



General Purchasing Condition of BOHEMIA RINGS s.r.o.

I. Identification of BOHEMIA RINGS s.r.o., a trading company

Trade name: BOHEMIA RINGS s.r.o.

Registered office: No. 10, 565 43 Zámorsk

Incorporated into the Commercial Register: Regional Court in Hradec Králové, Section C, File 7861

Company ID No.: 49685643

Tax registration No.: CZ49685643

(hereinafter referred to as "BOHEMIA RINGS" or "Client")

II. Introductory Provisions

These General Purchasing Conditions (hereinafter referred to as "GPC") are terms of trade pursuant to the provision of Section 1751 et seq of Act No. 89/2012 Coll., Civil Code, as amended (hereinafter referred to as "CC") and apply to the cases when BOHEMIA RINGS acts as a buyer, customer or client (hereinafter referred to as "Client") while concluding purchase contracts, contracts for work or other similar contracts (hereinafter referred to as "contract" or "contract for work"), the subject-matter of which is delivery of goods, making work or provision of services (hereinafter referred to as "subject-matter of performance"). These GPC amend the contents of a contract if attached to the contract or if the buyer/contractor of work/provider of services (hereinafter referred to as "Supplier") declares or otherwise demonstrates clearly that it is acquainted with the GPC. The contracting parties may amend or exclude an individual provision of GPC by an express written agreement.

III. Order

3.1. Conclusion of a contract is also considered acceptance of a draft contract in the form of written confirmation of an order. Pursuant to Section 1740, Sub-section 3, CD, the contracting parties exclude the possibility to conclude a contract in the event that the reply to the contract includes any amendment or deviation. Such a reply is a new draft contract, for conclusion of which the following acceptance by the Client is necessary.

3.2. The order shall be in writing, delivered by recorded delivery, fax or e-mail and shall contain particularly:

- Client's identification data
- Specification of the subject-matter of performance
- Contract price
- Term and place of performance
- Method of goods transport

3.3. The Supplier is entitled to accept or refuse the order and confirm the acceptance or refusal in writing to the Client within 3 working days after delivery of the order. The order is considered accepted by futile expiration of the period. The Client is entitled to withdraw from such a concluded contract until the time when the Supplier starts to perform the contract and informs the Client about that fact.

IV. Price and Payment Conditions

4.1. The price for the subject-matter of performance (hereinafter referred to as "contract price") is stated in the relevant contract.

4.2. The contract price is final and fixed and may be changed only by a written agreement. The contract price does not include a value added tax (VAT).

4.3. The Client shall pay the contract price on the basis of invoices issued by the Supplier and delivered to the Client after delivery of complete subject-matter of performance.



4.4. If at reception of the subject-matter of performance (see the relevant contract/order) it is found out that the subject-matter of performance is not delivered properly, the Client is entitled to defer payment of the invoice received from the Supplier until the time of proper delivery thereof. This right is applied in case of a defective subject-matter.

4.5. The period for payment of the contract price is 60 days after delivery of the invoice. The Client is entitled to defer the contract price if at the period of its maturity the Supplier is in arrears with provision of performance based on any contract concluded with the Client or with performance of their duties of liability for defects of any provided performance for the period of such delay.

4.6. The Supplier shall state the number of the relevant contract/order on the invoice issued. In case of failure to state such a number, the invoice received by the Client shall not be paid and shall be returned to the Supplier immediately, not later than on the invoice due date.

4.7. The Supplier shall state a bank account in each invoice, the Client shall pay the contract price to, whereas if the Supplier is a VAT payer, such a bank account shall be published by a tax administrator in the way enabling remote access. The Client shall pay the contract price by cashless transfer to the account stated and published by the Supplier. If the bank account stated in the invoice is not a published account, the Client is entitled to return the invoice to the Supplier immediately, however, not later than on the due date of the invoice, for correction - completion of the published account so that a new period of maturity of the original length starts by delivery of the corrected invoice stating the published account to the Client.

4.8. In case that VAT is charged to the contract price, and

a/ the Supplier's bank account stated in the invoice is not a published account at the moment of payment, or

b/ at the moment of taxable supply, the tax administrator shall publish in the way enabling remote access the fact that the Supplier is an unreliable payer,

the Client is entitled to pay the contract price only at the amount without VAT so that the Client is entitled to pay VAT relevant to such payment on behalf of the Supplier in the form of so-called special way of tax security.

4.9. The Supplier is not entitled, without a prior written consent of the Client, to assign any claims arisen from performance of a contract or in connection therewith nor stop the claims to secure performance of their own obligations or obligations of third persons. In case of breach of this obligation, the Supplier shall pay the contractual penalty amounting to 20% of the nominal value of such an unauthorized assigned or stopped claim to the Client.

V. Delivery Conditions

5.1. The subject-matter of performance shall be packed by the Supplier so that it could not be damaged in any way during transport.

5.2. If the Supplier prepares the subject-matter of performance or an agreed part thereof for delivery before the agreed term, the Client may take over such a ready subject-matter of performance after an agreement in the offered shortened term.

5.3. The Client shall take over only properly delivered subject-matter of performance.

5.4. Unless otherwise stated by a contract, the general delivery term is DDP Zámorsk according to Incoterms 2010. The risk of damage is transferred to the Client by the moment of proper delivery to the place of destination.



5.5. If the Client is obliged according to a contract to ensure input material for machining (see the subject-matter of performance) in the term stipulated by the contract (see term of work start) and if the Client is in arrears with this obligation, the term of delivery of the subject-matter of performance is extended by the same period.

5.6. Deliveries shall be on working days Mo - Fr from 6am to 3:30pm, or by individual agreement.

VI. Delivery Identification

6.1. If machining of the Client's semi-finished products is the subject-matter of performance, the Supplier shall fulfil the following conditions to ensure proper identification of each delivery of finished parts:

6.1.1. The Supplier shall provide all required attestations, documents and documents specified in the relevant contract and herein together with the parts delivered,

6.1.2. The Supplier shall fill in a delivery note with all prescribed essentials: delivery date, identification of the Client and Supplier, serial number, drawing number, contract/order number, the number of delivered pieces marked with individual serial numbers, indication and number of packages,

6.1.3. The Supplier shall transfer the existing identification of each product after an executed operation so that they shall number all parts with an unerasable marker on the outer diameter as follows: serial number / melting number xxxxx-xxxxxx/xxx. If transferring of the serial number and melting number is not fulfilled or a failure appears during transferring, such a piece shall be considered defective.

6.2. In case of failure to fulfil the requirements stated in the article 6.1. hereof, the Client is not obliged to take over delivery of finished parts from the Supplier.

VII. Warranty period - liability for defects

7.1. Quality and quantity receipt shall be made at the Client's or final customer's premises if the Supplier knows that the subject-matter of performance shall be sent further without any receipt. Such receipt is considered in terms of exercise of the right arising from liability for defects to be made properly and in time.

7.2. If any quantity or quality defects of the subject-matter of performance are found out at receipt, the Supplier is obliged to remedy the situation and remove the defects of the subject-matter of performance without any delay and at the Supplier's own expenses.

7.3. The warranty period is 24 months from the date of delivery of the subject-matter of performance, or on the basis of an individual agreement.

7.4. The Supplier is responsible for the fact that the subject-matter of performance is produced according to the drawing documentation, technical specification or other specification stated in the contract or delivered to the Supplier.

7.5. The Supplier takes over liability for quality of machining and if the Supplier is a supplier of input material or goods, the Supplier shall take over liability also for quality of material.

7.6. The Supplier takes over liability for quality of material as guaranteed by the Supplier based on an ultrasound test of the corresponding class if required for the subject-matter of performance, and the Client reserves a claim for damages incurred in the event that the finished forging / workpiece from the delivered subject-matter of performance contains a defectoscopic defect that should have been identified via the ultrasound test of the corresponding class.

7.7. The Client is obliged to complain about defects of the subject-matter of performance in writing with the Supplier, without any delay, however, not later than within 30 days after finding such defects. In such a complaint the Client shall state where the defective goods are located where could be inspected; the complaint can be accompanied by photo documentation capturing a nature of the defects.



7.8. Concerning any defect applied, the Supplier shall confirm in writing within 15 days after the day of receipt of the complaint, the date of application of the complaint and inform the Client whether they admit the complaint and their proposal for solution, whether it refers to a defect removable or non-removable, proposal of the period for removing the defect or what are the reasons for not admitting the complaint.

7.9. Choice of right concerning defective performance belongs to the Client - the Client shall notify in writing the Supplier of this choice within 30 days after the day, on which the Client received or should have received a Supplier's opinion concerning the complaint pursuant to the article 7.8. hereof. Within the statement of the choice of right arisen from defective performance, the Client is entitled to notify the Supplier of a binding term for settlement of the chosen warranty claim, reasonable with regard to a nature of the defect and chosen method of its solution. If the subject-matter of a complaint is a defect of input material (ingot, continuously cast semi-finished products), the Supplier is obliged to remove the defect by delivery of new goods instead of the defective goods in the period of three (3) months after the day of receiving the complaint unless requested otherwise by the Client.

7.10. The Supplier shall start removing the defect of the subject-matter of performance immediately upon receiving a notice on such a choice of right arisen from defective performance from the Client. The Supplier shall remove defects of the subject-matter of performance continuously and systematically without any unjustified delay, whereas the Supplier is obliged to proceed in the way so that the defects could be removed as soon as possible. Simultaneously, the Supplier shall pay attention to the interests of the Client or final customers the defective goods have been delivered to.

7.11. The Client is entitled to remove defects of the subject-matter of performance itself at the Supplier's expenses and such a fact has no influence on liability for quality in the event that the Supplier fails to start removing such a complained defect in time or fails to remove such a defect properly or in time. The Client is entitled to remove defects of the subject-matter of performance itself at the Supplier's expenses in the event that they agree on such a way of solution of the complaint with the Supplier.

7.12. If defects of the subject-matter of performance are found irremovable, or removable only with spending unreasonably high expenses or in unreasonably long period, and the Client applies the right on delivery of new goods instead of the defective goods, the Supplier shall provide the new goods at its own expenses, even if the goods in possession of the Client are destroyed by defective performance.

VIII. Contractual Penalty and Withdrawal from a Contract

8.1. The Supplier shall pay to the Client a contractual penalty amounting to 0.1% of the contract price (exclusive of VAT) for each day of delay with delivery of the subject-matter of performance.

8.2. The Supplier shall pay to the Client a contractual penalty amounting to 0.1% of the contract price of the complained goods exclusive of VAT for each day of delay with fulfilment of its obligation corresponding with the right arisen from defective performance chosen by the Client.

8.3. In case of delay with delivery of the subject-matter of performance longer than 14 calendar days, the Client is entitled to withdraw from the contract. The Client may also withdraw from the contract in the event that during performance the Client finds out that the subject-matter of performance is not going to be made properly in the confirmed term or that the Supplier has authorized a third person to perform work without Client's prior written consent.

8.4. The injured contracting party is entitled to seek compensation of property or non-property damage, independently on and besides the contractual penalty agreed within the contract or stated herein, by which breach of the same obligation has been affected, in consequence of which such damage has incurred. Damage incurred to the Client also includes all sanctions charged to the Client by the final customer due to delayed or defective performance of the Supplier, including relevant



expenses spent on separating out defective goods at the final customer and their return taking as well as the consequences of their relevant withdrawal from circulation.

8.5. The Supplier is entitled to set off unilaterally their claims from contractual penalties or damages against the claims of the Supplier from the contract price, if all stipulated prerequisites for such such-off are met.

IX. The Other Provisions

9.1. The Client is entitled to make a random check during performance of the contract by the Supplier.

9.2. The Client has access to the operation of the Supplier any time in the period from starting until finishing performance of the subject-matter of the contract to check the process of production and quality control of production, during standard working hours and accompanied by the head of the workplace.

9.3. The Supplier is entitled to authorize a third person to perform the subject-matter of the contract only upon the Client's prior written consent. If another person is authorized by the Supplier to make the work, the Supplier is obliged to make sure whether the third person is able to fulfil the subject-matter of performance in view of the purpose of the contract with appropriate expertise. The Supplier shall provide the Client with the possibility of checking the work at the third person's.

9.4. In case of performance of the subject-matter of the contract by the third person, the Supplier has the same responsibility as if it performs the subject-matter itself.

9.5. All risks of damage to health and property in connection with handling of and work on the subject-matter of performance with the Supplier or the person authorized by the Supplier are born by the Supplier.

9.6. The Client is entitled to withdraw from the contract if any insolvency proceedings are initiated or distraint by sale of the plant is ordered against the Supplier as a debtor as well as in case of finding danger of bankruptcy of the Supplier or other similar circumstances that could threaten quality or term of fulfilment of the subject-matter of the contract.

9.7. Input material supplied by the Client to the Supplier for machining remains the possession of the Client, whereas danger of damage and all risks related to handling are born by the Supplier from the moment of its taking over in the machined form from the Client until its handing over to the Client.

9.8. All documents, data material and information delivered by the Supplier/Client in connection with performance of the subject-matter of the contract to the other contracting party, as well as the contents of the contract may be released to third persons by the receiving party only with prior written consent of the releasing contracting party. All the facts have the nature of business secret of the releasing party so that its will is to protect and keep it in secret. The above-mentioned fact is not applied if such releasing refers to releasing stipulated by law or on the basis of the obligation stipulated by law or releasing to exercise rights properly.

9.9. In the event that the work is made at the seat of the Client (e.g. construction work), the Supplier shall insure the work for the whole period of its performance in the form of insurance of assembly and construction risks to the amount of triple of the contract price, however, at least to the amount of CZK 3 million unless otherwise stated in the contract. Simultaneously, for the whole period of realization of the work, the Supplier undertakes to be insured at least in this extent due to liability for damage caused to a third person by its activity. The Supplier shall submit a copy of the insurance policy at starting the work at the latest.

X. Preferential Origin

10.1. The Supplier shall submit declaration on status of the product to all goods delivered to the Client, stating its preferential origin in accordance with the Council Regulation (EC) No. 1207/2001, as



amended. At the Client's request, the Supplier shall prove correctness of its declaration by so-called information certificate INF 4, issued by a customs body of the EU member state where the Supplier is located.

XI. Final Provisions

- 11.1. The contract shall not be assigned without prior written consent of the other contracting party.
- 11.2. The contract contains a provision concerning the subject-matter of the contract and all essentials the contracting parties should and wanted to negotiate in the contract and consider important for binding effect of the contract. No manifestation of the will of the contracting parties made at negotiation on the contract or the manifestation of the will made after conclusion of the contract shall be interpreted contrary to express provisions of the contract.
- 11.3. If one party owes to the other contracting party for more legal reasons, any performance shall be always set off against the soonest due claim and accessories thereto unless the contracting performing party states otherwise expressly.
- 11.4. The text of the contract or the GPC shall be amended or completed only in writing.
- 11.5. Legal relations arising from the contract are governed by Czech law, particularly by Act No. 89/2012 Coll., Civil Code, as amended. If the Supplier is located in a state that is a signatory to United Nations Conventions on Contracts for the International Sale of Goods, legal relations between a supplier and client related to purchase and sale of goods follow the provisions thereof.
- 11.6. The Supplier takes over danger of a change in all circumstances occurred after conclusion of the contract and having effect on costs of arrangement and provision of performance of the subject-matter of the contract, including the costs of performance of liabilities arisen from the Supplier's liability for defects. Owing to a change in such circumstances, the Supplier is not entitled to claim its rights stated in the provision of Section 1765, Sub-section 1 of Civil Code.
- 11.7. If disputes arisen from the contract or in connection therewith are not solved by a mutual agreement, the disputes shall be solved by general courts in the Czech Republic so that the contracting parties agree on local jurisdiction of the District Court in Ústí nad Orlicí and in the matters in which regional courts are competent, on local jurisdiction of the Regional Court in Hradec Králové, branch in Pardubice.
- 11.8. In case of a dispute, the contracting parties consider any document sent to the address of the other contracting party stated in the contract by registered mail to be delivered as of the fifth day after its sending via a post licence holder.
- 11.9. The GPC are in force for the period commencing on 1 June 2019.