

## GENERAL TERMS OF DELIVERY – WORK

**1. FUNDAMENTAL PROVISIONS**

1.1 These General Terms of Delivery for the Work of SULTRADE Praha spol. s r.o. (hereinafter referred to as the "Terms") constitute an integral part of contracts for work made between the client and the company **SULTRADE Praha, spol. s r.o.**, with its registered office at Bělohorská 238/85, Prague 6, Postcode: 16900, registered in the Commercial Register kept at the Municipal Court in Prague, Section C, Insert No. 27768 (hereinafter referred to as the "Contractor") (hereinafter referred to as the "Contract") pursuant to **Section 2586 et seq.** of Act No. 89/2012 Coll., the Civil Code (hereinafter referred to as the "Civil Code"). In case of any conflict, the provisions of the Contract shall prevail over the provisions of these Terms.

1.2 The **Contract** means the agreement signed between the parties in the form of contract for work, an offer issued by the Contractor in favour of the Client and confirmed by the Client in writing to the full extent, including any and all annexes thereto, or a purchase order sent by the Client to the Contractor and confirmed by the Contractor in writing, including any and all annexes thereto, unless the Client has any further comments on any potential changes made by the Contractor in the purchase order confirmation. If the Client makes reference in the confirmation of the Contractor's offer to any trade terms running contrary to these Terms or if the offer confirmation contains an addition or departure that does not materially change the conditions of the offer, the Contract is not deemed to have been concluded. Thus, the parties explicitly exclude application of Section 1740(3) and Section 1751(2) of the Civil Code.

**2. PRICE AND TERMS OF PAYMENT**

2.1 **The prices specified in the Contract are deemed to be fixed and shall not be subject to any increase** for any reasons whatsoever, unless it is explicitly specified otherwise in the Contract.

2.2 If a price increase is allowed in the Contract, the Contract shall also include provisions concerning calculation of any such price increase; conversely, the price shall be deemed to be fixed.

2.3 The Client shall make payments to the Contractor in compliance with the terms and conditions specified in the Contract and by virtue of the documents handed over by the Contractor in compliance with the Contract.

2.4 Any payments, including advance payments, shall only be made by the Client on the basis of invoices (down payment requests) that shall include any and all particulars required under legal regulations.

2.5 **The time due for payment of an advance payment invoice shall be 14 days, the time due for payment of a final invoice being 21 days, after the issue date thereof**, unless it is provided otherwise in the Contract. The date of payment of any relevant amount shall be deemed to be the date the amount is credited into the Contractor's account.

2.6 The Client is entitled to withhold payment of any part thereof on the grounds specified in the Contract only.

**3. TIME LIMIT FOR PERFORMANCE OF THE WORK**

3.1 Unless the Work can be performed within the time limit specified in the Contract, **the Contractor shall be obliged to forthwith notify the Client in writing of the reasons for delay and of the immediate alternative time limit for the delivery.** At the same time, the Contractor shall be obliged to take any and all necessary steps aimed at minimizing such delay.

3.2 If the Contractor, except for the cases referred to in clause 3.3 of these Terms, fails to perform the Work no later than the time limit specified in the Contract, the Client is entitled to:

- a) apply a contractual penalty for failure to adhere to the time limit for performance,
- b) withdraw from the Contract, if the time of default exceeds 90 days.

3.3 The Contractor shall not be liable for any default caused through the fault of or failure to fulfil the duties by the Client or as a result of an event of *force majeure* which hinder the Contractor to fulfil its contractual duties. In such a case, the Contractor shall agree with the Client an alternative time limit which shall take account of the justified period over which the Contractor was unable to fulfil its contractual duties for the above reasons. The Client is concurrently obliged to pay to the Contractor any and all expenses incurred by the Contractor as a result of the Client's default.

**4. PASSAGE OF OWNERSHIP TITLE AND RISK OF DAMAGE**

4.1 Unless it is specified otherwise in the Contract, the Contractor shall be obliged to perform the work at the place determined in the Contract.

4.2 The ownership title to the Work under the Contract shall pass to the Client at the time when 100 per cent of the contractual price of the Work is paid.

4.3 If the Work is made of materials or parts supplied by the Client, then the ownership title to such materials or parts shall not pass from the Client to the Contractor at any stage of production and delivery.

4.4 The risk of damage to the Work shall be borne the Contractor pending handover of the Work to the Client and shall pass to the Client at the time of handover and acceptance of the Work, unless it is provided otherwise in the Contract.

**5. PERFORMANCE OF WORK, HANDOVER AND ACCEPTANCE OF WORK**

5.1 The Contractor shall be obliged to perform the Work with due care within the time agreed and shall be obliged to arrange for all that is required for the performance of the Work.

5.2 If the nature of the Work so allows, the Client is entitled, for the purpose of verifying the fulfilment of contractual duties, to make inspection of the Work or any part thereof at the Client's own cost and expense subject to the prior written notice to the Contractor. For the purpose of inspection to be made, the Contractor shall allow the Client or any authorized employee of the Client access to the premises where the Work is performed. Upon demand the Contractor shall hand over copies of testing protocols or, as the case may be, supplies any other supporting production documentation for inspection. The result of each inspection shall be recorded in the protocol (record).

5.3 The Contractor shall be deemed to fulfil its duty to perform the Work upon its completion and handover. Completion of the Work shall be understood to be the condition of the Work being capable to serve its purpose and having the properties and parameters set out in the Contract.

5.4 **No later than 3 business days prior to the completion of the works on the Work, the Contractor shall call upon the Client to accept the Work.**

5.5 Following successful execution of a functional test of the Work (comprehensive testing, guarantee measuring, trial operation, visual inspection or any other method specified in the Contract), the Client and the Contractor shall sign the "**Handover and Acceptance of the Work Protocol**". The Client shall be obliged to specify in the Handover and Acceptance of the Work Protocol whether the Client accepts the Work without or with reservations and, in the case of reservations, to specify the kind of reservations. The Client is not entitled to refuse to accept the Work, if the Work shows only minor defects which do not, by themselves or in conjunction with other defects, hinder the functional use of the Work or do not restrict the use thereof in any material manner.

5.6 In case of any dispute regarding the quality of the Work, the Client may request that additional testing be performed and the Contractor

shall be obliged to comply with such request. If it is proved due to the test that the Work complies with the Contract, the Contractor is entitled to be reimbursed for the cost and expense associated with the conduct of the tests and to allow for an extension of the delivery terms by the time necessary for the conduct of such tests.

## 6. RIGHTS ARISING FROM DEFECTIVE PERFORMANCE AND WARRANTY FOR QUALITY

6.1 As regards defects of the Work, the Contractor shall provide a warranty for the quality at the length of 12 months after the acceptance of the Work by the Client, unless it is provided otherwise in the Contract.

6.2 Notice of defects (a complaint) shall be sent to the Contractor in writing without undue delay after the defects have been identified. The notice of defects shall include description of the defects (i.e. as the defect manifests itself).

6.3 The Contractor shall be obliged to make its statement as to the complained defects without undue delay after delivery of the notice of defects. The Contractor shall specify in the statement whether the Contractor acknowledges the complaint or the reasons why it refuses to acknowledge it and, in case of the defect acknowledgement, also the method by which the Client's rights arising from defective performance are to be satisfied, i.e. whether the Contractor shall repair the Work, perform an alternative work or provide reduction of the price of the Work to the Client.

6.4 If the complaint has been acknowledged, the Contractor shall be obliged to handle the complaint as soon as technically reasonable after the date of notification of the defect and the exercise of the rights arising from defective performance by the Client.

6.5 The warranty period shall not run over the time when the Client cannot use the Work or any part thereof affected by the defect due to such defect for which the Contractor is liable.

6.6 The Contractor shall not be liable for any defects caused due to normal wear and tear or by incorrect installation or maintenance made contrary to the Contractor's regulations or by excessive overload or any other similar impacts beyond the Contractor's control.

6.7 The Contractor shall warrant that the Work supplied shall be free of any third party ownership titles.

6.8 The Contractor warrants that no third party intellectual property rights, in particular no patent rights, shall be breached. The Contractor undertakes to protect the Client against any complaints made by patent holders. Any licence fees due and payable for the Work shall be paid by the Contractor.

6.9 The Contractor shall not be liable to the Client for any defects that have been caused by the information, documents, drawings, material, products and other services provided by the Client for the performance of the Contract.

6.10 In terms of Section 13(1)(b) of Act No. 477/2001 Coll. (Packaging Act) the Contractor hereby transfers the duties specified in Section 10 and Section 12 of the Act to the Client.

6.11 The Contractor declares that it has concluded with the Allianz insurance company a contract for insurance covering operations liability and product liability insurance up to the minimal indemnity amount of CZK 10 million.

## 7. REIMBURSEMENT OF DAMAGE

7.1 The Contractor shall be liable for harm caused to the Client to the extent provided below. The Contractor shall be relieved of its duties to provide reimbursement, if the Contractor proves that an event of *force majeure* prevented the Contractor, whether temporarily or permanently, from fulfilling its duty under the Contract.

7.2 Liability for harm, including loss of profit, caused to the Client by the Contractor as a result of breach of duties by the Contractor which has given rise to harm incurred by the Client shall be limited up to the price of the Work. At the same time, it is true that the Client is not entitled to be reimbursed for any harm due to breach of the Contractor's duty to perform the Work free of defects (even if a defect

occurs during the warranty period) if the Contractor satisfies the Client's claims arising from defective performance.

7.3 The provisions of clause 7.2 shall not apply in case of any harm caused to man in respect of his/her natural rights or caused wilfully or as a result of gross negligence.

## 8. CONTRACTUAL PENALTIES

8.1 Unless it is provided otherwise in the Contract, the parties agree a contractual penalty in case of the Contractor's default in performing the Work and if the time due for payment of an invoice is not adhered to by the Client.

8.2 If due to the reasons that the Contractor is responsible for, the Contractor fails to comply with the deadline of performing the Work, the Contractor shall be obliged to pay to the Client a contractual penalty equal to **0.1 per cent of the price of the Work for each full calendar day of default**. The maximum amount of the contractual penalty shall be **10 per cent of the price of the Work**.

8.3 If due to the reasons that the Client is responsible for, the Client fails to adhere to the due date of payment of the Contractor's invoice, the Client shall be obliged to pay to the Contractor a contractual penalty equal to **0.1 per cent of the invoiced amount for each full calendar day of default**. The maximum amount of the contractual penalty shall be **10 per cent** of the invoice amount.

## 9. FORCE MAJEURE

9.1 The parties shall not be liable for breach of their duties arising from the Contract if such breach results from or in connection with operation of *force majeure*. For the purpose of this article, *force majeure* is deemed to involve an extraordinary, unpredictable and insurmountable obstacle arising beyond the control of the Client or the Contractor, such as, for example, government orders, new laws, war, revolution, general strike within the industry, flood, fire, epidemics, etc.

9.2 The party whose performance is threatened by *force majeure* shall be obliged to forthwith notify the other party, together with submitted evidence of the existence of *force majeure* and with notice that the performance is adversely affected, threatened or delayed. If such notice cannot be dispatched, it shall be sent as soon as practicable. Once the consequences of *force majeure* cease to exist, the party whose activity is affected by *force majeure* shall be under a duty to notify the other party of termination of the operation of *force majeure*. The deadline for the contractual performance shall be extended by the time over which the *force majeure* hindered fulfilment of the contractual duties.

9.3 If one or the other party is prevented by *force majeure* from performing the Contract for a period in excess of three (3) months, the parties shall agree on further procedure. If the Contract is terminated on the grounds of *force majeure*, either party shall bear its expenses incurred as a result of such fact.

## 10. DISPUTE RESOLUTION

10.1 Any potential disputes arising from the Contract shall be settled under Czech law. The parties undertake to take steps to procure that all disputes and disagreements that may arise in the course of the performance of or in connection with the Contract be settled by mutual friendly direct informal negotiations. The disputes that cannot be settled in that way shall finally be resolved before the **Arbitration Court attached to the Economic Chamber of the Czech Republic and the Agricultural Chamber of the Czech Republic** in Prague under its rules by three arbitrators. A decision of the court shall be binding on both parties.

## 11. ASSIGNMENT OF CONTRACT, ASSIGNMENT OF RIGHTS AND DUTIES

11.1 Neither the Contractor nor the Client is entitled, without the prior written consent of the other party, to assign the Contract or the rights and/or the duties arising therefrom to a third party in any manner whatsoever.

## **12. FINAL PROVISIONS**

12.1 Any conditions not explicitly set out in this Contract shall be governed by the Civil Code and the related regulations.

12.2 Should one or several provisions of the Contract prove to be invalid, void or unenforceable, the Contract as a whole shall remain in force and invalid or unenforceable shall only be deemed that part thereof which is directly affected by the reason of invalidity, voidness or unenforceability. The Contractor and the Client undertake to replace or supplement such provision(s) with new contractual provisions so that the meaning and purpose of the Agreement shall remain preserved, with the intentions of the parties being taken account of.

12.3 For the avoidance of doubts, the Contractor and the Client hereby state that they conclude the Contract in their capacities as entrepreneurs while being engaged in their business.

12.4 The Client shall assume the risk of change of circumstances pursuant to Section 1765 of the Civil Code.

12.5 The Contractor and the Client explicitly confirm that the terms and conditions of the Contract are the result of negotiations of the parties and either party has had an opportunity to affect the contents of the Contract. Therefore, no adhesion contract in terms of the Civil Code is involved and the Client does not feel to be a weaker party.

Prague, 1 November 2015

Ing. Vladimír Klápa  
Company's Executive Officer