

**General Purchase Terms and Conditions of BENEŠ a LÁT a.s., IČ: 257 24 304 („BaL“)**  
(hereinafter „GTC“)  
valid from 1.5.2021

**I. Use of GTC**

- 1.1. These GTC shall form an integral part of all contracts and all orders in which BaL acts as a buyer or a customer, regardless of how it is indicated in such contract.
- 1.2. By entering into the contract, the supplier explicitly agrees with all the rights and obligations contained in these GTS and resulting from these GTC.
- 1.3. Should the contents of the contract differ from these GTC, the provisions of the contract shall prevail over deviating provisions of these GTC.
- 1.4. The conclusion of a contract on the basis of the acceptance of an offer or other proposal for the conclusion of the contract with a deviation is excluded, even if this is a deviation that does not substantially change the original conditions. The same applies to the negotiation of any changes to such contract or the conclusion of partial contracts related to such contract.
- 1.5. Business terms and conditions of the supplier, which are not concluded in writing as a part of contractual documentation between the contractual parties, is excluded. Should the acceptance of an order include a reference to business terms and conditions of the supplier provably known to BaL, BaL shall be entitled to exclude in writing the acceptance of the order within 14 days from the date on which such acceptance is delivered and within the same period of time such exclusion of the acceptance of the order deliver to the supplier; in such case the contract shall be deemed to be not concluded. If BaL does not deliver to the supplier the above mentioned exclusion of acceptance of the order within the specified period of time the contract shall be deemed to be concluded with such content where business terms and conditions of the supplier and the BaL mutually match.

**II. Orders and conclusion of contract**

- 2.1. BaL's order for the delivery of the subject of performance delivered to the supplier is a proposal for the conclusion of a contract.
- 2.2. Within a period of 3 working days from the date on which the order is delivered, the supplier shall be obliged to accept the order – to confirm and deliver the accepted order to BaL, or to inform BaL within the same period of time that the supplier refuses the order.
- 2.3. The contract is concluded at the moment of unconditional acceptance of the order by the supplier; if the supplier does not accept the order unconditionally, the contractual relationship is not created. Any alteration of BaL's order made by the supplier (i.e. any additions, deviations, reservations and/or limitations or any other changes) shall be considered to form a new offer for concluding a contract, requiring to be accepted by BaL. If BaL does not accept such a new offer in writing, BaL does not agree with the proposed change and the contract is not concluded.
- 2.4. Until the accepted order is delivered to BaL, BaL may cancel the order and in such case the supplier shall not have any claim against BaL.

**III. Place and method of performance**

- 3.1. Unless otherwise stated in the order or contract, the place of performance is BaL's registered seat.
- 3.2. Delivery of the subject of performance, as well as the risk of loss or damage to the subject of performance is governed by the DAP clause according to the INCOTERMS 2020 delivery conditions. Insurance on the subject of

performance until the moment of acquisition of ownership of the subject of performance by BaL is secured in the full extent by the supplier and at the expense of the supplier.

- 3.3. The supplier shall fulfil its obligation to deliver the subject of performance to BaL by its proper and timely delivery to the place of performance, in case of work, in addition, by demonstration of its ability to serve its purpose. The delivery note will be confirmed by BaL on the delivery of the subject of performance; in the case of delivery of the work, a protocol on the handover and the acceptance of the subject of performance will be drawn up by the contracting parties.
- 3.4. BaL is not obliged to take over the non-negotiated partial performance or the performance of a larger quantity. Performance before the agreed date is possible only with the written consent of BaL.
- 3.5. The supplier assumes the risk of change of circumstances.
- 3.6. If the supplier is not able to deliver the subject of performance properly and on time, it is obliged to notify BaL immediately, at the same time the supplier is obliged to inform BaL about the reason for the delay and its duration. The delay is considered a material breach of contract and BaL is entitled to withdraw from the contract in such case.

**IV. Term of delivery**

- 4.1. When the term of performance is not determined in the contract, the supplier shall be obliged to supply the subject of performance to BaL within a period of 30 days from the conclusion of the contract.

**V. Terms and conditions of payment**

- 5.1. The condition for the maturity of the supplier's receivables is that BaL has verifiable and formally correct tax documents (invoices) at its disposal.
- 5.2. The invoice must contain BaL's order number and essentials pursuant to the Act No. 563/1991 Coll, on Accounting and the Act No. 235/2004 Coll, on Value Added Tax, as amended. BaL is entitled to return the invoice if it does not contain these essentials, or it has other defect in content. Objections to the invoice must be notified immediately, no later than 5 days from receipt of the invoice. The due date starts to run again from the date of delivery of the corrected invoice.
- 5.3. The due date of the supplier's receivables is 60 days from the delivery of the proper tax document (invoice) to BaL.
- 5.4. The supplier is not entitled to assign or pledge its receivables against BaL, unless otherwise agreed in writing.
- 5.5. BaL is entitled to unilaterally set off its due and outstanding receivables, including claims for contractual penalty, compensation for damage with any due and outstanding receivables of the supplier against BaL.
- 5.6. BaL's right to exercise its right of retention against the supplier and BaL's right to set off mutual receivables shall not be restricted.

**VI. Quality guarantee and rights arising from defective performance**

- 6.1. Unless otherwise agreed, the subject of performance must accurately correspond to the agreed quality, must be new, at a high technical level, and comply with the requirements determined by the contract, these GTC and legally binding regulations. The subject of performance must correspond to all technical requirements and technical and safety standards for the given kind of the subject of performance, both

- binding standards and advisory standards. The subject of performance as well as parts used for its producing must be unused, undamaged, and made of high-quality material. The subject of performance shall precisely correspond to the samples or drawings specified in the order or in the contract. The subject of performance must be capable of providing the standard output required by BaL and fully comply with the purpose for which the same was ordered or supplied.
- 6.2. The supplier shall provide BaL, as well as any other persons who acquire ownership right or other right to the subject of performance, a guarantee for the quality of the subject of performance. The supplier undertakes that the subject of performance shall be, during the warranty period, eligible for use for the purpose determined in the contract, shall have quality required by BaL, these GTC, the contract, the generally binding legal regulations, as well as valid technical standards, regulations, guidelines and decrees, and that the subject of performance shall preserve such quality without change.
  - 6.3. The subject of performance must be free of any defects, factual and legal, evident and latent, rectifiable and non-rectifiable.
  - 6.4. Unless otherwise agreed in the contract, the supplier shall provide a warranty regarding the subject of performance of 36 months from the date of proper delivery of the subject of performance.
  - 6.5. The warranty period shall be deemed not to pass during the time BaL cannot use the subject of performance due to its defects for which the supplier is liable.
  - 6.6. Upon finding that the delivered subject of performance or its part shows defects, BaL has the right, based on its choice, either:
    - 6.6.1. to require rectification of defects by supplying a new subject of performance within a reasonable period of time, no later than 15 days from the notification of defects, if there are defects that make the delivered subject of performance unusable; or
    - 6.6.2. to require rectification of defects by supplying the missing subject of performance within 15 days from the notification of the defect to the supplier, unless the contracting parties agree otherwise; or
    - 6.6.3. to require the rectification of legal defects within 15 days from the notification of the defect to the supplier, unless the contracting parties agree otherwise; or
    - 6.6.4. to require rectification of defects by repairing the subject of performance, provided that the defects are repairable, the supplier is obliged to eliminate the defect within 15 days from the notification of the defect to the supplier, unless the contracting parties agree otherwise; or
    - 6.6.5. to require a reasonable discount from the purchase price; this discount is always at least 10% of the total purchase price; or
    - 6.6.6. to withdraw from the contract.
  - 6.7. Should BaL exercise a claim from liability for defects pursuant to paragraph 6.6.1 to 6.6.4 of these GTC, and the supplier fails to rectify the defects in the subject of performance in such method and within such term as determined by BaL, or when, prior to the expiry of the term determined by BaL, the supplier informs BaL of the fact that the supplier shall not rectify the defects, BaL shall be entitled to withdraw from the contract and/or demand any other claim from liability for defects according to paragraph 6.6 of these GTC.
  - 6.8. BaL is also entitled to compensation from the supplier for damage caused by the delivery of a defective subject of performance.
- VII. Protection of confidential information**
- 7.1. The contracting parties undertake to maintain the confidentiality of the facts concerning the other contracting party and the subject of performance and the performance of the contract, of which they become aware in connection with the performance of the contract, and which are not publicly available. This obligation also applies to other facts that will be explicitly marked as confidential by the other party.
  - 7.2. Each contracting party undertakes to ensure that confidential information is not leaked and undertakes to protect the confidentiality of confidential information in at least the same way it employs to protect its own trade secrets, but always at least the usual way.
  - 7.3. The supplier is not entitled, without the prior written consent of BaL, to make any contractual arrangements or data of technical or commercial nature which it receives as part of the contractual performance available to the third parties or use them for the purposes other than the performance of the contract concluded with BaL. These obligations remain in force even after the termination of the contract. In the event of a breach of this obligation to maintain the confidentiality of data or this restriction on the use of data, BaL reserves the right to claim damages from the supplier.
- VIII. Contractual penalties**
- 8.1. If the term of delivery is not met, the supplier is obliged to pay BaL the agreed contractual penalty in the amount of 0,5% of the price of the undelivered subject of performance for each day of delay started.
  - 8.2. In the event of the supplier's delay in fulfilling any obligation arising from liability for defects of the subject of performance, the supplier is obliged to pay BaL the agreed contractual penalty of 0,5% of the defective subject of performance for each day of delay started.
- IX. Governing law and jurisdiction**
- 9.1. The rights and obligations of the contractual parties resulting from the contract and these GTC shall be governed by the law of Czech Republic. Application of INCOTERMS 2020 shall not be affected by these provisions.
  - 9.2. In matters not expressly regulated by the contract or these GTC, the contractual relationship is always governed by the dispositive provisions of the Act No. 89/2012 Coll, the Civil Code.
  - 9.3. All disputes arising from the contract or GTC shall be first settled amicably. In case that any of the disputes arising from the contract or GTC cannot be resolved amicably, such dispute shall be resolved before a court with substantive and territorial jurisdiction in the Czech Republic; if it is not possible to determine the locally competent court, then before the District Court of Prague 1 or before the Municipal Court in Prague according to their substantive jurisdiction.
- X. Force Majeure**
- 10.1. If force majeure prevents one of the contracting parties from fulfilling its obligations, this contracting party is not in default, but only to the extent and for the period in which the impossibility of performance is undoubtedly caused by force majeure.
  - 10.2. Force majeure means such events (obstacles) that occurred after the obligation arises, regardless of the will of the relevant contracting party, are of an extraordinary nature,

are unavoidable, insurmountable and objectively prevent the fulfilment of obligations under the contract (i.e. state of war, civil unrest, fire, floods, epidemics, quarantine measures, earthquakes, landslides, explosion, terrorist attack). Performance is not considered impossible if it can be done under difficult conditions, at higher costs or only after the agreed time.

- 10.3. If the events of force majeure occur, the contracting party concerned shall immediately inform the other contracting party of the nature, beginning and end of the event of force majeure.
- 10.4. The liability of the obligated contracting party is not excluded and the term of performance is not extended if force majeure occurred at the moment when the obligated contracting party was already in default with fulfilling its obligation under the contract, of if the obligated contracting party failed to fulfil its obligation to immediately inform the other contracting party according to paragraph 10.3 of GTC.
- 10.5. In the event that the duration of force majeure exceeds 40 days, the contracting party to whom the performance affected by force majeure is to be provided is entitled to withdraw from the contract.
- 10.6. The supplier declares and warrants that it is aware of the occurrence of SARS CoV-2 COVID-19 (Coronavirus), and the limitations and possible effect of this event on the performance of the supplier under the contract, have been thoroughly assessed by it for the purposes of the contract, including all obligations arising from the contract, in particular the date of delivery of the subject of performance and that this event is not considered an event of force majeure. The supplier further declares that it has agreed to the price and delivery term of the subject of performance after taking into account the possible effects of SARS CoV-2 COVID-19 (Coronavirus) on all aspects of works, supplies and services, including work, supplies of equipment and raw materials or services provide by chain of supplier's suppliers or manufacturers. The supplier undertakes to implement internal processes and rules in order to prevent or mitigate the risk associated with the occurrence of SARS CoV-2 COVID-19 (Coronavirus) and to comply with the provisions of all laws, regulations, rules and guidelines applicable to SARS CoV-2 COVID 19 (Coronavirus), as well as instructions issued occasionally by BaL.

#### **XI. Ethical clauses**

- 11.1. The supplier undertakes to respect and not violate the human rights of its employees, co-workers or third parties.
- 11.2. In order for the supplier to meet its social obligations, it must conduct its activities correctly from an ethical point of view and act honestly. Therefore, it must not practice or tolerate corruption, extortion or embezzlement.
- 11.3. The supplier undertakes not to offer bribes or other illegal incentives to its business partners or to accept them. The supplier undertakes not to offer BaL employee's gifts or other personal benefits that could result directly from its supplier relationship.
- 11.4. The supplier undertakes to operate in accordance with the principles of fair competition and in the sense of all applicable antitrust laws.
- 11.5. The supplier undertakes not to use any form of forced, bound or involuntary work. The supplier may not use in his supply chains or in his business activities any form of child

work in accordance with International Labour Organization standards<sup>1</sup>.

- 11.6. The supplier undertakes to reject to reject any form of discrimination in relation to employees in accordance with the applicable laws.
- 11.7. The supplier undertakes to comply with regulations concerning the protection of the health and safety of employees at work.
- 11.8. The supplier is obliged to carry out its activities so that its impact on the environment is minimal
- 11.9. BaL is entitled to verify whether the supplier carries out activities in accordance with the ethical principles set out in this article, and in the event of their violation, reserves the right to immediately terminate cooperation with such supplier.

#### **XII. Special provisions**

- 12.1. Upon prior written request the supplier provide will allow BaL access to its production facilities.
- 12.2. The supplier is obliged to check the subject of performance prior its delivery to BaL.

#### **XIII. Final provisions**

- 13.1. If any provision of these GTC becomes invalid or ineffective, this invalidity does not affect the other provisions of these GTC, which remain valid and effective.
- 13.2. BaL is entitled to unilaterally change these GTC. If there is a change of GTC, such change does not apply to already concluded contracts, unless otherwise agreed.

<sup>1</sup> i.e. Minimum Age Convention No. 138 from 1973 and Convention C182 – Worst Forms of Child Labour from 1999