principal about the news on the subject of business of the Provider and to bid the Principal under the compliance with all legal conditions.

9.4. Unless specified otherwise in these Terms & Conditions, relevant provisions of the Civil Code, as amended, apply to contracts concluded on the basis of such provisions. Contractual parties hereto agree that all disputes between them shall be solved by the competent court of the Czech Republic, in whose jurisdiction the registered office of the Provider is.

9.5. Current wording of these Terms & Conditions is released on the Internet and the reference to their full text (an internet address, where it is possible to download the full text) is a part of every contract. By sending an order, the Principal confirms his explicit, complete and unconditional consent to the current wording of the Terms & Conditions.

9.6. These General Terms and Conditions shall take effect and be in force on and after January 1, 2014.