

General Terms and Conditions of Purchase – Rieter CZ s.r.o., Ústí nad Orlicí

1. Applicability and Validity

In the absence of an express agreement to the contrary enacted by the parties through an individual purchase contract or a general purchase agreement or other special written arrangement, the present General Terms and Conditions of Purchase ("Terms") apply to all general purchase agreements and individual purchase contracts, purchase orders and any other performance rendered to Rieter CZ in the capacity of the Buyer. Rieter CZ rejects any additional or inconsistent terms and conditions offered by the Seller or the use of any business terms and conditions drafted by any professional or interest organizations.

The Terms are applicable to and binding on the parties to the extent agreed and/or otherwise accepted by the parties within the meaning of s.1751 *et seq* of Act 89/2012 Sb., Civil Code (the "Civil Code").

2. Acceptance and Formation

The Purchase Contract is formed by the Seller's acceptance (confirmation) of the Buyer's offer to enter into a contract (order). The Buyer's order must contain the description and the volume/quantity of the goods; the Seller must confirm the order within seven (7) days from delivery. The Buyer is not bound by the terms of his order after the deadline, except where he notifies the Seller without delay that he considers the order to have been accepted in time, or where he starts acting in accordance with the terms of the offer. Any alterations, amendments or inconsistencies in the order confirmation are binding upon the Buyer only subject to his subsequent written consent.

Orders, order confirmations and other legal acts must be made out in writing or in text by the Buyer and the Seller; this includes notices sent by fax, e-mails or other electronic media.

An order may also contain a reference to a general agreement, if applicable, and the proposed purchase price and date of delivery, except where they were previously set forth by the general agreement.

3. Purchase price and payment terms

The purchase price is set at the amount/determined in the manner agreed in the general agreement or individual purchase contract. The agreed purchase price is fixed and final and includes all Seller's additional and ancillary costs, including the packing, handling, transportation and insurance costs.

The Seller becomes entitled to the payment of the purchase price only subject to and upon the due and timely delivery of the goods to the Buyer, and after the Buyer has acquired full and unlimited title to the goods.

The Seller must bill the purchase price by way of a valid tax document (invoice). The Buyer agrees to pay the Seller's invoice only if the invoice satisfies all formalities and contains all essential elements set out in Act 235/2004 Sb., on Value-Added Tax, as amended, including the statutory value-added tax rate and the VAT assessed on the purchase price in the Czech currency (CZK). Where the Seller is a registered VAT payer, he must prove his VAT registration to the Buyer.

Invoices are due and payable within 60 days from the day the Buyer has accepted delivery of the invoice.

If the Buyer settles the invoice within 14 days from delivery, he is entitled to a 3% rapid payment discount, calculated from the purchase price net of VAT. If the Buyer settles the invoice within 30 days from delivery, he is entitled to a 2% discount on the purchase price net of VAT.

4. Title and Passage of Risk

The Buyer acquires title to the goods at the moment when he takes possession of the goods. Prior to delivery, the Buyer acquires title to the goods in transit at the moment he obtains the right to dispose of the consignment.

Prior to the Buyer's acquisition of title, the risk of damage or loss to the goods is borne by the Seller. The Seller is liable for the damage or loss to the goods that is caused by inadequate or inappropriate packaging even after the Buyer has accepted delivery of the goods.

5. Delivery Terms and Delivery Time

Goods are delivered duly and in time if handed over to the Buyer in the agreed quantity/volume, quality, design and make, by the agreed delivery time and at the agreed place of delivery. Upon delivery, the Seller must submit to the Buyer all documents needed to accept and use the goods, and all other documents identified in the general agreement or individual purchase contract or order.

The deadline for the delivery of goods (delivery time) agreed in the general agreement or individual purchase contract or order is binding, and applies to the delivery to the agreed place of delivery. Early delivery, i.e. delivery before the agreed delivery time, is possible only subject to the Buyer's prior written consent; the Buyer may decline to accept early delivery.

The Seller's liability for late delivery is regulated by the applicable provisions of the Civil Code. In the event of default on delivery, the Seller must pay the Buyer a contractual penalty amounting to 0.05% of the total purchase price per each day of delay. The payment of the penalty is without prejudice to the Buyer's right to claim damages and to withdraw from the contract.

6. Responsibility for Defects and Warranty Claims

The Seller agrees to deliver the goods to the Buyer in the quantity, quality, design and make set forth in the general agreement or individual purchase contract or order, and to adequately package and protect the goods against damage in transit. Where the Seller violates either obligation, the goods are deemed defective and the Seller is to be held liable for the defect. The delivery of goods contrary to contract specifications, defects in documents needed to use the goods and any legal defects also amount to defects of the goods within the meaning of this clause.

The Buyer may claim the Seller's liability for defects in writing or in text at any time during the period of two (2) years from accepting the goods, both with respect to the entire consignment and its part(s). The Buyer's right to claim the Seller's liability for defects is governed by the applicable provisions of the Civil Code, while the choice of statutory remedy remains at the Buyer's sole discretion. The Buyer is also entitled to claim from the Seller the costs related to the submission of the warranty claim. The submission of the warranty claim is without prejudice to the Buyer's right to claim compensation for the damage or loss caused by the defective goods.

7. Guarantee

The Seller guarantees that the goods will be fit for their contemplated or common purpose and use, and that the goods will retain their agreed or common characteristics and specifications for the period of two (2) years from delivery. The warranty period starts running upon delivery and is suspended for the period during which the Buyer cannot use the goods on account of defects that are the Seller's responsibility.

8. Product liability

As a manufacturer, importer or distributor, the Seller must assure that the goods comply with statutory product quality and safety requirements, and that so-called covered products in particular comply with the technical and safety requirements stipulated by the applicable legal regulations. The Seller is obliged to have at his disposal the declaration of conformity under Act 22/1997 Sb., on Product Technical Requirements, as amended, for any applicable products.

Together with the manufacturer, the Seller will be held liable for any damage or loss caused by or as a consequence of a product defect under the applicable provisions of the Civil Code regulating the product defect liability.

The Seller must take out and maintain product liability insurance for the entire term of contract with the Buyer; the insurance must reasonably cover, to the extent of the Buyer's order, the product liability and warranty risks, and must satisfy the following conditions:

- Worldwide application, including USA/Canada,
- Insurance covers also the assembly and disassembly costs.

At the Buyer's request, the Seller must duly and demonstrably prove the existence of the defect liability insurance.

9. Dual-Use Items

The Seller is responsible for the due compliance with special legal requirements pertaining to dual-use export controls applicable to the international trade with the certain high-tech advanced products and technologies, particularly for the compliance with COUNCIL REGULATION (EC) No 428/2009 of 5 May 2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items, as amended by the up-to-date Annex 1 of the Council Regulation, which contains the list of dual-use items.

10. Environment Protection

The Seller must comply will all applicable national and European environment protection legislation, including Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC, while the goods and the parts that form part of the delivery may not contain any products, materials or substance, whose use is prohibited by the applicable legislation.

11. Intellectual Property and Buyer's Documents

All drawings, calculations, models, designs and samples, as well as any other documents presented by the Buyer to the Seller in connection with the supply of goods remain the sole and exclusive property of the Buyer, and must be returned to the Buyer without delay at his request. The documents may not be disclosed to or shared with third parties in any way without the Buyer's express prior written consent.

Any tools, instruments, templates, models etc. paid for by the Buyer remain the sole and exclusive property of the Buyer, while the Seller must take the steps to store them appropriately and protect them against damage, loss and theft.

12. Governing Law

The rights and duties arising from and in connection with the present General Terms and Conditions of Purchase are governed by the laws of the Czech Republic, and by the Civil Code in particular. The application of the United Nations Convention on Contracts for the Sale of Goods (Vienna, 1980) is hereby excluded.

13. Arbitration Clause

All disputes between the parties arising from and in connection with the general agreements, individual purchase contracts, orders, deliveries and any other performance rendered to Rieter CZ as the Buyer, are to be finally decided by the Arbitration Court attached to the Czech Chamber of Commerce and the Agricultural Chamber of the Czech Republic according to its Rules by three arbitrators appointed in accordance with the Rules of that Arbitration Court.

14. Limitation Period

The limitation period applicable to the parties' rights and obligations is set at four (4) years.