

General Terms and Conditions of Purchase

These General Terms and Conditions of Purchase (hereinafter referred to as the „GTC“) of ZK – TERMOCHEM s.r.o., residing at Praha 9, Libeň, Podvinný mlýn 1418/2, Post Code 190 00, Company ID No. 267 31 177, Taxpayer ID No. CZ26731177, registered at the Municipal Court in Prague, Section C, File No. 90165 (hereinafter referred to as the „Buyer“) are an integral part of any purchase order/contract for the supply of goods (hereinafter referred to as the „Contract“) concluded between the Buyer and other person as a seller (hereinafter referred to as the „Seller“).

I. Form and Subject of the Contract

1. The Contract shall always be in writing and may be amended only in writing. A written form of the Contract means drawing up individual legal acts in writing, which may also be done in the form of a letter or e-mail message.
2. By entering into this Contract the Seller expressly agrees with all rights and obligations stipulated in these GTC and arising therefrom.
3. By entering into the Contract the Seller undertakes to deliver the ordered goods in quantity, quality and workmanship for the price and in the terms agreed in the Contract in accordance with these GTC and to transfer a title to the goods to the Buyer. Unless otherwise provided in the Contract, partial deliveries of the goods are not allowed
4. By entering into the Contract the Buyer undertakes to take over the ordered and properly and timely delivered goods from the Seller and to pay the Seller an agreed price for the properly and timely delivered goods.
5. The Buyer is entitled to deliver to the Seller a written offer (a draft contract) – an order for the supply of goods. The Seller is obliged to take up the order in writing, i.e. either to confirm and deliver it to the Buyer as accepted, or to notify the Buyer that the order is rejected. The acceptance or rejection of the order must be made in writing.
6. Unless the accepted order is delivered to the Buyer, it may be revoked by the Buyer in writing without any cost.
7. In the event that the Buyer submits a draft contract and the Seller makes any supplements, amendments, alterations or variations to the draft (collectively the "modifications") concerning even non-essential elements, such act of the Seller shall not be deemed acceptance of the draft and the Buyer shall not be bound by any of the above, unless it subsequently confirms to the Seller in writing the acceptance of modifications made by the Seller.

II. Essential Obligations of the Seller and Rights of the Buyer

1. The Seller agrees to deliver the goods properly, i.e. free from defects and in the agreed time. The goods will be considered delivered on the date of signing a delivery and acceptance certificate (including all documentation relating to the goods) or on the date of signing a delivery note by an authorized representative of the Buyer. Delivery also includes papers, documents, etc. relating to the subject of the Contract and necessary for its acceptance and operation, and/or documents required by the Contract.
2. If it results from the nature of goods and/or the intended purpose of use or from the Contract, the Seller is agrees to deliver all tests and trials of the goods, especially under contract conditions, otherwise in accordance with relevant applicable legal and technical standards, and to provide the Buyer with test and trial certificates as well as complete technical documentation, especially under contract conditions, otherwise in accordance with relevant applicable legal and technical standards. Unless otherwise specified in the Contract, the Seller shall submit the documentation according to EN 10204/3.1 in Czech and English, 3 copies in writing and 1 copy in electronic form.
3. The Seller is not entitled to authorize a third party to deliver the goods without prior written consent of the Buyer, unless expressly agreed otherwise in the Contract.
4. The Seller shall deliver the goods in compliance with legal regulations and standards applicable on the day of the goods delivery and acceptance at the place of operation.
5. To fulfil the Contract, the Seller shall use all technical resources available and known to it and make full use of its know-how, experience and knowledge in the field of its profession.
6. During the performance of the Contract the Seller shall comply with all regulations in the field of environmental protection, occupational health

and safety, fire prevention, etc. applicable at the place of production as well as at the place of delivery.

7. The Seller agrees to deliver/transfer to the Buyer unconditionally and permanently, without any fees or charges all the rights to use licenses and all the rights to intellectual property that may be necessary for the operation of the goods at a user level; the confirmation shall be issued by the Seller. All the granted rights and licenses shall be freely transferable to a third party without any further prerequisites, including a foreign entity and/or entity residing abroad.
8. Should the subject of the Contract be products according to Act No. 22/1997 Coll., on Technical Requirements for Products, as amended, and according to implementing regulations to this Act, the Seller shall provide the Buyer with a copy of a declaration of conformity or possibly a written assurance to issue a declaration of conformity; this shall be done no later than on the agreed date of performance stipulated in the language version identical with the accompanying technical documentation.
9. The Buyer is entitled at any time to require the Seller to temporarily suspend all activities related to the performance of obligation. If the Buyer notifies the Seller in writing of such request, the Seller shall obey the order as of the date of its delivery and keep everything that has already been prepared for the performance of the obligation. Unless within 3 months from stopping the work the Buyer gives the instruction that the Seller can continue in its activities, the Seller is entitled to withdraw from the Contract.
10. The Buyer is entitled to request additional deliveries of goods as well as changes. All requests shall be in writing and shall clearly describe a desired change, price specification and time schedule.
11. The delivery earlier than the agreed is possible only with prior written consent of the Buyer
12. The Seller is bound by the Buyer's orders concerning the method of delivery.
13. Delivery of the goods shall be in accordance with ČSN EN13480 and PED 97/23/EC, origin of delivered goods from European Union.
14. If the Seller's delay in delivering the goods is longer than 10 calendar days, the Buyer is entitled to ensure the goods on its own or have them delivered by a third party at the Seller's expense, without limiting its rights under the Contract and GTC. The Seller shall compensate the Purchaser for the cost associated with delivery of the goods within 30 days after receiving a relevant invoice from the Buyer.

III. Contract Price and Payment Terms

1. The price is agreed as fixed, finite and constant. The Seller assumes the risk of changing circumstances under Sections 1765 and 2620 of the Civil Code (Act No. 89/2012 Coll., the Civil Code). Unless otherwise agreed, the price also includes documentation, testing and trials, labelling, packaging, preservation, transportation to the place of performance and insurance as well as all other fees, duties and taxes related to the performance of the Contract, including all other costs of the Seller associated with the fulfilment of its obligations under the Contract, including putting the goods into operation. If the subject matter is a result of activity that is protected by industrial or other intellectual property rights, it is assumed that the price also includes any payments for the Buyer's authorization to use the goods for the purpose arising from the Contract, as well as unrestricted permission to transfer such rights to a third party.
2. During the performance the Seller is not entitled to request from the Buyer a reasonable portion of remuneration with regard to the cost incurred, unless otherwise specified in the Contract.
3. The parties agree that a contract price shall be paid by credit transfer made by the Buyer to the Seller's account.
4. **Invoicing address:** ZK – TERMOCHEM s.r.o., Podvinný mlýn 1418/2, Prague 9, Libeň, Post Code 190 00.
5. A copy of either a delivery and acceptance certificate confirmed by the Buyer or a delivery note confirmed by the Buyer shall be attached to each invoice of the Seller.
6. Unless otherwise agreed in the Contract, the invoice is due 60 calendar days after the date on which it was demonstrably delivered to the Buyer, including attachments (in particular a signed delivery and acceptance certificate or delivery note). The Buyer is not in default in the payment

of the invoice if the amount is debited from the Buyer's account in favour of the Seller's account at least on the last day of due period.

7. The Buyer is entitled to return an invoice to the Seller without paying and giving the reason for the return if the invoice does not contain any of legal or agreed requirements or contains incorrect data. The Buyer is also entitled to return an invoice that does not contain a delivery and acceptance certificate or delivery note signed by both parties. By authorized return of an invoice or by notification of a request to issue a credit note, the original due period ceases to run. A new payment period starts on the date of demonstrable delivery of a corrected or newly issued invoice to the Buyer.
8. The Seller has the right to invoice the Buyer after delivery of the goods. The goods are delivered if completely handed over to the Buyer at the agreed place of performance. The goods are delivered on the date of signing a certificate of delivery and acceptance of the goods (including all documents relating to the goods) that were delivered without any defects to the Buyer or on the date of signing a delivery note by an authorized representative of the Buyer. The Seller is obliged to issue an invoice within 15 calendar days after the inception of the right to invoice.
9. If the charged contract price consists of several items, the Seller is obliged to breakdown those items properly. The price shall be stated by items in particular for partial performance, recurring performance and also for items with various VAT rates.
10. If a flawless and properly issued invoice is not settled within the prescribed due date, the Seller is entitled to charge a contractual interest on arrears amounting to 0.02 % of the outstanding amount for each day of delay.
11. The Buyer is entitled to withhold a part of the price for the goods in the amount of 10 % as a security to the Seller's liability for defects and a quality guarantee. If the Buyer applies this right, it shall release the security at the latest after expiry of the warranty period.
12. The Buyer is entitled to offset any monetary claims against the Seller against the price of the goods. The Seller is entitled to offset monetary claims against the Buyer only with prior express written consent of the Buyer.
13. The Seller is not entitled to stop or assign any claim incurred to the Seller under these GTC or the Contract without prior express written consent of the Buyer.
14. If the Seller offsets, assigns or pledges the claims arising from the Contract or these GTC against the Buyer in contravention of these GTC, the Seller shall pay a contractual penalty amounting to 15 % of the value of the offset, assigned or pledged claim.

IV. Quality, Workmanship and Packaging of the Goods, Place of Delivery (Performance)

1. Unless the Contract specifically states the quality or workmanship of the goods, the Seller shall deliver the goods in quality and workmanship according to relevant technical standards (harmonized or stipulated or agreed in the Contract) or in quality and workmanship corresponding to the agreed purpose or purpose for which such goods are usually used. The goods must meet all technical requirements and technical and safety standards, both mandatory and recommendatory. The goods as well as the components used for their production must be new, unused, undamaged and made from quality material.
2. If the quality and workmanship are specified by a sample or a model, the Seller shall deliver the goods with proprieties of the sample or the model that has been presented to the Buyer.
3. The Seller shall deposit such sample or model in the presence of the Buyer in such manner and at such place so as to be able to prove at any time that the goods delivered correspond to it.
4. The Seller shall enable the Buyer at any time during the performance of the Contract without undue delay to check the performance of the subject of the Contract or any part thereof as well as usage rights, production, drawings, documentation, etc. through the Buyer's own staff or its authorized independent third party. Checking can be performed at the Sellers's premises, its subcontractors' premises, at the manufacturers' sites or during the transport. The Seller shall further ensure this right to the Buyer directly in relevant contracts with subcontractors.
5. The Seller shall invite the Buyer in writing within 5 working days prior to the date of delivery to take over the goods and at the same time to send the Buyer documentation necessary to take over the goods, unless agreed otherwise. The Seller is obliged to create for the Buyer all the

conditions necessary to check the quality and workmanship of the goods.

6. If the goods include the performance of necessary testing, the Seller shall perform such testing. The Seller shall invite the Buyer for the testing in time by written notification.
7. Unless stated otherwise, the Seller shall provide perfect packaging of goods for the purpose of their protection against moisture, rain, corrosion, crashes, etc., so as not to suffer damage during multiple manipulations as well as during maritime and land transport and to ensure safe delivery of the goods without damage and corrosion to the place of performance. Responsibility for the quality of packaging shall be borne by the Seller. Improper packaging that does not guarantee the above requirements may be subject to complaint.
8. In case of damage or loss of the goods due to improper packaging or improper protective measures on the part of the Seller, the Seller shall be responsible for the repair or replacement at its own expense within a reasonable period agreed by both parties.
9. The goods delivered must be labelled so that the identification of the goods is clear at the first sight. This labelling shall be non-washable and visibly displayed. The quality of labelling is the responsibility of the Seller and failure to comply with the above conditions may become subject to complaint by the Buyer
10. Packaging will be done in such manner so that it complies with all the legislation, standards and regulations for packaging applicable in the Czech Republic, the European Union and the countries which the goods will be delivered to or transported through. In particular, the Seller shall ensure and document that all packaging used by the Seller meet the requirements for the marketing of packaging laid down by Act No. 477/2001 Coll., On Packaging, as amended, and applicable regulations of the European Union (hereinafter the "EU"), and that all packaging of the Seller is designed and manufactured in accordance with applicable technical standards and from materials that are in accordance with the law. The Seller shall further duly fulfil all the obligations laid down by Act No. 477/2001 Coll., On Packaging, as amended and applicable EU regulations to persons launching packaging in the market or into circulation.
11. Unless the method of packaging the goods is specified, the Seller shall pack or secure the goods in the manner usual in the trade for transporting such goods.
12. If the Seller uses returnable packaging, this shall not be invoiced to the Buyer. The Seller is entitled to demand the return of packaging at its own expense after takeover of the goods by the Buyer and require the payment for excessive wear or destruction. The Buyer shall return such packaging to the Seller no later than 90 calendar days after demonstrable takeover of the goods.
13. The Seller shall take back from the Buyer the packaging which is subject to the obligation of taking back under the laws of the CR and EU and international treaties by which the CR is bound.
14. Unless otherwise provided in the Contract, the Seller delivers the goods to the Buyer at its own risk and expense on a tarpaulin vehicle at DAP parity according to INCOTERMS 2010 (International rules for the interpretation of trade terms INCOTERMS 2010).
15. The Seller shall deliver the goods together with supporting documents as agreed in the Contract and/or required by the legislation of the Czech Republic, EU and international treaties by which the Czech Republic is bound (in particular the guidelines for handling of goods after their use, after the end of their useful life, and the documents relating to the handling of chemical substances and chemical products in the Czech language, safety instructions and declarations of compliance) and other documents relating to the goods, their takeover and use.
16. The Seller shall deliver the documents required for acceptance of the goods or free handling of the goods or their import to the customs to the Buyer no later than with the delivery of the goods, unless otherwise agreed in the Contract.
17. All customs, storage and other charges incurred due to late delivery of proper documents and supporting documents to the goods will be charged to the Seller and the Seller agrees to pay them.
18. The Buyer is entitled to refuse to accept the goods that do not comply with the requirements of these GTC, contract requirements and/or requirements of applicable legislation.

V. Defects in the Goods and Rights on Liability for Defects

1. If the Seller fails to fulfil obligations relating to the quality, workmanship, scope, quantity, packaging, and delivery of documents and

documentation to the goods required by these GTC, legal regulations and contractual arrangements, the goods shall be considered defective.

2. The Seller is liable for defects that are detected during the handover or inspection of the goods delivered and for defects that occur during a warranty period (see Article VII hereof).
3. Upon proper delivery of the goods the parties shall sign a written delivery and acceptance certificate or, possibly, a delivery note. A quality guarantee (a warranty period) starts on the date of signing a delivery and acceptance certificate (or a delivery note). The Buyer is entitled to claim defects found during the inspection after the acceptance of the goods, even though it has taken the goods without reservation.
4. Upon finding that the delivered goods show defects, the Buyer shall communicate this fact to the Seller without undue delay after such finding. In the event that the Buyer in its notice of defects requires repairs, the Seller shall remove a repairable defect within three (3) calendar days after the notification of the defect, unless otherwise agreed by the parties.
5. Removal of a defect does not affect the Buyer's right to a contractual penalty in the event of delay in proper delivery, delay in removing individual defects, and compensation for damages.
6. The Seller is not entitled to reject a complaint of defects. The Seller undertakes to take immediate corrective measures at its own expense and start removing the claimed defect within 24 hours of its report. If the Seller subsequently proves that it is not liable for the defect, the cost demonstrably and reasonably incurred for the removal of such defect shall be paid by the Buyer. Until the defect is removed, the Buyer is entitled to withhold a payment to the Seller in the amount corresponding to the cost of a defect removal estimated by the Buyer.
7. If the Seller fails to remove a defect within the period referred to in Article V, paragraph 4 hereof or does not start its removal within the period referred to in Article V, paragraph 6 hereof, the Buyer is entitled to remove the defect itself or have it removed by a third party at the expense of the Seller, without restricting any of the Buyer's rights. The Seller shall indemnify the Buyer for all costs associated with the removal of defects within 30 days after receipt of a relevant invoice of the Buyer.
8. If the Buyer applies any claim of a third party for the reason which is the liability of the Seller, the latter shall compensate the Buyer for such claim/harm/contractual penalty/sanction, etc.

VI. Contractual Penalties, Liability for Damages

1. A contractual penalty in case of the Seller's delay in delivery of the goods is 0.25 % of the total contract price for each day of delay.
2. A contractual penalty in case of the Seller's delay in removal of each individual defect is 0.25 % of the total contract price for each individual defect for each day of delay.
3. The Buyer is entitled to demand compensation for the damage caused by the Seller's breach of obligation even if it is a breach of obligation covered by a contractual penalty and/or for which a contractual penalty is required, to the full extent of the damage incurred. Compensation for the damage includes actual damages and loss of profit.
4. The Seller is liable for any damage caused to the Buyer or other persons, especially to other customers of the Buyer in connection with a breach of its obligations under these GTC, Contract or applicable legislation.
5. The Seller shall compensate the Buyer for any damages incurred to the Buyer in connection with an unlawful conduct of the Seller. The Seller agrees to compensate the Buyer for damages to the full extent within 30 days of receipt of a written notice sent by the Buyer to the Seller. Compensation for damages shall be always made in cash, unless otherwise agreed in writing by the parties for a particular case.

VII. Quality Guarantee, Transfer of Title and Risk of Loss

1. Unless otherwise agreed in the Contract, the Seller provides the Buyer, as well as any other persons who will acquire the property right or other rights to the goods, with a guarantee for the quality of the goods for the period of 36 months after the date of proper delivery of the goods on the basis of a delivery and acceptance certificate or a delivery note (hereinafter the „warranty period“). A guarantee for the quality of contract documents is provided by the Seller for the lifespan of the goods.
2. The Seller agrees that during the warranty period the goods will be eligible for use for the purpose specified in the Contract and will have the properties required by the Buyer, these GTC, the Contract and applicable legislation as well as applicable technical standards, guidelines, directives and regulations and that the goods will keep these properties unchanged.

3. The Seller undertakes to ensure that none provision of the Contract and/or its application will illegally interfere with intellectual property rights of any third parties. The Seller further undertakes to ensure the avoidance of any damage to the Buyer or other companies resulting from the breach of this obligation by the Seller. The Seller expressly undertakes to compensate the Buyer for any damages resulting from breach of these obligations.
4. The title to the goods passes to the Buyer on the date of delivery of the goods. The risk of damage to the goods passes to the Buyer on the date of signature of a delivery and acceptance certificate.

VIII. Termination of the Contract

1. Notwithstanding other provisions of these GTC or the Contract, the Buyer is entitled to withdraw from the Contract particularly in the case of:
 - a) the Seller's delay in meeting the obligation to deliver the goods properly and timely;
 - b) the Seller's delay in meeting any obligation arising from the liability for defects in the goods;
 - c) commencement of insolvency proceedings in relation to the Seller;
 - d) the Seller's entering into winding-up proceedings;
 - e) repeated breach of the Seller's contractual obligations; a repeated breach is deemed the third such breach of obligations that may not necessarily be of the same kind.
2. The Buyer is also entitled to withdraw from the Contract before delivery of the goods in the event of termination of contractual relationship between the Buyer and its final customer or without giving any reason. In this case, however, the Buyer shall pay to the Seller the costs reasonably and demonstrably incurred in connection with the performance of the Contract, but up to the amount of the agreed price for the goods under the Contract from which the Buyer withdrew. In such case, the Seller shall send to the Buyer quantification and specification of effectively and demonstrably incurred costs along with the documents proving the alleged facts within 10 days from the date of withdrawal from the Contract otherwise the Seller's right expires.
3. In case of withdrawal from the Contract due to the reason on the part of the Seller, the Buyer is entitled to compensation and the Seller is obliged to compensate the Buyer for all costs and damages incurred as a result of such withdrawal, even beyond the framework of any contractual penalties.
4. Withdrawal from the Contract does not affect the right to payment of penalties, compensation for the damage, claims arising from liability for defects in the goods, protection of trade secrets and confidential information and other provisions under the Contract, which by agreement of the parties or due to their nature should survive the termination of the Contract.

IX. Confidentiality

1. The Seller hereby agrees to consider all information received from the Buyer in accordance with and during the performance of the Contract a trade secret, protect them, not to disclose them to a third party, not to use them for its own business nor otherwise take advantage of them.
2. The Seller also agrees not to cause a conflict of interest that could damage the Buyer during the performance of the Contract.
3. The obligations under provisions of this Article IX apply even after the expiry of the Contract.

X. Miscellaneous

1. The Seller hereby expressly declares that under Sections 1765 and 2620, paragraph 2 of Act No. 89/2012 Coll., the Civil Code, it assumes the risk of changing circumstances.
2. The Seller undertakes to protect, indemnify and defend the Buyer against all losses, damages and costs incurred to the Buyer due to the Seller's breach of obligation under the Contract and these GTC.
3. The Seller shall ensure that the goods are not encumbered by any third party rights (e.g. a lien, debts, etc.), including copyright and intellectual property rights. The obligation of the Seller to ensure that the goods are not encumbered by any third party rights resulting from industrial or other intellectual property refers to the laws of the country in whose territory the Seller and the Buyer have their registered offices or places of business or residences, or possibly the country where the goods are to be resold or where they should be used.
4. Any legal defects of the goods consisting in the encumbrance of the goods with industrial property rights of a third party shall be deemed a

fundamental breach of the Contract by the Seller. Liability for damages arising from the above or which may subsequently occur to the Buyer after acceptance of the goods will be judged pursuant to Act No. 89/2012 Coll., the Civil Code.

5. Each Party is fully responsible for its own acts or omissions resulting in a loss or damage (material or immaterial) to any third party.
6. The Seller is fully responsible for damage caused by its subcontractors as caused by itself; the provision of Section 2914 of Act No. 89/2012 Coll., the Civil Code, shall not apply.
7. The Buyer has the right to refuse acceptance of the goods for sporadic minor defects; the provision of Section 2628 of Act No. 89/2012 Coll., the Civil Code, shall not apply.
8. In accordance with Section 1751, paragraph 2 of Act No. 89/2012 Coll., the Civil Code the Buyer hereby excludes the application of any general terms and conditions of the Seller, as well as the application of any similar document laying down rights and obligations of either party.
9. The Seller agrees not to transfer, assign or cede to a third party any of its rights or obligations under the Contract, including claims for payment for the goods, without prior written consent of the Buyer.
10. In case that the Contract itself contains provisions that differ from the provisions of the GTC, the provisions specified in the Contract shall take precedence.
11. All contractual penalties laid down in these GTC or the Contract shall be payable within 30 days after delivery of a statement of contractual penalty to the other party.
12. The Seller is not entitled to use any subject of performance delivered under the Contract as the subject of a lien under Sections 1395 et seq. of Act No. 89/2012 Coll., the Civil Code.
13. None omission to exercise any rights or non-exercise of any rights of the Buyer arising from these GTC or the Contract shall be deemed a waiver of such rights against the Seller and shall not result in termination of such rights or termination of the option to exercise these rights.
14. The rights and obligations of the parties arising from these GTC, including a concluded contract, are governed by the laws of the Czech Republic, in particular by the applicable Civil Code. This provision shall not affect the application of INCOTERMS 2010.
15. The District Court for Prague 9 or the Municipal Court in Prague, the Czech Republic, have jurisdiction to settle any dispute that cannot be resolved amicably through negotiations between the parties and arising in connection with the Contract or as a consequence of it.

These GTC are effective from 1 March 2015.