

TERMS AND CONDITIONS of TRADE (Purchase) of KERN-LIEBERS CR spol. s r.o.
pursuant to sec. 1751 of Act. No. 89/2012 Col., the Civil Code

I. The Scope

1. These Terms and Conditions of Trade (hereinafter referred to as the **“Terms and Conditions”**) were issued by KERN-LIEBERS CR spol. s r.o., Reg. No. 608 49 827, based at Okružní 607, 370 01 České Budějovice, a company registered in the Company Register conducted by the Regional Court in České Budějovice, section C, file 4064 (hereinafter referred to as **“KLCR”**).
2. These Terms and Conditions form an inseparable part of each contract entered into by KLCR, wherein KLCR act as a customer in buying goods or services (i.e., particularly in the position of a buyer or an order party), and the other party (hereinafter referred to as the **“supplier”**) acts as a supplier of goods and services (i.e. particularly at the position of a seller of a contractor). For the purpose hereof, such a contract is referred to as a **“Contract”**. Different provisions in a Contract shall prevail the provisions of these Terms and Conditions.
3. These Terms and Conditions become a part of a Contract:
 - a. on the basis of signatures under the Terms and Conditions by KLCR and the supplier;
 - b. on the basis of attaching the Terms and Conditions to an order or enquiry made by KLCR.
4. If the Terms and Conditions are signed by KLCR and the supplier they will apply, under agreement between the parties, to all Contracts entered into at any time in the future, even if the Terms and Conditions are not attached to the particular order of enquiry, unless otherwise agreed between the parties. No supplier’s terms and conditions of trade will apply. The supplier declares that he had the opportunity to influence the content of these Terms and Conditions before their conclusion.
5. Unless the Terms and Conditions are signed by KLCR and the supplier, the Terms and Conditions become a part of a Contract on the basis of attaching the Terms and Conditions to an order or an enquiry made by KLCR. No supplier’s terms and conditions of trade will apply. Even in situations when KLCR refers to a document that contains or refers to terms and conditions of trade of the supplier or a third party, this does not establish a consent with such trades and conditions by KLCR.
6. For the purpose hereof, the term **“Goods”** means products, works or services defined and specified by contracting parties in the Contract or in an annex thereto.

II. Orders and Contracts

1. KLCR gives a proposal for entering into a Contract in the form of an order. For the purpose hereof, an order means a one-shot order or a scheduling agreement (see Art. II. par. 5).
2. A supplier will confirm the acceptance of a proposal for entering into a Contract to KLCR within 3 working days from the day of dispatch of the proposal for entering into a Contract. The Contract is understood concluded by unreserved acceptance of the proposal for entering into a Contract within the deadline of the acceptance. Changes in the proposal made by the supplier are a counterproposal, which is only binding for KLCR in the case of explicit acceptance; in the opposite

case the Contract is not entered into and KLCR is not bound by its proposal. Unless the supplier explicitly rejects a proposal for entering into a Contract (or unless he gives a counterproposal) within 3 working days from the day of dispatch of the proposal, the Contract is considered concluded.

3. Any communication between the parties, including an order and its acceptance, as well as all contractual agreements related to the conclusion, modification or extinction of a Contract require written form, no oral communication is binding for KLCR. A legal act executed by means of remote data transfer (i.e., particularly through the e-mail, data box, on-line system etc.) and by means of electronic data interchange (EDI) is considered a written form.
4. On the basis of a concluded Contract the supplier is obliged to supply KLCR with Goods and KLCR is obliged to pay the supplier the price agreed on in the Contract.
5. Unless otherwise agreed, quotations from suppliers preceding KLCR's orders are binding.
6. KLCR is authorized to order Goods in two ways:
 - a. on the basis of a one-shot order
 - b. on the basis of a scheduling agreement
7. In the case of an order for Goods on the basis of a one-shot order the one-shot order from KLCR contains particularly the identification of the supplier, specification of the Goods, the quantity of the Goods required, the code of the Goods required, the price of the Goods required, the required delivery date, the place of delivery (or the appropriate clause according to the currently applicable INCOTERMS). A proposal for entering into a Contract is considered due and complete even if any of the particulars mentioned in the previous sentence is missing in the one-shot order. KLCR is entitled to cancel a proposal for entering into a Contract on the basis of a one-shot order at any time before the acceptance of the supplier's offer or rather until the moment of entering into the Contract.
8. In the case of an order for Goods on the basis of a Scheduling Agreement, the Scheduling Agreement from KLCR particularly contains identification of the supplier, specification of the Goods, the code of the Goods required, the price of the Goods required, the place of delivery (or the appropriate clause according to the currently applicable INCOTERMS). A proposal for entering into a Contract is considered due and complete even if any of the particulars mentioned in the previous sentence is missing in the Scheduling Agreement. In relation to a Scheduling Agreement a Scheduling Agreement Release is also sent to the supplier by KLCR, which contains the expected quantity of the ordered Goods and the expected delivery date. Possible changes of the quantity of the required Goods and the delivery terms are made on the basis of a new Scheduling Agreement Release. KLCR is entitled to cancel a proposal for entering into a Contract on the basis of a Scheduling Agreement at any time before the acceptance of the supplier's offer or rather until the moment of entering into the Contract.
9. Scheduling Agreements, Scheduling Agreement Releases and other similar documents (e.g., prognoses – forecasts) provide the supplier with information on possible KLCR requirements. The quantities of Goods and delivery dates given in the above documents as well as ordering the Goods themselves, can be unilaterally changed (or cancelled) by KLCR without supplier's title to any compensation. The supplier is not authorized to make unilateral changes of individual parameters of the Contract after its conclusion. Nevertheless, unless otherwise agreed with the supplier in individual cases, and unless the supplier is informed on a change of requirements by KLCR, the requirements contained in the Scheduling Agreement in relation to the current Scheduling Agreement Release become binding and definite for both the parties, if less than 4 weeks remain

to the delivery of Goods according to the Scheduling Agreement in relation to the current Scheduling Agreement Release.

III. Prices, terms and conditions of payment, invoice details

1. The supplier preferentially enters into Contracts with purchase prices in EUR or in CZK.
2. The price of Goods is set in the Contract as the binding and definite contract price. The price agreed on is definite and the highest acceptable. Any further surcharges not mentioned in the quotation and in the Contract are unacceptable.
3. Unless otherwise agreed in the Contract, the price includes any costs of packaging, transport to the place of delivery and costs of unloading of the Goods, any insurance as well as possible administration fees, customs duties or other expenses spent by the supplier in relation to the due performance of the Contract.
4. Unless the price includes the costs of packaging and transport to the place of delivery on the basis of a special provision in the Contract, it must be charged by the supplier in the usual amount.
5. KLCR's duty to pay the price arises from the due delivery of the Goods by the supplier, which is confirmed in the delivery note.
6. KLCR will pay the price of the Goods on the basis of an invoice, which the supplier is obliged to issue after the due delivery of the Goods to KLCR. The supplier is responsible for the due delivery of the invoice to KLCR.
7. The invoice has to contain all essentials set by the regulations as well as the delivery data (KLCR's order number, specification of the Goods, the code of the Goods, the delivery date, the delivery note number and the due date). If any of the above specified essentials is missing in an invoice, KLCR is entitled to return such an invoice with specification of its drawbacks; in such a situation the payment period will be extended, the supplier is obliged to send KLCR a faultless invoice with the due date corresponding to the date of issue of the new (corrected) invoice.
8. The purchase price is due within 60 days from the issue of the invoice, unless otherwise agreed. The supplier is not entitled to require any advance payment from KLCR.

IV. Delivery time and delivery, transfer of risk

1. The supplier will supply the goods to KLCR in the agreed way, within the agreed term, in the agreed quantity, quality and variant. If the quality and variant are not agreed on, the supplier will provide the quality and variant suitable for the purpose of the Contract, otherwise for the usual purpose.
2. Earlier delivery of Goods is only possible with prior consent from KLCR. Partial deliveries are only possible with prior consent from KLCR.
3. If the supplier finds out that non-adherence on the delivery date threatens, he is obliged to inform KLCR about this fact without delay.
4. In the case of delay in delivery KLCR is entitled to charge the supplier a contractual penalty of 0.5 % from the price (VAT exclusive) of the undelivered Goods per each started day of delay.
5. Unless the packaging method is agreed on, the supplier will pack it according to custom, however always in the manners necessary for preserving and protecting the Goods; the supplier will adjust the Goods in the same way for transport.
6. The supplier declares that all payments and charges applicable to the Goods according to the current regulations have been paid, the Goods have been customs cleared and are fit for distribution in the countries of Central Europe and the European Economic Area.

7. Unless otherwise agreed on in the Contract (particularly by reference to a delivery condition according to INCOTERMS), the registered address of KLCR is the place of delivery.
8. The handover and the acceptance are confirmed in the delivery note produced by the supplier. The delivery note has to contain the number and date of issue of KLCR's order, specification of the Goods, the code of the Goods, the type and number of returnable and non-returnable packaging, the number of units of measure (weight) of the individual kinds of Goods, specification of the quality and completeness of the Goods, the way of transportation to the place of delivery, the date of delivery. If the Goods are delivered through a contractual forwarder, the delivery note will be attached to the delivered Goods.
9. Apart from the delivery note, the supplier is obliged to provide the Goods supplied to KLCR with further documents necessary for the acceptance and the use of the Goods, or proving the origin of the Goods (particularly manuals, instructions, technical specifications, warranty cards, declarations of conformity etc.), and documents proving compliance with the Packaging Act No. 477/2001 Col., Act No. 22/1997 Col., on technical requirements for products and the implementing regulation thereto), as well as any further documents required by the applicable regulations.
10. The title to the Goods and the risk of damage on the Goods passes to KLCR at the moment of their acceptance, unless otherwise agreed in the Contract (particularly by reference to a delivery condition according to INCOTERMS).
11. If delivery of additional Goods or works proves necessary for the due performance of the Contract by the supplier, or for the purpose of the due or safe use or operation of the delivered Goods, as well as for the purpose of achieving the agreed or usual properties or functions of the Goods, the supplier will be obliged to supply the necessary Goods or services as soon as possible at his own expense. All such performance from the supplier will be considered performance within the extent of his contractual obligations included in the agreed price; additional performances are not subject to an amendment to the Contract or recognition by the supplier.
12. If it is necessary or common in business, the supplier is obliged, before starting performing the Contract, to become familiar with all conditions, legal requirements, schedules, drawings, plans and further inputs, and obtain all and any additional information necessary for the fulfilment of the contractual duty (hereinafter referred to as the **"information"**) at his own expense and responsibility; KLCR is not responsible for damages arisen to the supplier from the failure to integrate or take into account information as a consequence of his faulty proceeding or an omission or negligence in obtaining or not obtaining information.
13. If the supplier performs the Contract within KLCR's premises or at a place specified by KLCR, he is only entitled to enable his employees to move within the area defined by KLCR. When performing the Contract, the supplier is obliged to adhere to applicable regulations, particularly in the field of health and safety, hygiene and fire protection. KLCR will provide the supplier with its internal safety regulations applicable at the place of performance of the Contract and is entitled to require the adherence to these rules by the supplier, while the supplier is responsible for his employees to adhere to such internal regulations.

V. Responsibility for defects, warranty of quality

1. KLCR is entitled to require an opportunity to carry out an inspection at supplier's premises before the supply of the Goods, to check whether the Goods are produced in compliance with the

applicable standards and procedures and with the emphasis on the adherence to the quality standard. If defects or deviations are found, KLCR is entitled to require rectification.

2. Acceptance or approval of samples, or approval of the quality of Goods does not establish any limitation or waiver of the rights resulting from the statutory or warranty responsibility for defects.
3. KLCR checks the quality of Goods at the handover visually and by means of a functionality test. KLCR can, at its own discretion, carry out just a random inspection of some pieces of Goods, or apply a statistical method according to its internal guidelines. The parties agree that an inspection of the Goods can be deliberately postponed by KLCR, and it is not therefore necessary for the maintenance of the rights arising from defective performance to carry out the inspection as soon as possible after the transfer of the risks.
4. If the supplied Goods are defective, KLCR is entitled to refuse the delivery and not to accept the Goods; in such a situation the supplier's contractual obligation is considered not fulfilled. In such a situation KLCR is entitled to apply a contractual penalty against the supplier in the amount of 0.5 % from the price (VAT excl.) of the refused Goods per each day of delay in the delivery of faultless Goods.
5. KLCR's rights from defective performance are governed by the provisions of Act. No. 89/2012 Col, the Civil Code. Nevertheless, KLCR is not obliged to notify the supplier of a defect on the Goods without undue delay. It is sufficient for the establishment of the rights from defective performance if the defect is reported within the term of the statutory responsibility for defects or during the warranty period. In the case of any defective performance, KLCR has the rights arising from defective performance set by the law for a significant breach of the Contract, while KLCR has always the rights to choose the particular right from defective performance.
6. The supplier gives a 36-month quality warranty for Goods; the quality warranty for Goods can be extended in the Contract. The warranty period starts from the acceptance of Goods by KLCR, unless otherwise agreed in the Contract.
7. The supplier is obliged to inform KLCR without undue delay on any defects, problems and facts related to the Goods supplied to KLCR, to prevent possible damages.

VI. Liability for Damage

1. The supplier is liable to KLCR for damage under the conditions set by the statutory regulations.
2. Contractual penalties agreed on do not cancel KLCR's title to damages against the supplier.
3. The supplier is always obliged to behave in such manners, that no damage on KLCR's property or on the property of third persons arise.

VII. Force Majeure

1. A tortfeasor is released from the duty to provide compensation if he proves that he was temporarily or permanently prevented from fulfilling his contractual duty due to an extraordinary, unforeseeable obstacle arising independently of his will. However, an obstacle arising from the tortfeasor's personal circumstances or arising when the tortfeasor was in default of performing his contractual duty, or an obstacle which the tortfeasor was contractually required to overcome shall not release him from the duty to provide compensation.
2. If the supplier finds that force majeure prevents him from the fulfilment of his duties from the Contract, he is obliged to notify KLCR about this fact, otherwise he will not be released from the duty to provide compensation.

VIII. Termination of a Contract

1. KLCR has the right to withdraw from a concluded Contract if the supplier is in delay with the Goods or if it is obvious that the supplier will not supply the goods in time.
2. If Goods have been supplied with defects, KLCR is entitled to withdraw from the Contract.
3. A party can also terminate the contract in the case of a serious breach of contractual duties by the other party.
4. Each party is entitled to withdraw from the Contract if an insolvency procedure has been opened against the other party.
5. A withdrawal starts to be effective at the moment of the delivery of the notice to the other party, with the effectiveness *ex tunc*, if no performance has been carried out yet or with the effectiveness *ex nunc*, if partial performance had been duly carried out.
6. If these Terms and Conditions have been signed by KLCR and the supplier, each party is entitled to terminate these Terms and Conditions with a six-month withdrawal period, which starts in the month following after the delivery of the notice. Termination of the Terms and Conditions however has no effect on the rights and duties related to outstanding Contracts.

IX. Insurance

1. The supplier is obliged to arrange for adequate insurance of supplied Goods. He is also obliged to arrange for liability insurance with adequate coverage of damages caused by defects on products if the delivered Goods are products.
2. The supplier is obliged to present proves of the insurance entered into on KLCR's request.

X. Obligation to Inform

1. If the supplier intends to terminate or interrupt the production of Goods or spare part to Goods, he will inform KLCR about this fact in written immediately after making such a decision. The supplier will also inform KLCR about an intention to relocate the operation where Goods or spare parts to Goods are manufactured, or about an intention to modify the method of manufacturing Goods or spare parts to Goods in a significant manner. The information according to this paragraph has to be given to KLCR no later than 6 months before the planned termination or interruption of the production of Goods or spare part to Goods or before planned relocation of the operation or before a planned substantial modification of the production.

XI. Intellectual property

1. The supplier declares and confirms that no intellectual property protected in the Czech Republic or abroad to the Goods supplied to KLCR, to its parts or accessories, as well as to the technical solution supplied to their production, design or development belongs to a third person, particularly a right to a patent or a utility model or an industrial design. The supplier also declares and confirms that the Goods supplied to KLCR comply with all applicable technical and other standards. Neither the supplier, nor KLCR are therefore limited in any way for such reasons in their right to produce the Goods, handle them and use them separately or in connection with other products or within other products in the Czech Republic or abroad.

2. Copyrights to any drawings, calculations, descriptions and further documents provided by KLCR to the supplier belong to KLCR. The supplier is not allowed to make such material accessible to third parties, to publish them, to use them internally or via third persons without explicit consent from KLCR. The supplier is obliged to return such materials to the full extent to KLCR upon request.
3. The supplier is obliged to inform KLCR immediately on any possible claims to the Goods set up by third parties.
4. If the supplier breaches his duties under this article, he will be responsible for any damage arisen to KLCR from such a breach. The supplier particularly undertakes to indemnify KLCR for any claim resulting from a breach of intellectual property rights, regardless any fault on supplier's side.

XII. Property Rights

1. Tools, devices and models provided to the supplier by KLCR remain in the possession of KLCR. These things have to be indicated as the property of KLCR, have to be carefully stored, protected against damage and use solely for the purposes of the Contract. The supplier is obliged to notify KLCR on any damage to such things without undue delay. The supplier is obliged to return the things provided to him on KLCR's request if they are no longer needed for the performance of the Contract.
2. The supplier declares that no property rights of third parties will be breached in relation to the supply of Goods.

XIII. Business Secret

1. Input materials of any kind provided by KLCR to the supplier, particularly samples, drawings, models, data as well as any other information, including the provisions of the Contract and further contractual agreements between the parties, are considered confidential by both the parties and form a business secret. Particularly data that are subject to business secret, i.e., facts of the business, production or technical character related to KLCR's business activity that have a real or at least potential material or non-material value, are not commonly available in the related business sphere, should be kept in secret under KLCR's will and their secreting is ensured in the adequate way, are protected this way.
2. Goods manufactured on the basis of the input materials mentioned in the previous paragraph or on the basis of other confidential information from KLCR or with the involvement of things received for such a purpose from KLCR (tools, jigs etc.), must not be offered or supplied to third parties without prior written consent from KLCR.
3. The supplier is not allowed to refer to the business relation with KLCR in its advertising materials, brochures etc., and is not allowed to exhibit Goods supplied to KLCR without prior written consent from KLCR.

XIV. Offsetting, Retainment, Assignment of Debts

1. The supplier is not allowed to let, transfer or assign any rights from the Contract to a third party without prior written consent from KLCR.
2. A unilateral offset of debts carried out by the supplier is impossible, as well as the application or retention rights to property owned by KLCR by the supplier.

XV. Place of Performance, Place of Jurisdiction, Applicable Law

1. The registered address of KLCR is the place of performance according to the Contract.
2. A Contract as well as these Terms and Conditions are governed by the Czech rule of law.
3. Any disputes between KLCR and the supplier arisen from a Contract or from these Terms and Conditions will be dealt with by courts. The Parties have agreed on the international competence of Czech courts and on the local jurisdiction of a first-tier court, which is the materially appropriate court in České Budějovice.
4. The applicability of the United Nations Convention on Contracts for the International Sale of Goods (CISG) is excluded.

XVI. Final Provisions

1. The supplier accepts the risk of the changes in circumstances within the meaning of sec. 1764 par. 2 of Act No. 89/2012 Col., the Civil Code.
2. An omission or non-exercising of rights resulting from the Contract or the law or any other regulation by KLCR is not considered a waiver of said rights, and an omission or non-exercising does not lead to extinction of such rights or the impossibility to exercise them.
3. If any provision of these Terms and Conditions becomes invalid, ineffective or unenforceable, the validity, effectiveness and enforceability of the remaining provisions will remain unaffected. In such a situation a valid, effective and enforceable provision will replace the invalid, ineffective or unenforceable provision.