

General Purchase Terms and Conditions of HŽP a.s.

These General Purchase Terms and Conditions (hereinafter as the "GPTC") are commercial terms within the meaning of the provisions of Section 1751 et seq. of Act No. 89/2012 Coll., the Civil Code as amended and they regulate the legal relationship established by the contract between the company HŽP a.s. (hereinafter as "HŽP") and the contractor, which is a legal entity or natural person, which/who sells goods, provides work or services or performs works for HŽP according to a contract regardless of the concrete type of the contract concluded between them.

I. Validity of the General Purchase Terms and Conditions

These General Purchase Terms and Conditions shall be applied to all relationships between HŽP and the contractor established on the basis of or in relation to the order place by HŽP, unless anything else was agreed in writing, including cases when the contractor applies its own delivery terms and conditions. No business terms and conditions of the contractor form a part of the contract, even though they are not explicitly excluded upon entering into the contract.

II. Order and Entering into a Purchase Contract:

1. An order means in these General Purchase Terms and Conditions a unilateral legal act of the purchaser towards the seller with the aim to get the ordered fulfilment from the seller.
2. The buyer's order is a proposal for a purchase contract and the purchase contract itself is entered into at the moment the seller's consent is delivered to the buyer.

III. Cancellation of Order or of Purchase Contract (where appropriate)

1. HŽP may immediately withdraw from the order/contract in the following cases:
 - Failure to adhere to delivery deadline twice
 - Exceeding the delivery term for more than 2 weeks
 - Failure to adhere to the required work quality in two cases
 - Failure to adhere to HŽP's requirement to perform an audit
2. The contractor may immediately withdraw from the order/contract in the following cases:
 - In the case of delay in payment by HŽP for more than 30 days after the maturity date.

IV. Price and Payment Terms

1. The prices specified in the contract or order are binding. No prices different from those specified in the contract or order shall be accepted without approval in writing by HŽP.
2. Every invoice shall include the prerequisites of a regular tax document according to the VAT Act.
3. The invoice maturity is specified in the order/contract.
4. In the case of a defective delivery, HŽP will be entitled to withhold payment until proper performance.
5. HŽP shall be entitled to immediately post the differences derived from deviations in price or quantity to the contractor's account.
6. Without the prior written approval of HŽP, the contractor will not be entitled to assign or transfer its receivables from HŽP to be claimed by third parties. In the case of violation of the aforementioned obligation by the contractor, the contractor shall pay a contractual penalty in the amount of 20% of the nominal value of such unjustly assigned receivable.

V. Delivery Terms, Packaging

1. The contractor's obligation to hand over the subject of performance to the HŽP will be considered as fulfilled by handover within the term and in the place of delivery set out according to the HŽP's order; if no place is specified, the place of performance will be HŽP's registered office.
2. The contractor shall ensure that the delivery note will always be handed over upon each delivery of the goods, specifying the article of the goods and the supplied quantity of the individual articles of the goods.
3. Unless other special manner of packing is agreed, the contractor will be obliged to pack the goods in the normal packaging to prevent them from weather conditions and damage during transport. The price of packaging materials except for returnable packaging is included in the price of the goods.



4. The contractor declares and confirms that as of the date of signing the contract, it is not an unreliable payer within the meaning of Section 106a of Act No. 235/2004 Coll. on value added tax as amended and is also not in the position and there is no threat that during maturity of the monetary obligations to HŽP hereunder the contractor will be in the position not allowing the contractor to perform its VAT obligations towards its administrator.

VI. Requirements for Quality – Quality Guarantees

1. The contractor is obliged to deliver the subject of order/contract in the quantity, quality and workmanship according to the technical specification provided in the order/contract.
2. The contractor ensures 100% guarantee of the quality of products supplied according to the requirements specified in the order/contract. The guarantee shall be documented with an attest. This means that the contractor is liable for any quality and quantity differences and assumes full responsibility for any costs that may incur or for any claims, where appropriate, filed by HŽP or by HŽP's end customer.
3. The contractor provides a possibility to HŽP to convince itself that the quality assurance measures are applied to the necessary extent and that the obligation to keep documentation relating thereto is performed as well. For this purpose, the contractor will allow HŽP to execute at any time and upon request an inspection of production and control equipment, as well as seeing the production and control records, including documentation.
4. If required in the order/contract, the contractor is obliged to attach the certificate of quality to every delivery, by which the contractor confirms that the delivery of products is in accordance with the bilaterally approved technical documentation and has been released by the outgoing inspection for dispatch. Without the certificate the delivery will not be accepted and it will be returned to the contractor at its own costs.
5. If HŽP identifies any deviations from the contract or from the delivery note, such as for example differences in quantity, quality backlogs or damage by transport, HŽP will be entitled to return the shipment without losing the right to a defect-free delivery at the moment of delivery and during the guarantee period pursuant to point 6 of this article.
6. The guarantee period is provided for 24 months from the date of handover of the goods to HŽP. The liability for defects is governed by the applicable provisions of Act No. 89/2012 Coll., the Civil Code as amended, unless the contracting parties agree otherwise.

VII. Compensation of Damage, Sanctions

1. If the contractor violates its obligation to deliver the goods in a timely manner, the contractor undertakes to pay a delay charge in the amount of 0.03% of the value of the lately supplied goods for each day of the delay. If the contractor violates its obligation to deliver the goods in a proper manner or in the case of failure to fulfil all technical and quality requirements according to the order/contract, the contractor undertakes to pay a contractual penalty in the amount of CZK 5,000.00 plus all costs incurred by HŽP relating to the defective delivery, which particularly means the costs of repairs, extra costs of processing the defective goods, if processing is possible, costs of inspection, costs relating to complaint, administrative expenses, etc.
2. In the case of failure to adhere to the delivery deadline in accordance with the delivery term and the deadline specified in the confirmed order for a time interval of 1 week, the contractor will be obliged to pay HŽP the incurred damage in the amount of 2% of the price of the undelivered goods for each day of the delay.
3. In the case of failure to adhere to the maturity date, the contractor shall charge HŽP with the delay charge of 0.03% of the due amount for each day of the delay.
4. Payment of the contractual penalty or of the delay charge, where appropriate, is without prejudice of the right to damages established as a result of violation of a contractual obligation.

VIII. Force Majeure Clause

Force Majeure includes cases such as mobilisation, war or natural disasters entitling the contractor to extend the delivery period for a reasonable time of existence of the impediment without the order/contract becoming invalid or without HŽP being obliged to withdraw from the contract or entitled to claim any damages.

IX. Concluding Provisions

1. The contractor shall bear the risk of change in circumstances existing as of the moment of entering into the contract, in which case the contractor is not entitled to claim the rights specified in the provisions of Section 1765 (1) and the provisions of Section 2620 (2) of the Civil Code.
2. The legal relationships resulting from or relating to this contract (or these Terms and Conditions) as well as any other matters not covered by the contract or these GPTC are governed by the Czech law, in particular by the applicable provisions of the Civil Code as amended.
3. Any and all disputes resulting from the contract or these GPTC, which cannot be settled by amicable negotiations between the contracting parties, shall be decided in arbitration proceedings with exclusion of competence of general courts as allowed by Act No. 216/1994 Coll. on arbitration proceedings and execution of the arbitration awards as amended. The parties have agreed that any dispute shall be finally decided with the Arbitration Court attached to the Czech Chamber of Commerce and the Agricultural Chamber of the Czech Republic by one arbitrator appointed by the President of the Arbitration Court. The parties have agreed that any dispute shall be decided by one arbitrator appointed by the President of the Arbitration Court. In accordance with Section 19 of Czech National Council Act No. 301/1992 Coll., on the Czech Chamber of Commerce and the Agricultural Chamber of the Czech Republic, as amended, and Section 13 of Act No. 216/1994 Coll., the contracting parties have agreed that the procedure rules of the arbitration proceedings, the performed evidence, form of decision and the costs of arbitration proceedings are regulated in the Rules of the Arbitration Court attached to the Czech Chamber of Commerce and the Agricultural Chamber of the Czech Republic. The contracting parties expressly authorise the arbitrator to decide the dispute according to the principles of equity. The parties have been made familiar with the Rules of the Arbitration Court attached to the Czech Chamber of Commerce and the Agricultural Chamber of the Czech Republic by the Arbitration Court attached to the Czech Chamber of Commerce and the Agricultural Chamber of the Czech Republic (also available at <http://en.soud.cz/rules/rules-consolidated-text-1st-october-2015>), which fact they expressly declare true and confirm by their signatures affixed to these GPTC.