

## General Terms and Conditions for the Performance of Work

These General Terms and Conditions for the Performance of Work (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 in the Commercial Register maintained by the Municipal Court in Prague, Section C, File No. 90165 (hereinafter referred to as the „Client“) are an integral part of any order/contract for work or provision of services (hereinafter referred to as the „Contract“) concluded between the Client and another party as a supplier/contractor (hereinafter referred to as the „Contractor“). Delivery of work also means delivery of services.

### I. Form and Subject of the Contract

1. The Contract shall always be in writing and may be amended only in writing.
2. By entering into this Contract the Contractor expressly agrees with all rights and obligations stipulated in these GTC and arising therefrom.
3. By entering into the Contract the Contractor undertakes to perform the work or provide services 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 work to the Client. Unless otherwise provided in the Contract, partial deliveries are not allowed. Delivery shall be in accordance with EN 13480 and 97/23/EC.
4. In the event that the Client submits a draft contract and the Contractor makes any supplements, amendments, alterations or variations to the draft (collectively the "modifications") concerning even non-essential elements, such act of the Contractor shall not be deemed acceptance of the draft and the Client shall not be bound by any of the above, unless they subsequently confirm to the Contractor in writing the acceptance of modifications made by the Contractor.

### II. Essential Obligations of the Contractor and Rights of the Client

1. The Contractor agrees to deliver the work properly, i.e. free from defects and in the agreed time. The work will be considered delivered on the date of signing a delivery and acceptance certificate by an authorized representative of the Client. Delivery also includes papers, documents, etc. relating to the subject of the Contract and necessary for its acceptance and operation, and/or documents required under the Contract.
2. If it results from the nature of performance and/or the intended purpose of use of the work or from the Contract, the Contractor shall perform all tests and trials of the work, especially under contract conditions, otherwise in accordance with relevant applicable legal and technical standards, and to provide the Client 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 Contractor shall submit the documentation according to EN 10204/3.1 in a Czech-English version; 3 copies in writing and 1 copy in electronic form.
3. The Contractor is not entitled to authorize a third party to perform the work without prior written consent of the Client, unless expressly agreed otherwise in the Contract.
4. The Contractor shall perform the work in compliance with legal regulations and standards applicable on the day of the work delivery and acceptance at the place of its operation.
5. The Contractor is required to keep a construction or assembly log and record the progress of the work. In the event that a party does not comment on the record within three calendar days, it is understood that they agree with it.
6. During the performance of the Contract the Contractor shall comply with all regulations in the field of environmental protection, occupational health and safety, fire prevention, etc. applicable at the place of performance. Both parties are obliged to mutually inform each other in writing about the risks of their work that could have an impact on the employees of the Client and the Contractor. The Contractor shall ensure at their own expense that their workers strictly observe the above regulations as well as their protection against specified risks
7. The Contractor shall provide their staff with an identification tag reading the name/company of the Contractor.
8. The Contractor agrees to deliver/transfer to the Client unconditionally and permanently and without any fees or charges all rights to use

licenses and all rights to intellectual property that may be necessary for the operation of the work at a user level; the confirmation shall be issued by the Contractor. 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.

9. 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 Contractor shall provide the Client with a copy of the Declaration of Conformity, or possibly a written Assurance to Issue the 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.
10. The Client is entitled at any time to require the Contractor to temporarily suspend all activities related to the performance of obligation. If the Client notifies the Contractor in writing of such request, the Contractor 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 Client gives the instruction that the Contractor can continue in their activities, the Contractor is entitled to withdraw from the Contract.
11. The Client is entitled to request additional performance of work or changes. All requests shall be in writing and shall clearly describe a desired change, price specification and time schedule.
12. Earlier than the agreed delivery of work is possible only with prior written consent of the Client
13. The Contractor is bound by the Client's orders concerning the method of performance of the work.

### III. Contract Price and Payment Terms

1. The price is agreed as fixed, finite and constant. The Contractor 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 destination and insurance as well as all other fees, duties and taxes related to the performance of the Contract, including all other costs of the Contractor associated with the fulfilment of their obligations under the Contract, including putting the work 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 Client's authorization to use the work 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 Contractor is not entitled to request from the Client 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 Client to the Contractor'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 Client or a delivery note confirmed by the Client shall be attached to each invoice of the Contractor.
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 Client, including attachments (a delivery and acceptance certificate or delivery note). The Client is not in default in the payment of the invoice if the amount is debited from the Client's account in favour of the Contractor's account at least on the last day of due period.
7. The Client is entitled to return an invoice to the Contractor without paying, but giving the reason for the return if the invoice does not contain any of legal or agreed requirements or contains incorrect data. The Client is also entitled to return an invoice that does not contain a delivery and acceptance certificate or delivery note signed by both parties. By a rightful return of an invoice or by notification of a request to issue credit notes 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 Client.

8. The Contractor has the right to invoice the Client after performance of the work. The work is performed if completed and handed over. The work is handed over on the date of signing a certificate of delivery and acceptance of the work (including documents relating to the work) without any defects by the Client and/or on the date of signing a delivery note. The Contractor shall 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 Contractor shall breakdown those items properly. The price shall be listed by items, especially 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 Contractor is entitled to charge a contractual interest on arrears amounting to 0.02 % of the outstanding amount for each day of delay.
11. The Client is entitled to withhold a part of the price for the work in the amount of 10 % as a security to the Contractor's liability for defects and a quality guarantee. If the Client applies this right, they shall release the security at the latest after expiry of the warranty period.
12. The Client is entitled to offset any monetary claims against the Contractor against the price of the work. The Contractor is entitled to offset monetary claims against the Client only with prior express written consent of the Client.

#### **IV. Quality and Workmanship of the Work**

1. Unless the Contract stipulates the quality as well as workmanship of the work, the Contractor shall deliver the work in quality and workmanship according to a relevant technical standard (harmonized, or stipulated or agreed in the Contract, as the case may be) or in quality and workmanship corresponding to the agreed purpose or purpose for which such work is usually used.
2. If the quality and workmanship are specified by a sample or a model, the Contractor shall deliver the work with proprieties of the sample or the model that has been presented to the Client.
3. The Contractor shall deposit such sample or model in the presence of the Client in such manner and at such place so as to be able to prove at any time the compliance of the work delivered.
4. The Contractor shall enable the Client 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 the right of use; production; drawings; documentation, etc. through the Client's own staff or their authorized independent third party. Inspection can be performed at the Contractor's premises, their subcontractors' premises, at the manufacturers' sites or during the transport. The Contractor shall further ensure this right to the Client directly in relevant contracts with subcontractors.
5. The Contractor shall invite the Client in writing within 5 days prior to the date of delivery to take over the work and at the same time to send the Client the documentation necessary to take over the work, unless agreed otherwise. The Contractor shall create all the conditions necessary for the Client to check the quality and workmanship of the work.
6. When performing the work, the Contractor is bound by any orders or instructions of the Client.
7. If the work requires any tests, the Contractor shall perform such testing. The Contractor shall invite the Client for the tests timely by written notification.

#### **V. Defects in the Work and Rights from Liability for Defects**

1. If the Contractor fails to fulfil obligations relating to the quality, workmanship, quantity, packaging, and delivery of documents and documentation to the work, which are required by legal regulations and contractual arrangements, the work shall be considered defective.
2. The Contractor is liable for defects that are detected during the handover or inspection of the work delivered and for defects that occur during a warranty period.
3. Upon proper completion of the work the parties shall sign a written delivery and acceptance certificate. Part of the certificate is a list of minor defects and backlogs, stating the deadline for their removal. A quality guarantee (a warranty period) starts on the date of signing a delivery and acceptance certificate. The Client is entitled to claim defects found during the inspection after the acceptance of the work, even though they have taken the work without reservation.

4. Upon finding that the delivered work shows defects, the Client shall communicate this fact to the Contractor without undue delay after such finding. In the event that the Client in its notice of defects requires repairs, the Contractor 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 Client's right to a contractual penalty in the event of delay in proper delivery as well as in removing individual defects, and compensation for damages.
6. The Contractor is not entitled to reject a complaint of defects. The Contractor undertakes to take immediate corrective measures at their own expense and start removing the claimed defect within 48 hours of its report. If the Contractor subsequently proves that they are not liable for the defect, the cost demonstrably and reasonably incurred for the removal of such defect shall be paid by the Client. Until the defect is removed, the Client is entitled to withhold a payment to the Contractor in the amount corresponding to the cost of a defect removal estimated by the Client.
7. If the Contractor fails to remove a defect within the period referred to in Article V, paragraph 4 or does not start its removal within the period referred to in Article V, paragraph 6, the Client is entitled to remove the defect themselves or have it removed by a third party at the expense of the Contractor, without restricting any of the Client's rights. The Contractor shall indemnify the Client for all costs associated with the removal of defects within 30 days after receipt of a relevant invoice from the Client.
8. If the Client applies any claim of a third party for the reason which is the liability of the Contractor, the latter shall compensate the Client for such claim/harm/contractual penalty/sanction, etc.

#### **VI. Contractual Penalties**

1. A contractual penalty in case of the Contractor's delay in delivery of the work is 0.2 % of the total contract price for each day of delay.
2. A contractual penalty in case of the Contractor'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. In the event of delay in clearing out the assembly workplace and/or construction site, the Contractor shall pay the Client a contractual penalty in the amount of CZK 20,000 (in words: twenty thousand Czech crowns) for each, even commenced day of delay.
4. For breach of their obligations relating to the Code of Conduct on the construction site, the Contractor shall pay contractual penalties whose amounts are specified in the Code of Conduct. In the event that the amounts for a breach of the Code of Conduct are not specified, the Contractor shall pay for any breach of the provisions specified in the Code of Conduct a penalty in the amount of CZK 1,000 (in words: one thousand Czech crowns).
5. The Client is entitled to demand compensation for the damage caused by the Contractor'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.

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

1. Unless otherwise agreed in the Contract, the Contractor provides a guarantee for the quality of the work for the period of 36 months from the date of signing a delivery and acceptance certificate to the whole work (hereinafter the „warranty period“). A guarantee for the quality of contract documents is provided by the Contractor for the lifespan of the work.
2. The title to the work passes to the Client on the date of delivery of the work. The risk of damage to the work passes to the Client on the date of signature of a delivery and acceptance certificate.

#### **VIII. Termination of the Contract**

1. The Client is entitled to withdraw from the Contract also in cases of substantial breach of obligation by the Contractor, which are in particular:
  - a) The Contractor's delay in delivery of the work longer than 10 calendar days;
  - b) Delivery of defective or incomplete work if the Contractor does not remove or start removing the defects within the above deadlines;
  - c) Repeated breach of the Contractor'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 Client is entitled to withdraw from the Contract if the work is suspended for more than 6 months.
3. The Client is also entitled to withdraw from the Contract:
  - a) at any time during the contract period without giving reasons. This withdrawal can only be made by written notice to the Contractor referring to this provision;
  - b) at any time during the contract period due to the reason that the customer of the Client cancelled or withdrew from the master contract under which this contract was concluded.

In case of withdrawal under this Article VIII/3, the Contractor is entitled only to reimbursement of a relative price for the work properly performed so far. The Contractor is not entitled to any other claims

4. Withdrawal from the Contract does not affect the right to payment of penalties, compensation for damages, 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 Contractor hereby agrees to consider all information received from the Client 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 Contractor also agrees not to cause a conflict of interest that could damage the Client 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 Contractor hereby expressly declares that under Sections 1765 and 2620, paragraph 2 of Act No. 89/2012 Coll., the Civil Code, assumes the risk of changing circumstances.
2. The Contractor undertakes to protect, indemnify and defend the Client against all losses, damages and costs incurred to the Client due to the Contractor's breach of obligation under the Contract and these GTC.
3. Each Party is fully responsible for its own acts or omissions resulting in a loss or damage (material or immaterial) to any third party.
4. The Contractor 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.
5. The Client has the right to refuse acceptance of the work for sporadic minor defects; the provision of Section 2628 of Act No. 89/2012 Coll., the Civil Code, shall not apply.
6. In accordance with Section 1751, paragraph 2 of the Civil Code the Client hereby excludes the application of any general terms and conditions of the Contractor, as well as the application of any similar document laying down rights and obligations of either party.
7. The Contractor agrees not to transfer, assign or cede to a third party any of their rights or obligations under the Contract, including claims for payment for the work, without prior written consent of the Client.
8. Unless stated otherwise, the Contractor agrees to ensure that their employees observe and fulfil the obligations set out in the internal rules of the investor and valid in the place of performance of the work, which the Contractor was demonstrably acquainted with.
9. 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.
10. The contract shall be governed by the law and regulations effective in the Czech Republic.
11. The, have jurisdiction to settle Any dispute, arising in connection with the Contract or as a consequence of it that cannot be resolved amicably through negotiations between the parties, shall be under jurisdiction of the District Court for Prague 9 or the Municipal Court in Prague, the Czech Republic .

These GTC are effective from 1 June 2014.