

## GENERAL TERMS AND CONDITIONS OF PURCHASE

No. 01/2021

**WALBO RAILWAY s.r.o.**, with the registered office in Ostrava, Moravská Ostrava, Vítězná 1271/20, post code: 702 00, Company ID: 05788366, incorporated in the Register of Companies kept by the Regional Court in Ostrava, Section C, File 69337 (hereinafter referred to as **“WALBO”**).

In compliance with the provisions of s. 1751 of Act No. 89/2012 of the Coll., Civil Code, as amended, (**“CC”**), these General Terms and Conditions of Purchase (**“GTC”**) form an integral part of all and any framework purchase agreements, framework contracts for work, purchase contracts, contracts for work and any other business obligations which WALBO concludes with the other contractual party.

### 1. General provisions

- 1.1 Unless otherwise agreed in writing, the GTC apply to all supplies provided to WALBO by the other contracting party.
- 1.2 For the purposes of the GTC and related contractual relationships, the terms below mean the following:
  - a. **“WALBO”** means the company WALBO RAILWAY s.r.o., with the registered office in Ostrava, Moravská Ostrava, Vítězná 1271/20, post code: 702 00, company ID: 05788366, incorporated in the Register of Companies kept by the Regional Court in Ostrava, Section C, File 69337;
  - b. **“Other Contracting Party”** means, depending on the nature of the contractual relationship, a seller/contractor/contracting party identified in the applicable provisions of the CC which, based on the contract concluded with WALBO, enters into the respective contractual relationship with WALBO unless the provisions of the GTC imply another meaning;
  - c. **“Contract”** means, depending on the nature of the contractual relationship, a purchase contract/a contract for work/another type of contract concluded by and between WALBO and the other Contracting Party in accordance with the CC when, at the same time, the term **“Contract”** also means a document concluded as a framework agreement or a Partial Contract;
  - d. **“Framework Agreement”** means a framework agreement concluded by and between the Contracting Parties and regulating the rights, obligations and business rules between them beyond the scope of these GTC, on the basis of which Contracts are concluded by the Contracting Parties;
  - e. **“Partial Contract”** is a single purchase contract or contract for work, i.e. a bilateral legal act which arises at the moment of unconditional receipt by the other Contracting Party of the purchase order placed by WALBO and which also regulates the rights, obligations and business practice between the Contracting Parties beyond the scope of these GTC;
  - f. **“Performance”** or, where applicable, **“Subject of Performance”** means, depending on the on the nature of the Contract and the contractual relationship, goods/work/another Subject of Performance under the CC;
  - g. **“Contracting Parties”** mean jointly WALBO and the other Contracting Party.
- 1.3 Deviations from these GTC and any ancillary arrangements require agreement of the Contracting Parties in writing in order to be valid.
- 1.4 The business terms and conditions of the other Contracting Party are part of the Contract only if WALBO expressly recognizes them in writing for the specific Contract. WALBO expressly excludes the conclusion of the Contract by reference to the business terms and conditions of the other Contracting Party.
- 1.5 The other Contracting Party is not entitled to exclude validity of these GTC or their part without prior written express consent of WALBO.
- 1.6 In matters not regulated by these GTC or by a contractual arrangement of the Contracting Parties, the procedure shall be in accordance with the Czech law, in particular in accordance with the provisions of the CC, as amended.

### 2. Concluding Contracts

- 2.1 Framework Agreements and Partial Contracts are concluded in writing by the procedure under the CC. Partial Contracts are concluded on the basis of a written offer – order made by WALBO (hereinafter referred to as **“Order”** for the purpose of concluding Partial Contracts). Unless the Contracting Parties agree otherwise,

the Partial Contract is concluded either upon delivery of the written confirmation of the Order by the other Contracting Party (the moment when the written acceptance of the Order becomes effective) or by the procedure under the provisions of s. 1744 of the CC, i.e. by complying with the content of the Order, in particular by providing the Performance. In such a case, the Partial Contract is concluded at the moment when such legal action was taken by the other Contracting Party if it occurred before the expiration of the period given for the Order confirmation. If the legal action is taken after this period, the effects of the concluded Partial Contract do not arise unless WALBO expressly states without undue delay that WALBO accepts the Performance and that the Partial Contract has been concluded. WALBO expressly excludes the conclusion of the Partial Contract on the basis of acceptance of an offer by the other Contracting Party with an amendment or deviation that changes the conditions of the offer (Order).

- 2.2 The Order is always sent electronically, in a non-editable format (pdf) and must contain especially these:
- Designation of the Contracting Parties,
  - Specification of the Performance required,
  - Specification of the documentation which WALBO requires to be delivered together with the Performance,
  - Time limit for the Performance,
  - Price of the Performance,
  - Place of the Performance,
  - Signature of the authorized person.

If the Contracting Parties prefer another practice, the Order may also be sent by other means enabling the capture of the content of such a legal action and identification of the person acting (by fax) or by post.

- 2.3 The other Contracting Party is obligated to deliver the written confirmation of the Order without undue delay no later than 10 (ten) days from the date of its delivery to the other Contracting Party, but no later than 15 (fifteen) working days from the date of its dispatch by WALBO to the other Contracting Party. For the avoidance of doubt, the day of delivery of the order is considered to be the working day following the day on which the Order was sent. Unless the other Contracting Party accepts the Order in full as it was sent by WALBO and sends its reply back together with amendments, deviations or other modifications, this represents a new proposal which WALBO is entitled to discuss and notify the other Contracting Party whether WALBO accepts this new proposal.
- 2.4 Until WALBO receives a written confirmation (acceptance) of the Order, it can withdraw or cancel the Order either in writing (also electronically) or by phone, with an additional written (also electronically) confirmation of such cancellation, without the right of the other Contracting Party to compensation.
- 2.5 All previous oral information and information from any personal negotiations are non-binding and are not considered an offer binding on WALBO to conclude the Contract. If the Contracting Parties provide confidential data or communications during the negotiations of the Contract, the receiving Party undertakes to ensure that the data is not misused or disclosed; otherwise, it is obliged to compensate the providing Party for the damage caused by non-compliance with this provision. If either Contracting Party shares this information in the context of the fulfilment of its legal obligations or, where applicable, shares it with auditors, economic or legal advisers, as well as any other cases explicitly mentioned in these GTC, it is not considered a breach of the duty of confidentiality provided that these entities are bound by the obligation of non-disclosure. Termination of the Contract for any reason does not affect the obligation of confidentiality and keeping the information confidential.
- 2.6 The Framework Agreements concluded by the Contracting Parties always have the nature of framework agreements, and WALBO is entitled (but not obliged) to order from the other Contracting party such performance that is agreed in the Framework Agreement. Failure to order the Performance under the Framework Agreement by WALBO neither constitutes a breach of the Framework Agreement by WALBO, nor establishes any claims or rights of the other Contracting Party against WALBO.

### 3. Time, place and manner of Performance

- 3.1 The time (delivery period/time) and the place of Performance become binding at the moment of concluding the Contract or the Partial Contract.
- 3.2 If the Order confirmation states a time limit different from the time limit required by the Order, this constitutes a new proposal, and the provisions of Art. 2.3 of the GTC must be applied.

- 3.3 If the Contracting Parties do not agree on the time of Performance in the Partial Contract, the other Contracting Party is obliged to perform without undue delay after being invited to do so by WALBO.
- 3.4 Unless the Contracting Parties agree otherwise, the agreed delivery parity is DDP WALBO's operating premises, which will be stated in the Order according to INCOTERMS 2020.
- 3.5 If the Contract and the nature of Performance require so, WALBO will provide to the other Contracting Party the technical documentation necessary for the delivery of Performance. If any modifications, amendments or updates of the technical documentation are required, the Contracting Parties undertake to notify each other in writing exclusively through the contact persons designated by them, by a written document sent to the hands of these contact persons. If the need for a modification, amendment or update of the technical documentation necessitates a change in the agreed conditions of Performance, especially the price of Performance, delivery date, the Parties undertake to enter into an appropriate agreement to change the previously agreed terms and conditions of the Performance. The other Contracting Party shall keep all technical documentation provided by WALBO confidential. The other Contracting Party may use the technical documentation provided to it exclusively for the purpose of performing the Subject of the Framework Agreement and Partial Contracts and must not use the technical documentation for any other purpose before it receives prior written consent from WALBO. The other Contracting Party is not entitled to provide the technical documentation submitted to it to a third party without prior written consent of WALBO, with the exception of third parties that will be involved in the Performance on the basis of the contractual relationship with the other Contracting Party (e.g. employees or Partial Contractors), provided the other Contracting Party ensures that such third parties are bound in relation to the technical documentation to the same extent as the other Contracting Party is bound to the technical documentation under the conditions of this paragraph. Notwithstanding the above, the other Contracting Party is liable to WALBO for any action or omission of the third parties to whom the other Contracting Party provided the technical documentation and which contravene the conditions of this paragraph. No later than 3 (three) months after the Subject of the Framework Agreement or Partial Contract is completed, the other Contracting Party shall return the technical documentation to WALBO and discard any copies made.
- 3.6 The other Contracting Party undertakes to provide WALBO with the Performance that meets all technical, legal, safety and other standards and complies with all technical, safety, legal and other generally binding regulations and the technical documentation provided by WALBO. The other Contracting Party, as an expert in the field of Performance to be delivered, is obliged to suggest on its sole responsibility a suitable technical solution for the Performance, in particular in compliance with the technical documentation submitted to it by WALBO. Providing there is a modification or amendment of any standard or of a generally binding regulation during the Performance of the Contract, the other Contracting Party undertakes to take these modifications into account and provide the Performance according to the currently valid standard and generally binding legislation. Together with the Performance, the other Contracting Party is obliged to also submit to WALBO all documents belonging to the Performance, especially the adequate complete, standard, standardized, properly, high-quality and clearly prepared documentation specified in the Order; if not specified in the Order, then all documentation required by legal regulations and/or technical standards (attestations, certificates, reports, accompanying documentation, instructions, etc.), and other documents necessary for the use or further distribution of the goods and/or if these are required by generally binding legal regulations and others, and a delivery note. Unless expressly agreed otherwise in the Contract, all the above documentation must be prepared in the Czech language. The other Contracting Party is obliged to always send the agreed certificates for each Performance physically and electronically.
- 3.7 The other Contracting Party is obliged to procure, independently and at its own expense, all things and rights necessary for the Performance of the Contract. The other Contracting Party declares that it has sufficient capacity, expertise and experience necessary for the Performance of the Contract, which it will ensure by professionally qualified persons. The other Contracting Party declares that it has the capacity to provide the Performance of the Contract and that it is duly certified to provide Performance and undertakes to proceed so that it can meet the conditions and requirements set out by the relevant regulations for certification throughout the Performance of the Contracts.
- 3.8 The delivery note for the Subject of Performance must contain at least the following:
- Designation of the Contracting Parties,
  - Delivery note No.,
  - Order No.,

- d. Quantity and type of the delivery,
- e. Depending on the circumstances, an indication that the goods are packed in returnable packaging,
- f. Delivery date,
- g. Place of delivery,
- h. Stamp and signature of the person authorized to act for the other Contracting Party.

Acceptance of the Performance without defects must be confirmed by a signature of an authorized person acting for or on behalf of WALBO; otherwise, such acceptance of the Performance is ineffective. The person authorized to take over the Performance is the person who issued the Order, a representative delegated by him/her or a stock keeper.

- 3.9 The Performance must be in the agreed quantity, quality and design so that it is free of defects (i.e. performed duly and in time), with the stipulated or usual properties so that the Subject of Performance can be used in accordance with the Contract and in compliance with its purpose. The Performance is considered defective if it shows signs especially set forth in the provision of s. 1916 of the CC. WALBO will take over the Performance only if it does not show any obvious defects. If, during the acceptance, the Performance is found to show defects, WALBO is entitled to refuse to accept the Performance and state the fact in the handover report.
- 3.10 Premature Performance can only be done with the express written consent of WALBO. The Contracting Parties agree that the provisions of s. 2101 of the CC shall not be applied to the Contract and that the other Contracting Party is obliged to perform faultlessly as at the time of delivery, regardless of whether they deliver the Performance before the expiry of the last day of the time limit provided for delivery of the Performance.
- 3.11 The other Contracting Party shall inform WALBO about the provision of Performance and about the method of such delivery by e-mail communication no later than three (3) working days in advance. The Contracting Parties make it undisputable that WALBO will usually install the Performance in more complex units (products/articles) only after the moment of their delivery, and this is why WALBO will be able to inspect the Performance and always see its/their properties at the moment of its/their installation into a more complex unit (product/products). For this reason, the Contracting Parties expressly agree that WALBO may assert the right of defective performance in court if WALBO claimed the defect with the other Contracting Party without undue delay after WALBO was able to inspect the Performance at the time of its/their installation in a more complex unit (product/article). The Contracting Parties agree that s. 1921 (1) and (3) of the CC shall not apply.
- 3.12 The other Contracting Party shall provide the Subject of Performance with such packaging that ensures full protection of the Subject of Performance against damage or destruction during transport or during handling, while maintaining the possibility to handle the Subject of Performance by conventional means. Unless it is specified in more detail how the packaging is to be made, the other Contracting Party is obliged to choose the type of packaging that corresponds to the usual method of packaging of the Subject of Performance. If the other Contracting Party uses returnable packaging, it is obliged to indicate this fact in the delivery note, or on the packaging itself. If it is necessary with regard to the Subject of Performance, the other Contracting Party ensures that the Performance is preserved according to the purpose of Performance. All costs for packaging and wrapping of the Subject of Performance, as well as for their return, shall be borne by the other Contracting Party.
- 3.13 The other Contracting Party is entitled to perform by another entity (Partial Contract or) only if such Partial Contract or is approved by WALBO in writing in advance. If the Performance is provided by a Partial Contract or, the other Contracting Party is liable to WALBO as if performing itself.
- 3.14 When performing in WALBO's headquarters or operating premises, the other Contracting Party is obligated to comply with all WALBO's requirements, conditions, instructions and regulations which specify the duties for suppliers to WALBO especially with regard to the environment, safety and health at work. The other Contracting Party expressly declares that it has become sufficiently acquainted with WALBO's regulations setting out the duties for suppliers to WALBO and that it expressly accepts the conditions stipulated therein and undertakes to abide by them.
- 3.15 The other Contracting Party undertakes to ensure for WALBO availability of spare parts for the duration of Performance of the Contract and the period of 10 (ten) years from termination of the Contract ("**Spare Parts**"). If WALBO is interested in buying Spare Parts from the other Contracting Party, the other Contracting Party is obligated to conclude the respective Contract (Contracts) for the delivery of the Spare Parts within 14 (fourteen) calendar days from the delivery of an invitation to conclude the Contract to the other Contracting Party. The Contracting Parties shall respect the prices of the Spare Parts, delivery dates and any other conditions usual at the time of concluding the Contracts in the ordinary course of trade between unrelated parties.

3.16 If the Contract under Art. 3.15 of these GTC cannot be concluded due to a fault of the other Contracting Party, the other Contracting Party shall provide WALBO with drawing documentation within 14 (fourteen) calendar days after the invitation to conclude the Contract for the purpose of producing the respective Spare Parts for WALBO in a WALBO organisational unit or by a third party authorized to do so. The relevant drawing documentation may be used to produce a Spare Part always for an individual case and for a reasonable number of pieces. The other Contracting Party shall also grant to WALBO and to the person ensuring the production of the Spare Part a license free of charge and all related authorizations necessary to produce the Spare Part and for its subsequent use for the purposes of maintenance, repair and performance for the case described in this paragraph. For the avoidance of doubt, WALBO is entitled to invite the other Contracting Party repeatedly.

#### 4. Price and payment conditions

- 4.1 Unless the Contracting Parties agree on the price in the Contract, the price will be agreed in the amount usual at the time and in the place of conclusion of the Contract. If the price cannot be determined in this way, the competent court will decide on the price on the motion of one of the Parties.
- 4.2 Unless otherwise stipulated in the Contract, the agreed price means the amount excluding value added tax, which will be added in accordance with the relevant legal regulations. The agreed price is fixed and includes all costs of any kind related to the provision of Performance, i.e. all costs that the other Contracting Party could expect with all professional care at the time of conclusion of the Contract, i.e. especially packaging costs, transport costs and insurance to the place of Performance, costs incurred in connection with the handling of goods, storage, preparation of the necessary documentation, performance of any necessary and/or required tests, possible customs duties and import fees, other administrative fees, etc. The Contracting Parties expressly agree especially for the Framework Agreements that any adjustments of the prices of Performance by the inflation rate are excluded. A change in the amounts of prices is possible only based on an agreement between the Contracting Parties on Performance prices in the form of a new written price amendment to the Contract.
- 4.3 The other Contracting Party will charge the price after acceptance of Performance without reservations, which will be confirmed by a record on the acceptance by WALBO – a delivery note. If the invoice does not include all the essential particulars of a tax document, WALBO is entitled to return the invoice to the other Contracting Party, and for the time when the invoice is being corrected, the time limit for payment will stop, and will start again after a flawless invoice is delivered.
- 4.4 The due dates of invoices will be agreed in the Partial Contract. If the Parties do not agree on the due date, invoices will be due within sixty (60) days from the day of delivery of the invoice to WALBO. For the avoidance of doubt, the provisions of Art. 5.4 of these GTC will apply to deliveries.
- 4.5 The invoice will be paid by non-cash transfer to the bank account specified by the other Contracting Party. The invoice is considered duly paid on the day when the entire amount is debited from the account of WALBO.
- 4.6 If the other Contracting Party is designated as an unreliable payer by the tax administrator within the meaning of s. 106a of the VAT Act, the other Party undertakes to inform WALBO of this fact in writing without undue delay and indicate the date on which this occurred. If WALBO becomes liable pursuant to s. 109 of the VAT Act for the unpaid VAT relating to the taxable supply received from the other Contracting Party, WALBO has the right to apply a special method of securing taxes pursuant to s. 109a of the VAT Act without the consent of the other Contracting Party. When applying this special method of securing taxes, WALBO will pay the amount of VAT according to the tax document issued by the other Contracting Party to the account of the other Contracting Party's tax administrator and must notify the other Contracting Party of this step in an appropriate way. By paying the amount of VAT to the account of the other Contracting Party's tax administrator and by notifying the other Contracting Party of this step, the obligation of WALBO to pay the amount equal to the amount of VAT specified in the Contract is considered fulfilled.
- 4.7 The other Contracting Party is obliged to state on its tax documents only the bank accounts published by the tax administrator in a manner enabling remote access within the purpose of s. 96 (2) of the VAT Act. If the other Contracting Party states on its invoice a bank account not published by the tax administrator in the above manner, the invoice will not be paid, but will be returned and the procedure under Art. 4.3 of these GTC will apply.
- 4.8 The other Contracting Party is not entitled to set off, assign or pledge its claims and obligations arising from the Contract to a third party without prior written consent of WALBO.
- 4.9 The other Contracting Party is not entitled to assert or exercise the right of retention of any things owned by WALBO or which the other Party has taken over from WALBO in connection with the Performance of the Contract.

## 5. Warranty, complaint procedure

- 5.1 The other Party provides an unconditional and unlimited guarantee for the quality of each individual Performance. By providing a quality guarantee, the other Party guarantees that each Performance is free from actual defects, i.e. in particular, (i) it is in accordance with the Contract; (ii) complies with generally binding legal regulations and technical standards; and (iii) is fit to be used for its intended purpose; and (iv) has no legal defects. The other Contracting Party undertakes to eliminate any defects free of charge at its own expense during the warranty period. Unless the Contracting Parties agree on a different warranty period, the agreed warranty period is 36 (thirty-six) months from the date of commissioning, especially by the end customer of WALBO; however, a maximum of 48 (forty-eight) months from the date of acceptance of the Performance by WALBO. The warranty period starts on the day following the day of acceptance of the Performance by WALBO without defects.
- 5.2 The warranty does not cover the usual wear and tear of the Subject of Performance, modifications and repairs made by WALBO or by a third party in an inexpert manner, any defects caused by inexpert or incorrect operation, and also any defects caused due to force majeure. For proper handling of the Subject of Performance by WALBO, the other Contracting Party is also obliged to hand over to WALBO complete, properly, high-quality and clearly prepared instructions and manuals for storage of the Subject of Performance, for the use, maintenance and repairs of the Subject of Performance no later than at the time of the handover. If the other Contracting Party does not provide such instructions and manuals, it is fully liable for defects in the Subject of Performance.
- 5.3 WALBO will send a notification of any detected defects (complaint report) to the other Contracting Party immediately after their detection. In the notification, WALBO will state the date when the defect was discovered and its detailed description. The notification of a defect must be delivered to the other Contracting Party in writing, while the written form is maintained even in legal proceedings made by electronic or other means that enable to capture the content of such legal proceedings and the appointment of a person authorized to act.
- 5.4 The complaint procedure starts on the day when the notification of defects (complaint report) is delivered to the other Contracting Party. If in doubt, it is agreed that if the notification is sent by e-mail, the day of delivery is considered the first working day following the day when the e-mail was sent, and if the notification is sent by post, the day of delivery is considered the 3rd (third) working day following the day when the consignment was sent.
- 5.5 The other Contracting Party is obliged to communicate its opinion on the complaint and a proposal for its solution in writing no later than 3 (three) working days from the day of the start of the complaint procedure. The other Contracting Party is obliged to eliminate the claimed defect, regardless of whether the other Party recognizes the claim as justified or not. If it is subsequently demonstrated (the burden of proof lies solely with the other Party) that the complaint was unjustified, WALBO will pay the other Contracting Party any costs effectively incurred by the elimination of the defect unjustly claimed and repaired by the other Party, at the price usual at the given place and time. If it is necessary for a proper assessment of the complaint, the other Contracting Party is obliged to agree with WALBO on a date when the other Contracting Party will arrive at the agreed place to inspect the Subject of Performance in order to determine the further procedure.
- 5.6 If the defective Performance is a material breach of the Contract, WALBO is entitled to:
- Eliminate the defect by delivery of a new Performance without defects;
  - Eliminate the defect by delivery of the missing Performance;
  - Eliminate the defect by repair of the Subject of Performance;
  - Get a reasonable discount from the price; or
  - Withdraw from the Contract.
- 5.7 If the defective Performance is an insignificant breach of the Contract, WALBO has the right to have the defect eliminated or to a reasonable discount from the price.
- 5.8 The selection of the entitlement lies with WALBO, which will inform of the selected entitlement in the notification of defect (complaint report). If the selected entitlement is not notified, the Contracting Parties will agree on it.
- 5.9 The other Contracting Party is obliged to eliminate the claimed defects in the place where the Subject of Performance is operated and takes note of the fact that the place of operation may be outside the Czech Republic. Unless the Contracting Parties agree in writing otherwise, the other Party shall eliminate the defect

at its own expense and by its own staff within the time limit set by WALBO, but no later than 10 (ten) days from the commencement of the complaint procedure. If it is a defect that WALBO identifies in the complaint report as an emergency or endangering the operation of the Subject of Performance or of a more complex unit (product/article) in which the Subject of Performance is incorporated, the time limit for eliminating the defect is 24 hours from the commencement of the complaint procedure unless the Contracting Parties agree otherwise.

- 5.10 The Contracting Parties agree that any trips of the other Party's technicians to eliminate any defects at the end customers of WALBO will always be coordinated with an authorized employee of WALBO who, if there are more defects, determines the priority of their elimination.
- 5.11 If the other Party does not eliminate the defect properly and in time, WALBO is entitled to eliminate the defect itself or by a third party at the expense of the other Contracting Party, and the other Contracting Party must pay for it to WALBO within 30 days from the delivery of the bill. Failure of other Contracting Party to eliminate the defect properly and in time is also considered a material breach of the Contract.
- 5.12 In the event of a serial defect to the Performance (which for the purposes of the Contract means an identical defect of the Performance that occurs in at least three (3) products, if due to its nature such a defect requires retrospective modifications/repairs of also those products in which such a defect has not yet manifested itself), the other Contracting Party undertakes to make appropriate retrospective modifications/repairs free of charge on all the Performances, including those where the serial defect of the Performance has not yet manifested itself, so that its incidence and occurrence no longer happens. The Contracting Parties shall agree on a reasonable time limit for the elimination of a serial defect of the Performance in all Performances, while objectively taking into account the nature and severity of the given serial defect of the Performance.
- 5.13 If WALBO informs the other Contracting Party of a defect of the Performance within the warranty period, the period will not run for the time when WALBO cannot use the Subject of Performance as perfect. The warranty period is prolonged by the time for which the Subject of Performance could not be used because of the claimed defect. If, based on the complaint, WALBO is delivered a new Subject of Performance or its part, a new warranty period for the new Subject of Performance or its part will start, with the warranty period agreed for the specific Performance in these GTC or in the Contract, on the day when the new Performance or its part is taken over by WALBO based on an official report.
- 5.14 In compliance with the provision of s. 2108 of the CC, WALBO will not have to pay part of the price of the Performance by an estimate reasonably corresponding to WALBO's right to discount until removal of the defect.
- 5.15 WALBO has the right to demand from the other Contracting Party reimbursement of all costs incurred by WALBO in relation to the delivery of the defective Subject of Performance and lodging the complaint. All costs relating to the elimination of defects and any associated costs will be borne by the other Contracting Party. The other Contracting Party notes that such associated costs mean especially damages caused by delivery of the defective Performance, as well as sanctions and contractual penalties charged to WALBO by the end customer in relation to the defective Performance of the other Contracting Party, lost profit and material and non-material damage caused to the reputation of WALBO in business circles. The settlement of a complaint is without prejudice to this right of WALBO.
- 5.16 The other Contracting Party is liable for ensuring that the Performance provided is free of legal defects. If a third party asserts against WALBO any claims under a patent, trademark, industrial design, patent or license right of the brand, invention and other claimed rights to the Subject of Performance, the other Contracting Party is obliged to settle these claims in its own name and at its own expense, including any litigation.
- 5.17 WALBO is entitled to exercise its right from defective Performance even after the warranty period. The provisions of ss. 2111 and 2112 of the CC shall not apply to the Contract.
- 5.18 The other Contracting Party is obliged to take out insurance relating to the compensation of any material and non-material damage caused by the defective Performance provided to WALBO and maintain the insurance valid and in effect for the entire duration of the contractual relationship between WALBO and the other Contracting Party. The insurance indemnity must be agreed in such an amount that the other Contracting Party is objectively able to bear the costs associated with the settlement of the claim for damages made by WALBO. Failure to conclude the insurance contract is considered a material breach of the Contract.

## 6. Consequences of delay, breach of duty

- 6.1 Unless the other Contracting Party delivers a written confirmation of the Order in compliance with Art. 2.3 of these GTC, WALBO may cancel the Order without the other Contracting Party's right to compensation.

- 6.2 If the other Contracting Party does not properly and timely conclude the Contract based on the Order, regardless whether the delay was caused by the other Contracting Party's failure to act (i.e. in particular, by failure to deliver the signed Order within the time limit specified by WALBO under these GTC) or by the other Contracting Party's express refusal to conclude the Contract or by modification of the terms of the Contract or by failure to comply with the procedure for the conclusion of the Contract under these GTC, the other Contracting Party is obliged to pay to WALBO a contractual penalty of 0.1% of the price of the Performance that should have been delivered to WALBO on the basis of the Order and that should have been made by the other Contracting Party on the basis of the non-concluded Contract, without value added tax, for each day of delay in delivery of the written confirmation of the Order. The contractual penalty under this paragraph can be applied repeatedly, i.e. this contractual penalty can be applied in relation to each Partial Contract that the other Contracting Party would not conclude with WALBO or in which the other Contracting Party would not follow the procedure described in these GTC.
- 6.3 If the other Contracting Party is in delay with delivery of the Performance without defects within the time limit agreed herein or in the Contract, it shall pay to WALBO a contractual penalty of 0.1% of the price of the Performance under the Partial Contract, without value added tax, for each day of delay. If the free-of-defect Performance is not handed over to WALBO even without 10 (ten) days after the deadline agreed for the Performance, this constitutes a significant breach of the Contract, and WALBO is entitled to withdraw from the Contract.
- 6.4 If the other Contracting Party is in delay with the Performance, it is liable for all damage incurred by WALBO due to asserting sanctions and damages by the end customer of WALBO.
- 6.5 If the other Contracting Party is in default with delivery of the Performance free of legal defects, it is liable to pay to WALBO a contractual penalty of 20% of the price of the Performance under the Partial Contract for each individual case. Any costs reasonably incurred by WALBO in possible litigations resulting from legal defects shall be borne by the other Contracting Party.
- 6.6 If WALBO fails to pay a properly and justly invoiced price of the Performance duly and in a timely manner, the other Contracting Party is entitled to charge to WALBO a contractual penalty of 0.01% of the price of the Performance in arrears under the Partial Contract, without VAT. In the event of a delay in payment of the invoice, WALBO is liable for any damage incurred by the other Contracting Party due to the late payment to the extent exceeding the agreed contractual penalty. Compensation for damage is limited to 10% of the price of the Subject of Performance under the Partial Contract, without VAT.
- 6.7 If the other Contracting Party fails to comment on the complaint lodged within the period set out in Art. 5.5, it means that the other Contracting Party has acknowledged the complaint. In this case, WALBO is entitled to eliminate the defect itself or have it eliminated by a third party and then bill to the other Contracting Party the costs incurred by the elimination of the defect, and if the defective Performance constitutes a material breach of the Contract, WALBO is entitled to withdraw from the Contract.
- 6.8 If the other Contracting Party fails to eliminate the claimed defects within the period set out in Art. 5.9 of these GTC, it shall pay to WALBO a contractual penalty of 0.01% of the agreed price of the Performance under the Partial Contract, without VAT, for each day of delay.
- 6.9 If the other Contracting Party is in delay with the elimination of a serial defect within the time limit agreed in Art. 5.12 of these GTC, WALBO is entitled to charge to the other Contracting Party a contractual penalty of CZK 12,000 (twelve thousand Czech crowns) for each individual serial defect with the elimination of which the other Contracting Party is in delay, for each commenced day of delay and for each individual serial defect, and the other Contracting Party undertakes to pay the penalty to WALBO.
- 6.10 WALBO is entitled to a contractual penalty of CZK 100,000 (one hundred thousand Czech crowns) if the other Contracting Party breaches the obligation to conclude the Contract under Art. 3.15 of these GTC or if the other Contracting Party breaches the obligation to provide WALBO with the drawing and technological documentation to the Spare Parts under Art. 3.16 of these GTC.
- 6.11. If the other Contracting Party breaches any of the obligations set out in Art. 9 of these GTC, i.e. in particular, the obligation of the other Contracting Party to provide WALBO with a non-exclusive, time-unlimited, territory-unlimited and quantity-unlimited license to use intellectual property to the extent necessary to fulfil the purpose of the Contract, WALBO is entitled to demand a contractual penalty of CZK 1,000,000 (one million Czech crowns) from the other Contracting Party for each individual breach of this obligation, and the seller undertakes to pay it to WALBO.
- 6.12 If the other Contracting Party handles the technical documentation provided to it under the Framework Agreement, Partial Contract and pursuant to Art. 3.5 of these GTC in violation of them, WALBO is entitled to demand a contractual penalty of CZK 1,000,000 (one million Czech crowns) from the other Contracting Party for each individual breach of this obligation, and the seller undertakes to pay it to WALBO.



- 6.13 If the other Contracting Party breaches any of its obligations not to set off, not to assign and not to pledge a receivable from the Contract or acts in breach of any of its obligations, WALBO is entitled to charge to the other Contracting Party a contractual penalty of 20% of the value of the set-off, assigned and/or pledged receivable or, where applicable, payable.
- 6.14 A contractual penalty is payable within 30 calendar days from the delivery of its statement to the obligated Party.
- 6.15 Contractual penalties in the above amounts shall be paid for each day of delay, until full fulfilment of the obligation, unless the nature of the contractual penalty indicates otherwise. Payment of the contractual penalty does not terminate the obligation of the Contracting Party to fulfil the relevant obligation. Contractual penalties are agreed to be paid, regardless of fault and regardless of whether WALBO incurred damage as a result of or in connection with the breach of the relevant obligation. The negotiation of a contractual penalty or its payment does not terminate or limit WALBO's right to damages caused by the delay or breach of a contractual obligation by the other Contracting Party.
- 6.16 The other Contracting Party waives the right to move in a possible litigation a reduction of the contractual penalty pursuant to the provisions of s. 2051 of the CC.

## 7. Damages, limitations and exclusions of liability for damage

- 7.1 Each Party is liable for the damage caused by a breach of its obligations under these GTC, the Contract as well as the relevant legislation, and is obliged to compensate the other Contracting Party for the damage, unless it is proven that the breach was caused by circumstances excluding liability.
- 7.2 The actual damage and what the injured Party missed (compensation for loss) are to be reimbursed. At the same time, WALBO's right to compensation for non-material damage is expressly agreed.
- 7.3 The liable Party shall be released from the obligation to compensate for damage if it proves that it was temporarily or permanently prevented from fulfilling the obligation by an extraordinary unforeseeable and insurmountable obstacle created independently of its will (circumstance excluding liability).
- 7.4 In the event of a circumstance excluding liability, all time limits for fulfilling the obligations set for the Contracting Parties by these GTC or by the Contract shall be extended by the period for which this circumstance lasts. The Contracting Parties undertake to inform each other in writing about the emergence and termination of these circumstances without undue delay. Circumstances of force majeure and actions of government authorities are considered circumstances excluding liability if they act in conflict with the legal regulations which they are obliged to comply with. The emergence and existence of circumstances excluding liability result in the impossibility to assert a contractual penalty for breach of the obligation in question for this period.
- 7.5 If a circumstance excluding liability lasts longer than 1 (one) month and if it cannot be assumed that the obligation can be fulfilled within a substitute period, or if the affected Party is not interested in this substitute performance for fair reasons, this affected Party is entitled to withdraw from the Contract.
- 7.6 If the other Party intends to make a change in the specification of the delivered Subject of Performance, changes of used input materials, production processes or technological processes, or replace the Subject of Performance with a suitable alternative, it is obliged to notify WALBO no later than 6 (six) months before the application of such a change. If the other Contracting Party plans to terminate the production of the delivered Subject of Performance, it is obliged to notify WALBO of this fact at least 12 (twelve) months in advance. In such a case, the other Contracting Party is obliged to actively cooperate with WALBO in order to eliminate possible adverse consequences. If the other Party fails to notify such facts in a timely manner, it shall be liable to WALBO for any damage suffered as a result of such omission.

## 8. Risk of damage to the Subject of Performance, ownership rights

- 8.1 The risk of damage to the Subject of Performance, its damage or loss is borne by the other Contracting Party until the moment of acceptance by WALBO of the Subject of Performance without defects, confirmed by a WALBO's representative in writing.
- 8.2 Unless the Contracting Parties agree otherwise, the ownership right to the Subject of Performance passes to WALBO upon the acceptance of the Subject of Performance without defects, confirmed in writing.

## 9. Trade secret, licenses

- 9.1 The other Contracting Party declares that it is the holder of intellectual property rights related to the provided Performance (especially to the processed documentation and possibly supplied software), or has

all rights and obligations settled with the holder of intellectual property rights, and that there are no restrictions on intellectual property rights which would prevent the other Party from fulfilling the Contract or which would prevent the purpose of the Contract.

- 9.2 After taking over the Performance, WALBO is entitled to use the documentation itself or through third parties for the purpose of operation, maintenance and repairs of the Performance and for implementing changes to the Performance (including repairs of violent damage, possible further reconstruction or modernization and acquisition of the Spare Parts), to a reasonable extent with regard to the nature of the work and interventions involved.
- 9.4 In the event of transfer of ownership of the Performance from WALBO to a third party, WALBO is not restricted in any way to transfer together with the Performance any intellectual property rights relating to the provided Performance (in particular, to the processed documentation and possibly supplied software).
- 9.5 The other Contracting Party provides WALBO with a non-exclusive, time-unlimited, territory-unlimited and quantity-unlimited license to use the objects of intellectual property to the extent necessary to fulfil the purpose of the Contract. The other Contracting Party especially provides WALBO with a license to use the documentation and software that are protected by intellectual property rights. In cases where the other Party is only in the position of a licensee for an object protected by intellectual property rights, it is obliged to provide WALBO with a sublicense to the extent specified above. At the same time, the other Party gives permission to WALBO to modify and interfere with the copyright to the extent necessary for the performance of the Contract. The royalty of the other Contracting Party is included in the price. The other Contracting Party is not entitled due to the granting of the license to any additional remuneration beyond the price.
- 9.6 WALBO is entitled to provide the sublicense to third parties. The other Contracting Party has no claims against WALBO or against other parties or authorities in connection with the sublicense. WALBO is entitled to assign the license to a third party.
- 9.7 The subjects of trade secrets are all facts of a commercial, production, technical and personnel nature that have actual or at least potential material value, are protected by law or are not commonly available in business circles and are to be kept secret and protected as trade secrets at the discretion of the Parties. Confidential information is any information that either Party communicates to the other Party and designates as confidential in writing.
- 9.8 If WALBO communicates or makes available to the other Party, for the purpose of Performance of the Contract, any facts constituting trade secrets or confidential information of WALBO, the other Contracting party undertakes to:
- Protect and keep confidential all facts that should be kept confidential and protected according to the will of WALBO manifested in writing as its trade secret, as well as all information marked as confidential in a sufficient manner that can reasonably be requested, for the period specified in writing;
  - Use the communicated information which constitutes a trade secret, as well as information marked as confidential, exclusively and only for the purposes for which it was communicated, but always in accordance with the instructions and in the interest of WALBO;
  - Refrain from any use or application of the facts constituting trade secrets or of the information identified as confidential for their own needs or for third parties, whether directly or indirectly contrary to the purpose for which they were disclosed.
- 9.9 All documents (drawings, calculations, models, dies, matrices, samples, etc.) as well as tools provided by WALBO to the other Contracting Party shall remain the property of WALBO and must be returned by the other Contracting Party without undue delay at the request of WALBO. Without WALBO's written consent, these must not be provided to third parties or used by the other Contracting Party otherwise than for the purpose of the Performance of the Contract. The other Contracting Party is obliged to remove the documents provided in electronic form from the data storage, including the documents which they are combined with other documents. At the request of WALBO, the other Contracting Party is obliged to issue a written confirmation of the removal of documents.

## 10. Termination of Contracts

- 10.1 The contractual relationship, to which these GTC are incorporated, can be terminated only in writing, by agreement, withdrawal from the Contract, or by a notice of termination in the case of the Framework Agreement and in the case specified in Art. 11.3 of these GTC.
- 10.2 Either Party may withdraw from the Contract, to which these GTC are incorporated, if the other Party breaches the Contract in a material way. Withdrawal from the Contract must be notified to the other Party in writing, together with

- its reasons. Withdrawal from the Contract is effective upon delivery of the withdrawal from the Contract to the other Party. In case of doubt during delivery, the provisions of Art. 5.4 of these GTC shall apply mutatis mutandis.
- 10.3 A material breach of contractual obligations by the other Contracting Party is especially considered to be a delay in handing over the Subject of Performance by more than 10 (ten) days or failure to eliminate defects in the Subject of Performance in accordance with Art. 5.9 of these GTC. WALBO is also entitled to withdraw from the Contract or its part in the following cases:
- a. If the other Contracting Party declares that it will not fulfil any of its basic obligations under the Contract, in particular it declares that it will not deliver one or more Performances or that it will not deliver one or more Performances in accordance with the Contract or fails to fulfil other obligations related to the delivery of one or more Performances;
  - b. If the other Party fails to properly fulfil the obligation under the Contract, has been notified of this fact in writing and did not arrange rectification even within the additional reasonable period which may not be shorter than 10 (ten) calendar days;
  - c. If the other Contracting Party has lost its license for business activities necessary for the Performance of the Contract in accordance with the applicable regulations, or the certification under the provisions of Art. 3.7 of these GTC;
  - d. The following is ordered against the other Contracting Party's assets:
    - a decision on bankruptcy is issued; or
    - an insolvency petition was rejected because the assets were insufficient to cover the costs of the insolvency proceedings; or
    - the bankruptcy is cancelled because the assets are completely insufficient; or
    - the other Party is being wound up.
- 10.4 A material breach of the contractual obligations by WALBO is especially considered the delay in payment of an invoice by more than 30 (thirty) days. The other Contracting Party is entitled to withdraw from the Contract even in the cases when the following occurs against WALBO's asset:
- a decision on bankruptcy is issued; or
  - the insolvency petition was rejected because the assets were insufficient to cover the costs of the insolvency proceedings; or
  - the bankruptcy is cancelled because the assets are completely insufficient; or
  - WALBO is being wound up.
- 10.5 In the event of a minor breach of the Contract, the Party concerned is obliged to give the other Party an alternative period to fulfil the obligation, which may not be shorter than 5 (five) working days. This provision shall not apply in the event of a breach of the obligations under Art. 5.9 of these GTC.
- 10.6 The Contracting Party that has materially breached the Contract is required to compensate the other Party for demonstrably caused damage and non-material damage.
- 10.7 Each Contracting Party is entitled to terminate the Framework Contract by a written notice of termination, with a 3 (three)-month notice period, even without giving a reason. The notice period starts on the day following the delivery of the notice and ends on the 3rd (third) month following the delivery. In case of doubt about the delivery of the notice, the rules set out in Art. 5.4 of these GTC shall apply mutatis mutandis.
- 10.8 Withdrawal from the Contract or termination of the Framework Agreement does not affect the rights of the entitled Party to the contractual penalty and/or damages caused by the obligated Party.

## 11. Amendments to the GTC

- 11.1 In compliance with the provisions of s. 1752 of the CC, WALBO reserves the right to unilaterally amend these GTC to a reasonable extent if necessary.
- 11.2 WALBO undertakes to notify the other Contracting Party in writing of any amendments to the GTC without undue delay, but no less than 30 (thirty) calendar days before the proposed effective date of such amendment.
- 11.3 If the other Contracting Party does not express its disagreement with the proposed amendment to the GTC in writing before the effective date of the amendment, then it has accepted the proposed amendment. If the other Contracting Party does not accept the amendment and notifies its disagreement in writing, the Contracting Parties shall negotiate on the content of the amendment, whereas WALBO also has the right to retract the amendment in that case. Unless the Contracting Parties agree within a reasonable period or if

WALBO does not retract the amendment of the GTC, the right of either Contracting Party to withdraw from the Contract to which these GTC are incorporated is thereby established.

11.4 Each article of the GTC is severable from the other articles of this document. Therefore, if any article of the GTC becomes invalid, ineffective or non-existent, the other articles of the GTC remain in full force and effect.

## 12. Miscellaneous

12.1 The Contracting Parties undertake to cooperate when performing the Subject of the Contract; they especially undertake to inform each other of all facts that may affect the Performance of the Contract.

12.2 The Contracting Parties agree that all changes, annexes or amendments to these GTC or concluded Contracts may only be made in writing. No different arrangements are valid.

12.3. The Contracting Parties agree within the meaning of s. 630 of the CC on the prolongation of the non-disclosure period to 5 (five) years in relation to each right arising from the Contract that is subject to confidentiality in a non-disclosure period shorter than 5 (five) years.

12.4 Deviating provisions in the Contract, including its annexes, take precedence over the wording of these GTC.

12.5 The other Contracting Party assumes the risk of a change of circumstances within the meaning of s. 1765 (2) of the CC.

12.6 The Contracting Parties agree that the rights and obligations arising from their mutual contractual relationship pass to their legal successors. The other Contracting Party is not entitled to transfer its rights and obligations under the Contract or part thereof to a third party without prior express consent of WALBO; WALBO reserves the right not to give such consent, even without giving a reason.

12.7 The Contracting Parties agree to settle all disputes arising in connection with the fulfilment of their mutual contractual relationship amicably. If no agreement is reached in resolving the dispute, the case will be submitted to the Czech court with jurisdiction over WALBO's registered office to be heard and decided.

12.8 The Contracting Parties agree that if any part of the Contract to which these GTC are incorporated becomes invalid, ineffective or unenforceable, this will not affect the validity of the other parts of the Contract, and the Parties will continue the contractual relationship as if such part in Contract was not included. The missing part of the Contract will be replaced by the relevant provision of the CC or by other relevant legal regulation that will most closely correspond to the purpose of the original provision.

12.9 The Contracting Parties expressly exclude the application of the generally accepted business practices and exclude the application of the provisions of s. 558 (2) of the CC.

12.10 The Contracting Parties expressly declare that the mutual services/deliveries they provide based on this Contract are not in gross disproportion within the meaning of the provision of s. 1793 (1) of the CC.

12.11 The other Contracting Party expressly declares that it has been sufficiently acquainted with the content and meaning of the GTC, that these GTC are not written in such a way that they can only be read with special difficulties, and they do not contain any provisions that are incomprehensible to the other Party, and that the other Party expressly accepts these GTC.

12.12 These GTC become valid and effective on 26 March 2021.