

# General Terms and Conditions

## 1. Scope

These general terms and conditions ("terms") govern all business relations concluded between Moravskoslezské drátovny a.s., registered address in Ostrava, Syllabova 1263/60, 703 00 Ostrava Vítkovice, ID: 25886916 (hereafter referred to as "seller") and other parties (hereafter referred to as "buyer").

All business relations are governed by the laws of the Czech Republic and the Commercial Code. These terms form the basic conditions for the sale of the goods of the supplier, and if they deviate from the dispositive legal norms of the laws currently in force in the Czech Republic, they have precedence over these norms.

Any dissimilar terms of the customer are valid only in the event of expressed written consent.

## 2. Conclusion of a contract

Each purchase contract is concluded on the basis of a written/email/telephone/on-line or verbal order from the buyer. The buyer's order must contain the following requirements:

- a) company name, registered office or place of business of the buyer
- b) identification number (VAT number if registered as a VAT payer)
- c) type of product (goods), which uniquely identifies the subject matter of the order
- d) requested amount
- e) place and date of delivery
- f) mode of transport and form of payment of the purchase price of the goods
- g) for written orders, a legible signature from the representative of the buyer

On the basis of the buyer's order, which meets the above requirements, the seller issues a draft sales contract to the buyer, wherein the buyer confirms the type, purchase price, and quantity of the products that he undertakes to deliver to the buyer; the place and date of delivery; the mode of transportation and the form of payment of the purchase price.

If written confirmation is received, the buyer has the right to submit to the seller a written draft to amend the sales contract or else cancel it, both within 5 working days of receiving the draft sales contract. If he does not within the stipulated period, a sales contract shall be considered concluded between both parties in the form of the draft sales contract. In the event of the buyer making a change in the draft sales contract, the seller issues an amended draft sales contract to the buyer, wherein the seller confirms the type, purchase price, and quantity of the products that he undertakes to deliver to the buyer; the place and date of delivery; the mode of transportation and the form of payment of the purchase price. The sales contract between the two parties, in the form of the amended draft of the sales contract, is then concluded at the moment when the buyer receives this sales contract and he makes no objections within 2 working days following the date of receiving the contract. The buyer's de facto compliance with the seller's terms can be regarded as confirmation of the order.

Before concluding the first sales contract between the seller and the buyer within the framework of their business relations, the buyer must provide proof of authorization for his business activities (a valid extract from the Commercial Register, business license or concession deed).

The customer undertakes to accept the articles or services subject to the performance of the contract and make proper payment within the agreed deadlines.

## 3. Prices

The purchase price is determined by agreement between the seller and the buyer and is listed in the draft of the sales contract, unless the parties agree otherwise in specific cases. If, after entering into the contract, a significant change occurs in the costs related to the performance of the subject matter of the contract, the contractual parties shall agree in writing on an adjustment in the price. In addition to packaging, the price of the goods includes transport in accordance with Incoterms 2010.

## 4. Deadline

The date of delivery is the day when the goods are sent or handed over for transport or are picked up by the customer at the supplier's outlet. Deliveries can be made in part by agreement with the customer.

If the customer does not accept a product within the agreed time and at the agreed location, the contractual parties are agreed that the supplier may require the customer to pay storage fees and costs of up to 100% of the agreed price, depending on whether the goods are fit for resale.

## 5. Dispatch and transfer of risk

The goods are dispatched in accordance with INCOTERMS 2010. The risk of accidental destruction passes to the customer at the moment the goods are handed over to the carrier or to the customer.

## 6. Defects and late performance

The supplier is responsible to the customer for defects in accordance with § 422 of Act No. 513/1991 Coll.

The customer is obligated to inspect the goods as soon as possible after the transfer of the risk of damage to the goods. When collecting the goods in person, the buyer is obligated to immediately inspect the goods upon accepting them. If a defect in the goods is discovered, he is obligated to immediately notify the supplier about the defect at the place where the pickup is made. The supplier shall immediately remedy any fault discovered by the customer and confirmed by the supplier free of charge and without undue delay, in the form of delivering any missing goods or delivering replacement goods in

place of defective goods. If the defect cannot be remedied or replacement goods delivered immediately, the supplier undertakes to take such action in the nearest possible term. The seller shall notify the buyer about this term.

Upon delivery of the goods to the customer via a carrier, the customer is obligated to file any claims for defects in the quantity and type of the goods within 5 working days from the delivery of the goods by the carrier. The customer is obligated to file a written claim with the supplier for damages within the time limit, with a description of the defect. In case of a defect in the type of goods, the customer is entitled to require the delivery of replacement goods only if the defective goods are returned to the supplier in the original packaging. The supplier shall remedy the discovered and confirmed defect free of charge and without undue delay, in the form of delivering any missing goods or delivering replacement goods in place of the defective goods. If the defect cannot be remedied immediately, the supplier undertakes to do so in the nearest possible term. He shall notify the buyer about this term.

## **7. Payment terms and retention of title**

Unless it has been agreed that payment shall be in cash at the cash desk of the supplier, the customer is obligated to pay the invoice in full by the date specified on the invoice.

The supplier issues an invoice to the customer during the delivery process. In cases of doubt, the invoice shall be considered received 3 days after the delivery of the goods. The invoice also serves as a delivery note and proof of delivery of the goods to the customer; it confirms dispatch in the case of a consignment.

In the event the customer fails to pay the invoice by the due date, he agrees to pay a penalty in the amount of 0.05% of the invoiced amount for each day of delay, and for cases of more than 7 days overdue, 0.2% per day for each day of the delay until the invoice has been paid in full.

Until the invoiced amount has been paid in full, including any contractual penalties, the goods remain the property of the supplier. After the entire amount has been paid, the ownership rights are transferred to the buyer. The repossession of goods is an option for invoices that remain unpaid by the due date. The customer agrees to allow the supplier's workers to remove the goods.

The customer's obligation to pay a contractual penalty, interest for late payment, or compensation for damages, as well as other costs associated with repossessing goods and withdrawing from the contract, is not affected.

## **8. Withdrawal from the contract**

In the case of withdrawal from the contract or a binding order by the customer, the supplier is entitled to a compensation charge in the amount of 10% of the agreed price. If the goods have already been dispatched, the supplier has the right to demand a contractual penalty in accordance with Article 4 hereof.

Withdrawal from the contract is only possible in writing and becomes valid on the third day after the date on which the other party received the written notice of withdrawal.

## **9. Other provisions**

Pursuant to the law on arbitration and the enforcement of arbitration awards, Act No. 216/1994 Coll. as amended, the parties are agreed that all disputes arising from contracts which are governed by these General Terms and Conditions or in connection with such contracts shall be resolved through arbitration before a single arbitrator in accordance with the Rules of Arbitration issued by the Union for Arbitration and Mediation Procedures CZ, ID: 27166147 (hereafter only "Union") and published on the website [www.urmr.cz](http://www.urmr.cz), whereby the arbitrator shall be registered in the list of arbitrators maintained by the Union as of the date of the receipt of the petition, and the contractual parties hereby expressly entrust the Union to select, in accordance with the Rules of Arbitration, the arbitrator for the arbitration proceedings, established by this arbitration clause. The contractual parties hereby charge the selected arbitrator with resolving all disputes in accordance with the principles of justice. The contractual parties expressly declare that before signing the arbitration agreement, they should have had and have the opportunity to become acquainted with the Rules of Arbitration Proceedings, as well as the Regulation on the Costs of Arbitration, and that they have done so and the documents are therefore considered an integral part of the arbitration agreement.

The supplier reserves the right to change or amend these terms, especially when pertinent legal standards change or the means of doing business change. The seller shall announce any change or amendment and their effect in the appropriate manner. If the customer disagrees with the content of these changes or amendments in the terms, he has the right to communicate his dissent to the seller within 7 days from the moment when he learns of the change or amendment. If not, it is understood that the buyer accepts the changes or amendments.

Legal relations not explicitly regulated by these terms are governed by the Commercial Code and related legislation.

The supplier is not responsible to the customer for any damage caused by circumstances excluding liability, such as state intervention, traffic, transportation and energy problems, disorder in electronic commerce, strikes or lockouts. These circumstances provide reasons for a delay in the performance of the contractual obligations by the supplier for the period and scope of these circumstances. The same also applies if these circumstances affect the sub-suppliers of the supplier.

The customer undertakes to promptly notify the supplier of any changes concerning his authorization to do business, tax obligations (especially a change in VAT and tax administrator), his current account and bank, and inability to pay. In the event of the customer's insolvency, all claims of the supplier against the customer become due on the day the supplier learns of this insolvency. In this case, the supplier is entitled to the immediate return of any goods unpaid for.

The written form of any legal transaction is maintained if the legal transaction is done by telegraph, telex or electronic means, which allow for the recording of the content of the legal transaction and the person who carried out the legal transaction.

If the customer refuses or obstructs the supplier's delivery documents, the goods shall be considered delivered on the day of this refusal or obstruction.

The customer hereby grants permission to the supplier, as an administrator, to process all personal data relating to his person, which he communicates to him, including any personal identification number for physical persons and telephone numbers, in accordance with Act No. 101/2000 Coll. This consent is given until retracted in writing. This does not involve

personal information that requires a disproportionate amount of time, effort or material resources to determine the identity of the subject matter of the information. The data provided will be processed for the purpose of offering services, for marketing purposes and acquisition activities. This consent to the processing of data also applies to other acquirers or processors of the data. The customer hereby gives the supplier his consent to receive the supplier's promotional offers and material.

These terms become effective on July 1, 2011 and supersede the terms previously issued.