



# GENERAL PURCHASING TERMS AND CONDITIONS - CONTRACTS FOR WORK

## INTRODUCTORY PROVISIONS

1. These General Purchasing Terms and Conditions (hereinafter also referred to as the "Terms and Conditions") regulate relationships between any company of the WITKOWITZ Group specified in Annex A hereto (hereinafter referred to as the "Client"), as one party, and the supplier (hereinafter referred to as the "Contractor") as the other party, established between these entities in connection with the conclusion of a Contract of Work, service agreement or similar contract (hereinafter referred to as the "Purchase Order").
2. The contents of a Contract consist in the individual provisions of the Contract or the respective purchase order, other contractual terms and conditions stipulated in the Contract or respective purchase order, as well as special general terms and conditions which may govern separately regulated services (e.g. technical equipment, planning activities, expert opinions, etc.). Individual parts of the Contract shall apply in the following descending order in case of mutual conflict:
  - provisions of the Contract or the respective purchase order;
  - arrangements contained in other documents referred to in the Contract;
  - these Terms and Conditions.
3. These Terms and Conditions referred to in contracts as per Section 1751 of Act No. 89/2012 Coll., the Civil Code, as amended (hereinafter also referred to as the "Civil Code"), shall be published by the Client on the following website: <http://www.witkowitz.cz>

The Parties have agreed that the Client is entitled to amend, change or cancel these Terms and Conditions unilaterally. However, the Client shall inform the Contractor of any such changes by sending an e-mail to the Contractor's e-mail address specified in the heading of the Contract. The updated wording of the Terms and Conditions shall always be available on the above-mentioned website. The Contractor shall have the right to disagree to such unilateral amendments of the Terms and Conditions within 14 days of receiving notification of such an amendment. Such objections shall be delivered in the same manner as the original notification, otherwise it shall be deemed that the Contractor agrees to the amendment. If the Contractor disagrees with an amendment to the Client's Terms and Conditions, the Contractor shall be entitled to withdraw from the Contract.
4. These Terms and Conditions apply only to entrepreneurs pursuant to the provisions of Section 420 of the Civil Code, or to legal entities under public law.
5. Contrary or deviating terms and conditions of the Contractor shall apply only with the express consent of the Client.

## CONCLUSION OF CONTRACTS

6. Both purchase orders and Contracts shall require written form. E-mail is considered an acceptable written form, even if it is not provided with a qualified or guaranteed certificate.
7. Contracts shall be concluded upon delivery of written acceptance of a purchase order, signed by the Contractor, to the mailing address of the Client's registered seat or the Client's e-mail address by no later than the last day of the time limit specified for accepting the purchase order. Late acceptance of a purchase order shall be effective as acceptance if the Client sends written confirmation of this fact to the Contractor.
8. Acceptance of a purchase order shall not result in conclusion of a Contract if it contains any amendments or deviations, even if such amendments or deviations do not substantially change the terms and conditions of the purchase order. In such cases, a Contract shall only be concluded if the Client confirms this new proposal and sends it back to the Contractor.
9. Any changes to, amendments to, or cancellation of a Contract concluded between the Client and the Contractor (hereinafter jointly referred to as the "Parties") may only be executed in writing. Amendments to a Contract shall become effective between the Parties on the date they are signed by the Client and the Contractor, otherwise on the date of delivery of an amendment, signed by the last Party, to the address of the registered seat of the other Party.
10. An exception shall be made to the above-mentioned rule if the Contractor, having received a purchase order from the Client, expresses its consent to the purchase order by delivering the ordered item to the Client within the time limit specified for accepting the purchase order.
11. Without the prior written consent of the Client, the Contractor shall not assign its obligations arising from the Contract, in whole or in part, to any other persons, and shall not make use of any other parties in order to perform its obligations under the Contract.

## PERFORMANCE OF THE WORK

12. The Contractor agrees to perform the work for the Client at the Contractor's own expense and risk, and the Client agrees to accept the work completed in a proper and timely manner, and to pay the agreed price to the Contractor.
13. Under these Terms and Conditions, the work shall mean an activity consisting in the manufacture of an item (unless it falls under a Purchase Contract), as well as repairs, modifications or maintenance of the item, or an activity with a different result (hereinafter referred to as the "Work"). A specific result of the activity is a Work completed in a tangible or intangible form (hereinafter referred to as the "Subject of the Work").
14. The Contractor guarantees that it has extensive expertise and experience which the Client can rely on as regards the Work, its execution and its use for the purposes of the Contract.

15. The Contractor shall perform the Work and hand over the completed Work to the Client in the scope and quality agreed upon in the Contract. Unless otherwise agreed in a particular case, the Work shall be performed in first-rate quality, using new and unused materials, and shall constitute products that possess the statutory quality, quantity, measures and weight, are free of defects, and comply with technical standards (including ČSN, EN, ISO, IEC, ICC, DIN); if the values set by such standards are only recommended values, they will be taken as minimum standards for this contractual case. If the quality is not determined in the Contract, the Contractor shall complete the Work and provide it to the Client in a quality and design according to a technical standard, or in a quality complying with the agreed purpose or a purpose implied in the Contract, and/or a purpose for which the Subject of the Work is normally used. At the same time, the provided work must comply with any and all generally binding legal, technical and safety regulations, including the Client's internal OSH and fire protection regulations, and other regulations applicable to the agreed type of Work. The supplied Work must meet the terms and conditions ensuing from Act No. 102/2001 Coll., on general product safety, as amended, and Act No. 90/2016 Coll., on conformity assessment of specified products being launched on the market.
16. Should the Work be performed on the Client's premises, the Contractor shall comply with the "Binding Terms and Conditions for Activities Performed by External Parties with Regard to Occupational Safety and Health, Fire Protection and Environmental Protection for Companies of the WITKOWITZ Group". These terms and conditions are published on the website <http://www.witkowitz.cz>, and the Contractor represents and warrants that it has been made familiar with them prior to concluding the Contract.
17. The Contractor must hold any and all authorisations that are necessary for the performance of the Contract or that are required by legislation (including Czech technical standards) for the duration of the performance of the Contract, and the Contractor must be able to prove this fact at any time at the Client's request.
18. Terms and Conditions for performing the Work on the Client's premises:
  - a) The Contractor shall perform all of its activities relating to the subject matter of Contract in line with the Client's interests and needs, in order to avoid damage to its property and limitation of its business activities. The Contractor shall always perform the Work on business days between 7:00 a.m. and 3:00 p.m., unless agreed otherwise in the Contract. Furthermore, the activities of the Contractor must not limit the Client's production capacity. Before commencing its work, the Contractor shall specify the risks arising from its activities, and prepare technological procedures for performing construction work;
  - b) The Contractor agrees to assume the responsibility of a waste originator arising from Act No. 185/2001 Coll., and Decree of the Ministry of Environment No. 383/2001 Coll., on details of waste management, as amended, and further agrees to separate the waste generated pursuant to Decree of the Ministry of Environment No. 93/2016 Coll., on the Catalogue of Wastes. The Contractor shall separate waste into other and hazardous waste, and shall ensure proper collection, storage and disposal of waste produced by its activities within the scope of the subject of the performance. The disposal of surplus and other materials produced during the performance of the Work in category O - "other" or category N - "hazardous" (including sampling, extraction and analyses) shall be carried out in accordance with the Waste Act. A written document evidencing weighing of disposed waste, sampling and analysis shall be submitted. Metal waste (ferrous and non-ferrous metals) shall remain the property of the Client and shall be handed over by the Contractor to the Client free of charge on the construction site/in the workplace; the Contractor shall separate such waste, at its own expense, into individual pieces with a maximum size of 0.5m x 0.5m x 1.5m (separating ferrous and non-ferrous pieces) and shall ensure cleaning and degreasing of the waste (at the Client's request);
  - c) Without the Contractor's consent, the Client may not dispose of free areas of the construction site/workplace designated for the purposes of the Contractor after such areas have been handed over to the Contractor, unless agreed otherwise;
  - d) The Contractor shall demonstrably familiarise itself with the risks at the Client's workplaces, notify its employees of these risks, and determine a method of protection against and prevention of injuries and other damage to health. The Contractor shall notify the Client of any and all circumstances which, during the performance of its activities on the Client's premises, might pose a risk to the lives and health of the Client's employees or other persons;
  - e) If work is to be performed in workplaces that are hazardous, extremely noisy or dangerous to health, the Client shall inform a responsible employee of the Contractor free of charge about the safety and hygiene regulations applicable to such workplaces;
  - f) The Contractor agrees to equip its employees with personal protective equipment appropriate for their professions and activities, as well as the risks at the Client's workplaces;
  - g) The Contractor shall observe any and all principles of occupational safety and fire protection, shall be responsible for injuries and damage caused by neglect of legal obligations by the Contractor, and shall also observe technological procedures for repairs or work in compliance with the applicable occupational safety regulations;
  - h) The Contractor's employees shall wear visible identification on their clothing for the duration of their presence on the Client's premises so that they are easily distinguishable from the Client's employees and employees of other entities;
  - i) During production, the Client shall have the right to inspect and test materials and equipment that are the subject of the supply under the Contract. Should the Client suspect that the materials and equipment used during the performance of the Work or the completed Work itself fail to meet the required quality, the Client shall be entitled, with the Contractor's knowledge, to arrange for new tests of such materials or the quality of the completed Work, and to request that the Contractor suspend the relevant part of the Work; the Contractor shall be obliged to respect this request from the date on which it is received. If the tests prove the required quality, the costs of these tests shall be paid by the Client and the time for performing the relevant part of the Work shall be extended by the respective number of days for which the performance of the work was suspended at the Client's request. Otherwise, the costs shall be borne by the Contractor.
  - j) If a representative of the Client can prove that a subcontractor or employee of the Contractor is not competent to properly perform his/her duties or is guilty of a gross violation of these duties, the Client's representative shall be entitled to request, at any time, that such a subcontractor or employee be removed from the project, and the Contractor shall be obliged to comply with such a request. The removal of a subcontractor or employee shall not affect the completion dates or the contractual price.
19. The Contractor shall hand over the Subject of the Work to the Client, along with documents relating to the Subject of the Work, and shall do so at its own expense and risk, and at the time and place agreed upon in the Contract. Unless agreed otherwise in the Contract, the place of handover shall be the Client's registered seat.
20. If transportation is required, the Subject of the Work shall be packed in a manner that is suitable for the agreed type of Work and the agreed method of transportation in order to prevent any damage to the Subject of the Work during transportation to the agreed place of handover, and to ensure safe handling and storage of the Subject of the Work. The packaging and padding materials used shall only be returned if their return is expressly agreed upon in the Contract. In such cases, the reusable packaging number, the packaging owner and a clear marking that the package is returnable shall be displayed on returnable packaging, otherwise the packaging shall be treated as non-returnable. All packages shall be environmentally friendly, and must comply with the statutory requirements of applicable generally binding legislation.
21. All costs associated with the transportation and handover of the Subject of the Work at the place of performance, including costs for packaging, packing and securing the Subject of the Work for transportation, and for returning the packages if applicable, shall be borne by the Contractor.
22. The Contractor shall be obliged to provide the Client with documents stipulated in the Contract, certificates and documents necessary for takeover, free disposal, customs clearance and use of the Subject of the Work, and, in particular, documents stipulating conditions for the installation, operation, storage and maintenance of the Subject of the Work; the Contractor shall provide these documents in a timely manner, upon handover of the Subject of the Work at the latest. The documents shall be legible and clear, free of mistakes, and shall contain the Contract number. Unless otherwise required by the Client, the

documents shall be drawn up in Czech. To avoid all doubt, the Parties agree that if the Contractor fails to provide all necessary certificates, documents, attestations, and declarations of conformity according to valid legislation concerning the Work, the Client shall not be obliged to take over the Work.

23. A Handover and Takeover Report shall be drawn up on the handover of the completed Work by the Contractor and takeover by Client (hereinafter referred to as the "Handover Report"); the report shall be signed by representatives of both Parties. If the completed Work is a manufactured item, the document of handover and takeover of the Subject of the Work shall be a Delivery Note confirmed by a representative of the Client. The Buyer's signature on the Handover Report shall not be construed as a waiver of any right of the Client related to defects in the Work. The Client reserves the right to identify and report any defects in the Work, even after than signing the Handover Report. Furthermore, signing the Handover Report shall not be construed as confirmation that the Work has been completed in compliance with the Contract, nor as the conclusion of a contract or an implied proposal to conclude a contract in the event that the completion of the Work has not been agreed upon in advance in a written agreement or order in compliance with these Terms and Conditions.
24. The Handover Report, in which the Client declares that it takes over the Work, shall particularly contain the following details:
  - a) identification of the Client, the Contractor and any other persons involved in the performance of the Work, including the names and job titles of the persons authorized to handover and takeover the Work;
  - b) the subject of takeover;
  - c) the Contract number;
  - d) the date of takeover of the Work, or information that the Client has not taken over the Work;
  - e) a list of documentation handed over;
  - f) a list of any identified defects and arrears, including the dates set by the Client for the remedy thereof;
  - g) the date and the signatures of the Parties.
25. Upon takeover of the Work, the Contractor shall hand over to the Client all of the documents specified below, otherwise the Client shall be under no obligation to accept the Work:
  - a) a declaration of conformity;
  - b) certificates of quality and completeness of the delivery;
  - c) a record of an initial functional test according to the applicable legislation;
  - d) operation and maintenance manuals, including a list of recommended spare parts;
  - e) operator training records;
  - f) waste management documents;
  - g) detail design documentation, including approval from the competent fire rescue service;
  - h) as-built documentation of all areas concerned;
  - i) a report on successfully completed tests.
26. Training of the Client's employees in the operation and maintenance of the Work shall be performed after delivery of the Work to the agreed place of performance and before its handover to the Client, i.e. during its commissioning by the Contractor. A record of operator training shall be drawn up in 2 copies, one for each Party, containing at least the following information:
  - a) content of the training;
  - b) duration of the training by individual areas;
  - c) names and surnames of the participants, confirmed by their signatures;
  - d) date of training.
27. The Contractor shall fulfil its obligation to complete the Work under this Contract upon proper completion and handover thereof to the Client. The Client may also take over the Work with defects and arrears (but is under no obligation to do so and, according to an agreement between the Parties, the provisions of Section 2628 of the Civil Code shall not apply), provided that such defects and arrears do not prevent the proper and safe operation of the Work, and that the Parties mutually agree on a time limit for their remedy not exceeding 10 days; the Contractor shall then be obliged remedy the defects and arrears within the established time limit. The Parties shall draw up a report on this fact, and this report shall become an integral part of the Handover Report. Should the Parties fail to agree on a time limit for elimination of the defects and arrears, the defects and arrears shall be eliminated within 5 days of being identified.
28. Completion and handover of the Work in parts shall only be acceptable in cases where the Parties expressly agree upon this procedure in the Contract.
29. If the Contractor performs the Work on the Client's premises or at a place which the Client provides for carrying out the Work, the Client shall be the owner of the item that is designated for performance of the Work, assuming the risk of damage to this item. In other cases, the title and risk of damage to the item shall pass from the Contractor to the Client upon takeover of the Subject of the Work and signature of the Item Handover and Takeover Report by a representative of the Client. If the subject of the performance consists in repairs to, maintenance of or modifications to an item, the title to the item shall not pass to the Contractor.
30. The Contractor is aware of the potential risk of a substantial change in circumstances consisting in a disproportionate increase of the costs of the performance, and assumes this risk of a substantial change in circumstances.
31. The Contractor undertakes to ensure that the Work is not pledged, does not contain any legal defects, and is not encumbered with any third-party rights.
32. The Client is entitled to check the progress of the performance of the Work or parts thereof with the Contractor or its subcontractors at any time on business days, and may do so at the place where the Work is being performed. For the duration of the warranty period, the Contractor shall maintain the quality management system for the performance of the Work in a scope and quality corresponding to that in place at the time the Contract was concluded or higher.

#### **QUALITY WARRANTY AND LIABILITY FOR DEFECTS**

33. The Contractor shall ensure that the Work is suitable for the purposes ensuing from the Contract, and that it is usable in accordance with applicable law. The Contractor shall test the supplied Work in accordance with Czech technical standards and, upon request, shall provide the Client with the results of such tests free of charge.

34. The Contractor shall provide a quality warranty for the Work completed and handed over to the Client for a period agreed upon individually in the Contract, otherwise for a period of 36 months as of the date of due takeover of the Subject of the Work by the Client. If the Contract does not expressly specify certain properties of the Work, the Contractor agrees to ensure that the Subject of the Work shall maintain the appropriate properties for the ordinary use of the Subject of the Work for the duration of the warranty period.
35. If the warranty period specified in the Contract differs from the warranty period specified in the warranty certificate, the longer period shall apply. The warranty period shall be extended by the period for which the Work cannot be used due to any defects for which the Contractor is responsible.
36. If the Client discovers any defects in the accepted Work, the Client shall notify the Contractor of this fact within 15 days of discovering the defects. Claims for defects shall be made in due time if they are sent by the Client by the last day of the warranty period inclusive. If a claim for defects is made during the warranty period, then the warranty period shall cease to run from the time that the claim is made until the time that the complaint is resolved.
37. The Client shall notify the Contractor of the defects identified in a written letter or by e-mail. Regardless of whether the delivery of a defective Work constitutes a gross breach of contract or not, the Client may request that defects be remedied by delivery of a replacement (new) Work, by delivery of missing parts, by eliminating legal defects, by removing defects from the Work (especially by repairing the Work), provided that this is possible in view of the nature of the Work, by requesting a reasonable discount on the price of the Work, or by withdrawal from the Contract. The Client shall describe the discovered defect or the manner in which it manifests itself, and shall notify the Contractor as to which of the means of remedy it has chosen, as well as the period within which the defect is to be remedied. The method which the Client chooses shall be binding for the Contractor.
38. The Contractor shall commence work on remedying defects which are the subject of a complaint within 3 days of delivery of the complaint, unless a different period is specified in the complaint. The Contractor shall eliminate defects in the completed Work within a period determined by the Client, otherwise within a period that is adequate with regard to the scope and nature of the reported defect, however, no longer than 10 days after receiving the complaint, unless the Parties agree otherwise in writing. In the event of a severe defect or a defect endangering the operation or safety of the Work, the remedial period shall be 24 hours from the defect being reported, unless the Parties agree otherwise. If requested by the Client, the Contractor shall send a representative within 48 hours of delivery of the relevant notice to inspect and evaluate the defects subject to a complaint.
39. Should the Contractor be delayed in remedying a reported defect within the time limit specified by the Client or agreed upon between the Parties, the Client shall be entitled to remedy the defect itself or have it remedied by a third party at the Contractor's expense; the Contractor shall reimburse the Client for such expenses within 30 days of receiving a bill, and the amount shall be multiplied by a coefficient of 1.15 for administrative reasons, taking into account the administrative measures associated with the remedy of the defect by a third party. If a defect cannot be remedied or its remedy would require unreasonable costs, the Client shall be entitled to withdraw from the Contract, or to choose any other right arising from liability for defects.
40. The Seller shall always use new and original spare parts for warranty repairs. Until any defects have been eliminated, the Client shall not be obliged to pay a part of the price for the completion of the Work (if not paid yet) which, based on an estimate, corresponds to the Client's right to a discount. This part of the price shall be retained by the Client until the defect is eliminated.
41. The Contractor shall eliminate any defects in the Work subject to a complaint, even if the Contractor does not acknowledge them. In such disputed cases, the costs for eliminating a defect subject to a complaint shall be borne by the Contractor until a judicial decision is issued.
42. The exercise of a right arising from liability for defects shall not prevent the Client from exercising any other legal rights.
43. In addition to the rights arising from liability for defects, the Client shall be entitled to claim compensation from the Contractor for damages incurred by the Client as a result a breach of the Contractor's obligations, including costs for the potential disassembly of the defective Subject of the Work, reassembly, or any other costs associated with the defective Subject of the Work. The Client shall be entitled to bill such damages, and the Contractor shall compensate the Client for the damages within 30 days of receiving the bill.

## **PAYMENT TERMS**

44. The Client shall pay the Contractor the price for the completed Work determined in the Contract (hereinafter referred to as the "Price of the Work"), which shall contain any and all costs associated with the performance of the Work, including potential packaging, transportation, etc., and a quality warranty for the Work. The Price of Work shall be increased by value-added tax at the rate stipulated by Act No. 235/2004 Coll. on value-added tax (hereinafter referred to as the "VAT Act"), as amended. The Price of Work shall be paid to the Contractor by bank transfer on the basis of an original tax document – invoice (hereinafter referred to as the "Invoice"). The Invoice shall be delivered to the Client and must especially contain the following details:
  - the Client's Contract number;
  - the subject matter of the performance;
  - a CZ-CPA code (if the reverse charge mechanism according to Section 92e of the VAT Act is applied);
  - the agreed price in the agreed currency;
  - an account number, including the code of the bank into which payment is to be made;
  - the maturity period of the Invoice, which shall commence on the date on which the Invoice is delivered to the Client;
  - other requirements of a tax document pursuant to the VAT Act.
45. The Invoice shall be accompanied by a document proving due acceptance of the Subject of the Work (a Work Handover and Takeover Report or a Delivery Note) signed by a representative of the Client specified in the Contract.
46. The Client reserves the right to return the Invoice to the Contractor for correction or completion if the Invoice does not contain the details agreed upon or stipulated by law, or does not contain the accompanying document specified above. In such cases, the agreed maturity period shall commence on the date on which the corrected Invoice is delivered to the Client.
47. The Client shall pay the Price of the Work by bank transfer to the account specified in the Contractor's Invoice, and the obligation to pay the Price of the Work shall be deemed fulfilled on the date on which the amount is debited from the Client's bank account and credited to the Contractor's bank account specified in the Invoice. If a retention (or withholding) fee for a part of the Price of the Work is agreed upon in the Contract (hereinafter referred to as the "Retention Fee"), the Client shall pay the Price of the Work reduced by the Retention Fee, and the Client shall pay the Retention Fee to the Contractor without delay after the Contractor becomes entitled to the payment thereof (if the amount equal to the Retention Fee has not been invoiced yet, the Client shall pay it after delivery of a due Invoice for the Retention Fee).

Unless otherwise agreed in the Contract, the right to the payment of the Retention Fee (or an unused part thereof) shall arise upon the expiry of the agreed warranty period, provided that any claims of the Client arising from the Contractor's liability for defects in the Work have been settled. Unless agreed otherwise in the Contract, the Client shall be entitled to use the Retention Fee to cover any receivables to which it becomes entitled from the Contractor in connection with the Contract. If a decision is issued declaring the Contractor bankrupt or an insolvency petition is refused on the grounds that the Contractor's assets are insufficient, the Parties shall establish the value of the as yet unused quality warranty for the Work as an amount equal to the agreed amount of the Retention Fee (excl. VAT), where upon the issue of either of these decisions, the Price of the Work shall be automatically reduced by the value of the unused warranty equal to the agreed Retention Fee; at the same time, the Contractor's right to release the Retention Fee agreed upon in the Contract shall expire. If a Retention Fee has not been agreed upon in the Contract, the Parties shall establish the value of the quality warranty for the Work at 20% of the Price of the Work (excl. VAT), and upon the issue of a decision declaring the Contractor bankrupt or refusal of an insolvency petition on the grounds that the Contractor's assets are insufficient, if issued before the expiry of the warranty period, the Client shall become entitled to a discount on the Price of the Work equal to 20% of the Price of the Work (excl. VAT).

48. If a payment term for the Price of the Work is not expressly agreed upon in the Contract, the Client shall pay the Price of the Work within 60 days of receiving a due Invoice from the Contractor.
49. The Contractor shall become entitled to payment of the agreed Price of the Work upon due completion and handover of the Subject of the Work to the Client.
50. Should the Parties be delayed with the payment of any financial obligations within the maturity period, default interest shall be charged at the rate of 0.02% of the due amount for each day of the delay.
51. If the Client first pays a security, the costs and interest shall not accrue interest (Section 1932(2) of the Civil Code).
52. If a tax administrator decides, in accordance with Section 106a of the VAT Act, that the Contractor is an "Unreliable Taxpayer", the Contractor shall notify the Client of this fact without delay in writing, no later than 48 hours after this decision takes effect. This written notification shall particularly contain the date on which the decision of the tax administrator took effect, and the name and number of the bank account of the competent tax authority, including the variable symbol (payment reference number). If a decision is made identifying the Contractor as an unreliable payer according to Section 106a of the VAT Act, or if in an Invoice requires a payment to be made into a bank account which the Contractor does not specify in the list maintained by the tax administrator, the Client shall be entitled, according to Section 109a of the VAT Act (Special Means of Securing Tax), to pay the VAT amount specified in the Invoice into the account of the competent tax administrator.
53. The Contractor shall not be entitled to unilaterally set off any of its receivables from the Client.
54. The Contractor shall be entitled to pledge any receivables from the Client for the benefit of a third party, to transfer rights or liabilities as a security, or to assign the receivables, only on the basis of a prior written agreement between the Parties, or on the prior express written consent of the Client.
55. For the entire duration of the Contract, including warranty periods and limitation periods for claims for defects or other claims of the Client, the Contractor must have valid liability insurance under ordinary terms and conditions for the particular industry to cover potential damages caused to the Client or third parties by its operating activities. The amount of insurance cover must always be at least equal to the price of the Work per insured event.

#### **PROTECTION OF INDUSTRIAL AND INTELLECTUAL PROPERTY RIGHTS, AND PROVISIONS ON CONFIDENTIALITY**

56. The Contractor is responsible for ensuring that the performance of the Work does not violate industrial property rights, copyrights or other intellectual property rights.
57. Any technical documentation (drawings, technical documents, calculations, procedures, manuals, etc.) which the Client provides to the Contractor as supporting materials for the performance of the Work (hereinafter referred to as the "Technical Documentation") shall remain the exclusive intellectual property of the Client. The exclusive intellectual property of the Client shall include any and all technical designs and other solutions and procedures which are recorded in the Technical Documentation and which are identified as such.
58. Without the express written consent of the Client, the Contractor shall not be entitled to publish or disclose the Technical Documentation to any third parties, nor to use it for its own benefit or the benefit of any third parties. The Contractor is only entitled to use the Technical Documentation in connection with the performance of the Work. This obligation shall not apply to administrative or other public bodies or authorities which carry out inspections or other supervision regulated by applicable legislation. Unless otherwise agreed in the Contract, after the completion of the Work, the Contractor shall return the Technical Documentation and any other documents to the Client, and destroy any and all copies thereof made by the Contractor for the purpose of performing the Contract.
59. If the Subject of the Work handed over under the Contract is a tangible result of the performance (hereinafter referred to as the "Tangible Result") which is protected by an industrial or other intellectual property right, by signing the Contract, the Contractor grants the Client a free licence to use the Tangible Result, including the right to use it for other purposes than those stated in the Contract. The licence shall cover the Client's right to use the Tangible Result without limitation with respect to time and place, and the right to grant a sub-licence to a third party.
60. The Contractor shall treat any and all information provided by the Client in connection with the Contract as fully confidential, and shall use it exclusively for the purpose of performing the Contract. The Contractor agrees to honour the confidentiality of any and all information and facts which it may learn of while performing the Contract, and which are not available or known to the public, and further agrees to use such information and facts for the purposes of the Contract only.

#### **CONTRACTUAL PENALTIES**

61. Should the Contractor be delayed with the handover of the Work to the Client within the period agreed upon in the Contract, the Client shall be entitled to charge the Contractor a contractual penalty amounting to 0.5% of the total Price of the Work (excl. VAT) for each day of the delay, and the Contractor shall be obliged to pay this penalty.
62. For every discovered and reported defect in the completed Work, including errors in documents required for use of the Work, which the Contractor fails to remedy within a period that the Client determines, the Client shall be entitled to charge the Contractor a contractual penalty amounting to 0.5% of the Price of the Work (excl. VAT) for each defect and each day of the delay in remedying the defect, and the Contractor shall be obliged to pay this penalty.
63. If the Contractor prepares incorrect or incomplete documents that are required for takeover of the completed Work, the Client shall be entitled to demand a contractual penalty from the Contractor amounting to CZK 5,000 for each incomplete or incorrect document.
64. Should the Contractor breach the obligations stated in paragraph 58 of these Terms and Conditions, the Client shall be entitled to charge the Contractor a contractual penalty amounting to CZK 100,000 for each individual breach of the obligations, including repeated breaches. The obligations stated in paragraph 58 of these Terms and Conditions shall not expire upon payment of the contractual penalty.

65. If the duty to provide notification stated in paragraph 52 of these Terms and Conditions is not fulfilled, the Client shall be entitled to charge the Contractor a contractual penalty amounting to 20% of the Price of the Work (excl. VAT).
66. The contractual penalty for a breach of the Contractor's obligations stated in paragraph 54 of these Terms and Conditions shall be 20% of the amount of the receivable that would have been the subject of a breach of the determined obligation.
67. The Client's right to compensation for damages shall not be affected by the payment or charging of a contractual penalty. The Client is entitled to enforce these rights separately, in parallel and in full, regardless of any claims for or payment of a contractual penalty by the Contractor.
68. Any charged contractual penalties and claims for compensation for damages shall be due within 30 days of delivery of the respective invoice or other demand for payment to the liable Party.

#### **WITHDRAWAL FROM THE CONTRACT**

69. Either Party is entitled to withdraw from the Contract for reasons specified by law, in the Contract and in these Terms and Conditions. Notice of withdrawal from the Contract shall be drawn up in writing.
70. Either Party shall be entitled to withdraw from the Contract if the other Party to the Contract enters into liquidation or files an insolvency petition due to bankruptcy, or if an insolvency petition is filed against the other Party.
71. The reason for withdrawal shall be a substantial breach of the Contract by the Contractor, which primarily means a breach of the obligation to complete and hand over the Work to the Client in a due and timely manner, and a delay in remedying defects.
72. If the title to the Subject of the properly completed Work passes to the Client before the Contract is terminated, the Client shall choose one of the following options:
  - a) after withdrawal, the Subject of the Work shall remain in the ownership of the Client, and the Contractor shall be entitled to financial compensation equal to the amount of profit the Client has obtained from using the Work, or
  - b) the Client shall be entitled to return the Subject of the Work, if this is possible with regard to the nature of the Work, and the Contractor shall simultaneously be obliged to return the Price of the Work to the Client.
73. Upon withdrawal from the Contract, any and all rights and obligations of the Parties shall expire, with the exception of contractual penalties, default interest, compensation for damages, rights arising from liability for defects in the Work, rights arising from securities, and arrangements that, due to their nature, shall remain binding after withdrawal from the Contract (e.g. confidentiality obligations, industrial and intellectual property rights, etc.), and any other rights ensuing from generally binding legislation.

#### **FINAL PROVISIONS**

74. Legal actions taken by the Client and the Contractor shall be exclusively executed in writing, unless otherwise stated in these Terms and Conditions. Any other forms of manifestation of will shall not impose any obligations on the Parties and shall not be interpreted inconsistently with the provisions of the Contract or its Amendments.
75. Pursuant to the provisions of Section 1764 et seq. of the Civil Code, the Contractor assumes the risk of a change in circumstances.
76. The Contractor and the Client represent and warrant that they shall not infer any rights and obligations from the current or future practice established between them, from generally observed customs, or from the industry of the delivered goods, beyond the scope of the concluded Contract and these Terms and Conditions.
77. No obligation under the Contract or these Terms and Conditions is a fixed obligation, unless otherwise stipulated in the Contract.
78. The rights and obligations of the Parties, as well as legal relations resulting or arising from the Contract, shall be governed by the concluded Contract, the Client's instructions issued during the performance of the Work, these Terms and Conditions, the Civil Code (Act No. 89/2012 Coll., as amended) and other generally binding legislation of the Czech Republic.
79. The Parties have agreed to first attempt to resolve any disputes arising in connection herewith by mutual agreement. Should the Parties fail to resolve any such disputes amicably, the competent court of first instance for resolving disputes shall be the general court having local jurisdiction over the Client's registered seat.
80. Should any provisions of these Terms and Conditions or a specific Contract be or become invalid or ineffective, or are not taken into account by law, this shall not affect the validity, effectiveness or legal impeccability of the remaining provisions. In such cases, the Parties shall immediately conclude an Amendment, whose contents shall replace the invalid or ineffective provision with a provision that is as close as possible to the meaning and purpose of the original provision.
81. These General Purchasing Terms and Conditions shall become valid and effective on 1 January 2021.



## ANNEX A

### WITKOWITZ GROUP COMPANIES

1. WITKOWITZ, a.s., with its registered seat at Ruská 83/24, Vítkovice, 703 00 Ostrava, company registration No. 079 93 293
2. WITKOWITZ ENVI a.s., with its registered seat at Ruská 1142/30, Vítkovice, 703 00 Ostrava, company registration No. 045 28 131
3. Witkowitz Mechanica, a.s., with its registered seat at Pohraniční 3017/11, Vítkovice, 703 00 Ostrava, company registration No. 075 64 813
4. VÍTKOVICE ENERGETICKÉ STROJÍRENSTVÍ a.s., with its registered seat at Pohraniční 3017/11, Vítkovice, 703 00 Ostrava, company registration No. 069 77 731
5. VÍTKOVICKÉ STROJÍRNY s.r.o., with its registered seat at Pohraniční 3017/11, Vítkovice, 703 00 Ostrava, company registration No. 021 47 173
6. Hutní montáže, a.s., with its registered seat at Ruská 1142/30, Vítkovice, 703 00 Ostrava, company registration No. 155 04 140
7. GEARWORKS a.s., with its registered seat at Vítkovice 1141, 703 00 Ostrava, company registration No. 258 77 933
8. VÍTKOVICE HAMMERING a.s., with its registered seat at Ruská 2887/101, Vítkovice, 703 00 Ostrava, company registration No. 278 07 088
9. NOEN, a.s., with its registered seat at Václavské náměstí 772/2, Nové město, 110 00 Prague 1, company registration No. 025 601 598
10. Witkowitz Atomica a.s., with its registered seat at Václavské náměstí 772/2, Nové město, 110 00 Prague 1, company registration No. 090 01 638