General Terms and Conditions of the Company IVEP, a.s.

1. In General

a) These General terms and conditions, or Terms of service (hereinafter only „TOS“) govern the rights and obligations of the Parties. The contractual Party, on the one hand, is the company IVEP, a.s., serving as the Seller, and, on the other hand, natural or legal persons serving as the Buyer. The TOS forms an integral part of each purchase contract (hereinafter only „PC“) entered into between the Seller and the Buyer. Any other provisions differing from the TOS are valid only if they have been expressly agreed in the PC or in other manner.

b) The subject of fulfilment of the works is specified in the PC.

c) Any drawings and engineering documents related to the Goods, which have been transferred from one contractual party to the other prior or after the conclusion of the Contract, remain to be the sole property of the transferring party and may only be used to production, assembly, commissioning and maintenance of the Goods.

d) Without obtaining consent from the transferring party the receiving party is not allowed to copy, reproduce or transfer such documents to any third party. The end user of the Goods is not considered to be a third party, providing that it differs from the Buyer.

2. Purchase Contract

a) Any agreements and treaties between the Seller and the Buyer, if such refer to the ordering, delivery, acceptance of the goods and prices, shall be concluded in written form. The basic documents for such a process are the PC, delivery note and invoice.

b) The PC shall include the specification of products and goods, technical requirements, the amount required, unit price, total price, payment conditions, term and place of the fulfilment, and the mode of delivery.

c) Upon the conclusion of PC the Seller undertakes to deliver the products, goods and services in line with conditions agreed in the purchase contract. On the other hand, the Buyer is obliged to accept the products, goods and services and to pay the Seller the specified purchase price. The price for all the goods and services constitutes the contract price.

3. Tests prior to shipment

a) Conductance of acceptance tests on the Goods has to be expressly agreed in the Contract. The tests are conducted at the manufacturer´s during normal working hours, and in accordance with valid regulations in the country of manufacture.

b) The Seller is obliged to notify the Buyer with appropriate advance notice of the date on which the testing is to take place, however at least 5 working days before the actual testing, to provide the Buyer or its representatives with the opportunity to attend the tests. In case of absence of the Buyer the test report shall be made out and confirmed only by the Seller and then submitted to the Buyer.

c) The Seller shall bear all costs related to the tests conducted at the manufacturer, except for travel expenses, accommodation and other costs incurred by representatives of the Buyer. These shall be borne by the Buyer.

4. Delivery conditions

a) The obligation of the Seller to deliver the goods is met at the moment the goods are passed over to the Buyer. The transfer of risk of damage to the items ordered by the Buyer or losses sustained during the transport takes place in accordance with the stipulations of the Commercial Code.

b) The title to the goods delivered passes over to the Buyer at the moment the entire balance of the goods is paid.

c) The payment is considered to be settled if the amount required is credited to the respective Seller´s account, or reimbursed in cash.

d) The products and goods delivered are accompanied with a delivery bill issued by the Seller, which serves as a document evidencing the Seller´s obligations to deliver.

5. Transfer of risks

a) The transfer or risk of damage to the Goods shall pass onto the Buyer in accordance with the agreed INCOTERMS delivery conditions, in valid version at the moment of Contract conclusion. If not otherwise agreed upon, the “ex works” (EXW) clause of Incoterms 2010 shall apply. Provided that the ex works rules have been agreed and the Seller, on request of the Buyer, undertakes to deliver the Goods to a place determined by the Buyer, the risk of loss or damage to the Goods passes onto the Buyer by handing over the Goods to the first freight carrier, at the latest.

6. Goods delivery and delayed delivery by the Seller

a) If no a precise date has been determined for the Goods delivery, but the delivery period has only been defined in weeks, months or years, the delivery period mentioned starts running from a date on which the drawing documents have been approved.

b) The Goods is considered to be delivered in proper manner and in time, despite containing some minor defects that do not prevent the Goods from being used in proper and safe manner. This rule does in no way affect the rights of the Buyer arising from the Goods defects. Partial deliveries of Goods are admissible.

c) Delays in the delivery of Goods, caused by the Seller, entitle the Buyer to impose penalties against the Seller, starting from the date of the Goods delivery term agreed.

d) The contractual penalty, if any, has been agreed at 0.05 per cent of total price for the Goods for each day of the delay, exclusive of VAT. The total amount of all contractual penalties is limited to 7.5 per cent of the commodity price, less the VAT.

e) In case the Seller becomes delayed with partial deliveries of the Goods, the contractual penalty thereto shall be calculated from the price of the delayed partial delivery.

f) The contractual penalties shall be settled based on penalty invoice issued by the Buyer, with appropriate due date specified at the invoice. The invoice, however, shall not be issued prior the delivery of the Goods or prior the withdrawal from the Contract pursuant to clause 12.

g) If the sum of contractual penalty, to which the Buyer is entitled due to delays caused by the Seller, amounts to the specified highest limit, the Buyer is then entitled to terminate the Contract.

7. Payment conditions

a) The invoice must state all the particulars of an ordinary tax document (and be in accordance with the full text of the Law No. 235/2004 Coll. on the VAT)

b) Unless otherwise agreed in the Contract, the price for the Goods is understood to be exclusive of VAT. The payment conditions are set out in the Contract.

c) In case the fulfilment of the subject matter of the PC will not be in line with the Law No. 235/2004 Coll. on the VAT, as amended (hereinafter only “ZDHP”) and the reverse

charge mechanism will not be implemented, the price entered into the invoice will further be charged with the corresponding value added tax (hereinafter referred to as "VAT"), in accordance with the ZDPH as amended at the moment of the fulfilment of the subject of the PC.

d) A complaint, even if justified, issued after the goods acceptance, does not authorize the Buyer to withhold its payments for the delivery of defect-free products.

e) If the Buyer fails to pay the agreed purchase price (or any agreed advance payment) by the due date, the Buyer shall be obliged to pay the Seller a contractual penalty of 0,05 % of the overdue amount for each day of delay until full payment is received.

f) Delays from the part of the Buyer in the fulfilment of its payment obligations resulting from the Contract or any other contractual relationship entered into between the Buyer and the Seller, entitle the Seller to discontinue its deliveries of Goods pursuant to the Contract, up until the full completion of payments. The period for Goods delivery is then extended by at least the duration the Buyer is delayed with its payment obligations, unless an objectively necessary period is required due to the shutdown and repeated putting into service of the production resources and inputs at the Seller´s side caused by the suspension and resumption of Seller´s obligations.

g) The Buyer acknowledges that the goods being subject of the PC are of specific nature. Due to the above the Buyer undertakes to pay the Seller a contractual penalty amounting to 60 per cent of the purchase price agreed, inclusive of VAT, in case the goods will not become accepted by the Buyer.

8. Warranty, claims

a) The Parties have agreed that defective goods delivered by the Seller shall be remedied free of charge and in time by the former at the moment of notification of the goods defects, at its discretion, either by a repair or replacement of the goods. The Buyer shall at its own costs ensure working access to the goods, provide for its dismantling for the purpose of ordinary execution of the repair works/replacement, and re-installation of the goods. The warranty obligations do not assume that the goods delivered will remain defect-free for the whole duration of the warranty period. The above represents the sole definition of rights resulting from defective fulfilment and the warranty for the quality of goods delivered by the Seller.

b) The warranty period extends to 24 months from the moment the risk of damage to the Goods has been transferred onto the Buyer.

c) Replaced or remedied parts of the Goods are covered by a warranty period of 6 months, with the same warranty conditions as those for originally delivered Goods. As regards other parts of Goods, the warranty period shall be extended, however only for a period during which the parts of Goods mentioned had to remain out of operation due to the implementation of remedial works. All and any warranty periods shall terminate 24 months from the moment the hazard of damage to the Goods has passed over onto the Buyer, at the latest.

d) The Buyer is obliged to notify the Seller of all defects on the Goods, (including hidden defects), immediately after he/she identified or might have identified the damage, however up until the expiration of the warranty period, at the latest. Defects on the Goods that might cause further damage must be notified by the Buyer to the Seller immediately, and subsequently be confirmed in written. The written notification of such a defective Goods shall include detailed description of the defect and/or a more detailed description of how the defect manifests itself. The Buyer is liable for all damages that might arise from the breaching its obligations under this section.

e) After obtaining the letter of advice of the Goods defects the Seller is obliged, without unnecessary delay and at its own costs, to remedy the defects mentioned. Following the replacement the defective parts of the Goods remain to be the property of the Seller.

f) In case the Buyer will notify the Seller of defects on the Goods, but no deficiencies have been found for which the Seller would be liable, the Buyer shall refund the Seller all costs that have incurred him in relation to such a notification.

g) The warranty does not relate to defects on the Goods that have arisen as a consequence of the interference from the part of the Seller´s or a third person, as well as to defects for which it cannot be proven that they have arisen by reason of defective material, incorrect construction or incomplete processing, and in particular to defects caused by improper maintenance, non-adherence to operation rules, excessive stress, usage of inadequate operating facilities, chemical and electrolytic influences, civil construction or assembly works carried out by persons other than the Seller, and by all other causes for which the Seller might be liable.

h) Concerning the obligations resulting from defective fulfilment and from warranty obligations the Seller shall have no obligation to remedy, free of charge, defects at locations different from its respective business site or different from locations agreed as the place of delivery for the Goods.

9. Force Majeure

a) The contractual Parties are entitled to discontinue the fulfilment of its commitments resulting from the Contract for a time the event of Force Majeure extends. The Force Majeure events include all occurrences that have arisen independent from the will of the obliged Party and which prevent the latter from fulfilling its obligations, providing that it cannot be reasonably assumed that the obliged Party shall be capable to overcome the obstacle or to eliminate or overcome its consequences, as well as any events that could not be assumed at the moment of Contract conclusion. In particular this refers to the following events: work stoppage, epidemics, fire, natural disasters, mobilization, war, revolts, insurgence, confiscation of goods, embargo, blockade, ban of export or import of goods, raw materials or services, ban on foreign exchange transfer, involuntary limitation of electric power consumption as well as any other obstacle caused by actions or omissions from the part of public authorities, terrorist attack, etc.

b) The event of Force Majeure excludes the right for the implementation of contractual penalties against a Party affected by the Force Majeure circumstances.

c) The Party citing Force Majeure is to inform the other Party without delay and in written, and is obliged to implement all reasonable measures for the mitigation of consequences resulting from the non-fulfilment of contractual obligations.

d) If the Force Majeure situation persists for longer than six months, then either one of the Parties is entitled to withdraw from the Contract.

10. Compensation for damages

a) The Seller is not obliged to come up for indirect and consequential losses caused by the breach of its duties resulting from the Contract. Indirect and consequential losses refer, in particular, to the following: profit lost, power energy losses, costs resulting from the inability to use the articles, costs for the provision of replacement deliveries of energy, capital costs, damages resulting from delayed delivery of goods, non-achievement of full correspondence between the goods and the contract, non-attainment of guaranteed parameters of the goods, etc.

b) The total obligation of the Seller to compensate for damages, incl. the contractual penalties and other claims in connection with breaching one or more obligations of the Seller may under any circumstances not exceed 30 per cent of the total price for the Goods, exclusive of VAT.

c) None of the above limitations for total compensation of damages refers to losses or damages that have arisen from gross negligence or wilful neglect.

11. Export control

a) The Seller herewith declares that she/he is aware of the fact that the Goods may be subject to Czech or foreign export control regulations which may prevent the sales, renting or another type of transfer or usage of the Goods, without obtaining a corresponding export or re-export permit in advance. The Buyer undertakes to adhere to the valid regulation mentioned. The Buyer further declares that he/she is well aware of the fact that the a.m. regulations may be subject to changes/modifications and their wording may affect and be to the prejudice of the contractual relation between the Seller and the Buyer at the particular exercise date.

b) The Goods may not be used directly or indirectly for the development of chemical, biological or nuclear weapons, or other nuclear explosives, to the production of the same, their handling, operation, maintenance, storage, detection, identification, dissemination, or the development, manufacture, maintenance or storage of rocket systems capable of carrying weapons mentioned above.

c) The Goods are not allowed to be sold or offered for purchase and further sales to the following target countries: North Korea, Somali, Sudan.

12. Withdrawal from Contract

a) The Parties may withdraw from the Contract only in cases of serious violation of the Contract, or in cases specified in the PC. The withdrawal from the Contract becomes effective on the day when the notification of rescission was delivered to the other Party, in written.

13. Final stipulations

a) The contractual conditions governing the relations between the Seller and the Buyer may be agreed individually, depending on the particular business case.

b) Purchase contracts to which the General terms and conditions refer, shall in all cases not being dealt with by these conditions, be governed by Czech legal order, the stipulations of the Commercial Code and generally binding legal regulations.

c) In case of discrepancies in the wording the following sequence of priority of the documents applies:

   i) Purchase contract concluded for the particular business case

   ii) Framework contract (master agreement)

14. General terms and conditions

a) The Parties undertake to resolve any disputes by friendly solution. If the search for a friendly solution has been unsuccessful, the contention shall finally be decided by the Regional Court of Brno.

b) The Contract is governed by the legal order of the registered office of the Seller, to the exclusion of collision standards. Concerning this Contract the Parties expressly exclude the implementation of UN Convention on Contracts for the International Sale of Goods.

c) None of the Parties is entitled to assign its receivables, arisen in connection with and as a result of this Contract without written permission of the other Party. This Contract has not been concluded as a third party beneficiary contract.

d) The Parties have agreed a limitation period of 3 years for all rights arising out of this Contract.

15. Other PC arrangements

a) The Seller undertakes to abide by corresponding legal regulations governing the combat against corruption, protection of economic competition, fight against the laundering of capital as well as any further regulations resulting from criminal and administrative law. He/she also commits oneself to zero tolerance to any form of corruption, bribery or to stooping to such criminal activities.

b) The Seller is not obliged to fulfil the Contract if such a fulfilment is prevented by obstacles resulting from national or international regulations relating to International Business Law or caused by embargos or other type of penalties.

These terms and conditions enter into force on January 1, 2019.