**General Terms and Conditions of Purchase**

**(hereinafter the “GTCP”)**

**of Tawesco s.r.o., Areál Tatry 1449/6, 742 21 Kopřivnice, Reg. No. 61946389,**

**VAT ID CZ61946389, a company incorporated into the Commercial Register at the Regional Court in Ostrava, section C, insert number 12880**

**(hereinafter the “Client”)**

**I**

**General Provisions**

* 1. These General Terms and Conditions of Purchase are an integral part of all the orders placed by the Client with the contractual partner (hereinafter the “Supplier”). The GTCP are concerned with the regulation of the basic terms and conditions for entering into contracts of sale, contracts for work done or other contracts (hereinafter “Supply Contracts”) by the Client and the Supplier, and the contents thereof.

The Supplier’s terms and conditions of sale, general commercial terms and conditions, and other terms and conditions do not apply to the Parties and the Client is entitled to refuse a Supplier’s confirmation of an order referring to the Supplier’s commercial terms and conditions; it is expressly established that a Supply Contract is not made in such a case.

* 1. A regulation deviating from these General Terms and Conditions of Purchase is to be agreed in writing in Supply Contracts.

**II**

**Entering into Individual Supply Contracts**

* 1. An individual Supply Contract is made on the basis of the Client’s order, an integral part of which is these GTCP and a confirmation of the order by the Supplier.
	2. A Supply Contract is made, on the condition laid down in 1.1 hereof, by a delivery of the Supplier‘s written confirmation of the order, an integral part of which is these GTCP, to the Client. The written confirmation of the order must by served on the Client by mail to the address of the Client’s registered office, by fax, or by email to the Client‘s email address within five days of sending the order. A Supplier’s letter containing reservations, changes or amendments to any provisions of the order or the GTCP, or containing a reference to the Supplier’s commercial terms and conditions is not deemed to be a confirmation of the order. In such a case, the letter is an offer to enter into a Supply Contract, submitted by the Supplier to the Client, and a Supply Contract is made only on the date of delivery of the Client’s consent with this offer to the Supplier.
	3. If the Client does not receive a written confirmation of the order, the Client may revoke the order in writing or by phone with a subsequent written confirmation of such revocation, without any Supplier’s right to damages.

**III**

**Specification of the Object of Delivery**

* 1. The detailed specification of the object of delivery is included in the technical specifications referenced in the description of the supply in the order or in another part of the technical specifications. Such specifications include, without limitation, specifications of materials, drawings, revisions of drawings, and textual or data appendices to drawings.
	2. By confirming the Client‘s order, the Supplier confirms to have complete technical specifications at its disposal.
	3. If an order includes technical specifications which have not been made available to the Supplier yet (especially revisions of drawings), the Supplier is obliged to confirm in writing its receipt thereof by signing one counterpart and sending it back by mail to the Client.
	4. If the technical specifications mention any approved sub-suppliers, the Supplier is not authorized to use any other sub-suppliers for the performance of the subject-matter of the Supply Contract.

**IV**

**Changes in Orders**

* 1. During the performance of a Supply Contract, the Client is entitled to order to the Supplier the method of performance of the work, or to change such orders without any undue delay after having learnt any circumstances due to which such changes are necessary.
	2. The Supplier undertakes to notify the Client without any delay in writing if the Client’s instructions concerning the subject-matter of the performance are, in the Supplier‘s expert opinion, inappropriate.
	3. Changes in a Supply Contract after such Contract has been made are possible only in writing after an agreement of both the Parties.

**V**

**Client’s Inspections**

* 1. The Client is entitled to enter the Supplier’s manufacturing plants after a prior notice and to inspect compliance with manufacturing procedures and agreed terms and conditions of delivery. The Client may also require submission of all the documents relating to the subject-matter of the supply.

**VI**

**Supplier’s Sub-suppliers**

* 1. The Supplier is obliged to notify the Client of its sub-suppliers‘ details and to ensure that the sub-suppliers be bound by this contract, especially with respect to the right of entry into the manufacturing plants and submission of documents.
	2. The Client is entitled, on important grounds, to prohibit the Supplier to cooperate with a specific sub-supplier on the delivery.
	3. The Supplier is liable for any defects in supplies even if caused by a sub-supplier.

**VII**

**Place of Performance of the Supplies**

* 1. Unless agreed otherwise in the specific case, the place of performance of the supplies is the warehouse situated at the Client’s registered office (DDP term of delivery according to Incoterms 2010).

**VIII**

**Time of Performance, Delivery Time**

* 1. The Supplier is obliged to perform in compliance with the Client’s order during the Client’s usual working time, which is on working days from 06:00 to 13:00. Deliveries made outside the Client’s usual working time must be agreed by the Client in writing in advance on the basis of the Supplier’s written request, including the specification of the date and time of delivery.
	2. Earlier performance than on the date mentioned in the order is permitted only after an agreement with the Client; see 4.3.
	3. Supplies delivered prematurely without the Client‘s approval in writing will be refused. The Supplier is obliged, at its own cost, to perform any and all measures necessary for compliance with the delivery time.
	4. As soon as the Supplier finds out not to be able to comply with the delivery time, the Supplier is obliged to notify the Client thereof without any delay. However, this does not release the Supplier of its liability for delayed performance, including any sanctions for delayed performance.
	5. If the Supplier was not able to perform owing to any lack of the Client’s cooperation, the Supplier is obliged to notify the Client thereof without any delay and enable the Client to correct the situation.
	6. The Client is entitled to further specify or change the delivery times owing to operational reasons.

**IX**

**Takeover and Inspection of the Object of Delivery**

* 1. The Supplier is obliged to deliver the goods or services to the Client on the delivery date or within the delivery time agreed in the Supply Contract; the goods and services will be delivered with any documents, warranty certificates, manuals, attestations, and other documents necessary for handling the goods or services, or expressly requested by the Client; all such documents must be in the Czech language. An integral part of the supply is also records on tests and quality inspections of partial deliveries if requested by the Client for a specific supply, or if the issuance of such records is customary for the given kind of goods or services.
	2. Each delivery will include a duly completed delivery note or a handover certificate containing, without limitation, a comprehensible identification of the object of delivery, *i.e.*, the goods or services delivered, the material item number, quantity, Supplier’s address, number of order, date of production, returnable packaging (if used), other information in compliance with the Supply Contract, and the signature of the responsible employee.
	3. Unless agreed otherwise, the seller is obliged to deliver a duly completed declaration of conformity and a measuring record on request.
	4. The Supplier is obliged to provide the goods with packaging to ensure adequate protection of the goods against damage and to enable handling of the goods by usual means of handling or by the Client’s handling method specified in the Supply Contract. If the Supplier is a producer of packaging or packaging materials, the Supplier is obliged to hand over to the Client information in writing on whether the Supplier participates in the EKO-KOM system and pays fees for placing packaging on the market (“Declaration of the compliance with conditions for placing packaging on the market”).
	5. In the event of supply of chemicals or chemical preparations, the Supplier is obliged to supply all the elements resulting from the valid legislation – an up-to-date material safety data sheet, a technical sheet (method of use), and identification of packaging – and to attach such documents to the supply. The Supplier will accept an implemented functional IMS in compliance with ISO 9001 and 14001 and will strive to reduce environmental impacts by his activities.
	6. The Client is entitled not to take over the goods if the goods are not delivered in time or in a proper form, *i.e.*, if the goods are defective. The Client may refuse such supply completely. All the costs associated therewith will be borne by the Supplier.
	7. The Supplier is obliged to insure the goods up to the point of delivery. The Supplier is liable for damage to the goods in transport caused by insufficient or unsuitable packaging even if the Client takes over the goods at the point of destination.

**X**

**Quality of Supplies**

* 1. The Supplier notes that the goods to be supplied are intended for further processing or use, especially by the Client’s in-country and foreign customers in the automotive industry.
	2. Therefore, the Supplier undertakes to strictly comply with the quality and all the required properties of the supplies. The Supplier notes that a defect in its supply may result in damage manifoldly exceeding the value of such supply.
	3. Unless expressly specified otherwise, the objects of delivery must comply with the relevant technical standards; the Supplier is obliged to submit the relevant certificates, declarations of conformity, etc. on request.
	4. The Supplier is liable for any and all damage incurred by the Client in relation to inferior workmanship of a delivered product or absence of a declaration of conformity.
	5. The Supplier is further obliged to unreservedly comply with the technical specifications provided by the Client.
	6. If the Supplier has a certified system in compliance with any of the 9001 ČSN EN ISO, EN ISO TS 16949, or VDA standards, the Supplier is obliged to perform the supplies in compliance with the certified system.

**XI**

**Warranty and Warranty Claims**

* 1. The Supplier fully guarantees that the delivered goods are free of any actual or legal defects and will be suitable for the agreed or usual purpose of use or retain the agreed or usual properties for a period of at least 24 months unless a different warranty period is agreed in a supply subcontract. The warranty period starts on the date following the date of delivery of defectless goods or services to the Client and relates to all kinds of defects (apparent and hidden defects), with the exception of defects caused by inappropriate handling or inappropriate use, contrary to general practice or specifications delivered by the Supplier. The Client is not obliged to inspect the delivered goods, not even at random. This provision does not release the Supplier from its liability for the quality of supplies.
	2. The Supplier is obliged to notify the Client in writing of any possible special procedures or specifications relating to the delivered goods or services to be complied with in order to prevent defects or failures. If the Supplier fails to do so and a defect, damage to the delivery, or harm to health is caused in consequence of such circumstances, such defect, damage or harm will be considered to have been caused by the Supplier.
	3. Possible defects in the goods or services are considered to have been claimed by the Client in time even if they have been detected by the Client only during the Client’s use of the goods in the production of the Client‘s final product.
	4. Apparent defects, especially in relation to quantity, must be claimed by the Client in writing at the Supplier’s address within 15 working days of the Client‘s receipt of the goods. The Client is obliged to enable possible inspection of the goods by the Supplier.
	5. If the object of delivery does not correspond to the order, the technical specification, certificates, ČSN EN standards, or other technical standards, such failure constitutes a substantial breach of contract and the Client is entitled to assert claims resulting from liability for defects.
	6. The Client is entitled to assert claims resulting from defective goods under Section 2106 of the Civil Code against the Supplier.
	7. Asserting claims resulting from liability for defects is without prejudice to the Supplier’s obligation to pay damages, which may be asserted by the Client irrespective of whether the Client has asserted any claims resulting from liability for defects and whether such claims have been asserted in time by virtue of Section 2112 of the Civil Code.
	8. Within 24 hours of receipt of a warranty claim, the Supplier is obliged to acquaint the Client in writing with the method of solution in the form of the first three stages of an 8D report even if the warranty claim is dismissed on the basis of subsequent ascertainment of causes and objective assessment.
	9. The Supplier undertakes to submit a fully completed 8D report to the Client after a warranty claim has been admitted within a reasonable period of time not exceeding 30 days of the initiation of the warranty claim procedure.
	10. If the Client has asserted a claim for removal of defects in goods or services and the Supplier has failed to do so within 2 days, the Client is entitled to remove the defects by itself or to have the defects removed by a qualified third party and to charge the associated costs to the Supplier.
	11. In the event of necessary sorting of goods suitable for processing, the Supplier is obliged to do so at its cost without any delay on the Client’s request.
	12. In the event of a justified warranty claim, the Client has a right to demand additional temporary measures to prevent repeated defective performance in the subsequent supplies.
	13. When delivering repaired goods or substitute goods for goods subject to a warranty claim, the Supplier is obliged to specify the warranty claim record number in the delivery note.

**XII**

**Packaging**

12.1 The Supplier is obliged to inform the Client of the packaging method before the delivery or to send packaging instructions to the requested extent on the Client’s request.

12.2 The Client is obliged to express its opinion on the received packaging instructions.

12.3 Packaging is usually unreturnable unless specified otherwise in the Supply Contract.

12.4 In the event of returnable palettes, such palettes must be properly identified by the name of the Supplier and by a method approved by the Client.

**XIII**

**Prices and Billing**

13.1 The prices given in the order are based on previous Supplier’s quotations.

13.2 The prices may also be based on competitive bidding, which may be made in the form of e-auctions.

13.3 Unless agreed otherwise, an invoice for the delivered goods or services becomes due in 60 days of receipt of the delivery free of any defects. However, payment of the price is not to be considered as an acknowledgment of the fact that the delivery is free of any defects.

13.4 The Supplier is obliged to send invoices in two counterparts to the address of the Client’s registered office or in an electronic form, including an e-signature, to an agreed address.

13.5 The goods must be specified in the invoice to the same extent as in the delivery note.

13.6 The Supplier is entitled to assign, pledge or set off its claims against the Client only with the Client‘s written consent.

13.7 If an invoice does not contain statutory elements or elements agreed within the Supply Contract, the Client is entitled to return the invoice to be corrected and completed. Legitimate returning of the invoice suspends the original period for payment. The entire period starts running on the date of delivery of a corrected invoice to the Client.

13.8 If the Client fails to comply with payment terms and conditions, the Supplier is entitled to demand payment of default interest at the statutory rate.

13.9 The Supplier undertakes to pay a contractual penalty or expenses established, to the extent laid down in the Quality Manual, for breaching its obligations laid down in the Supply Contract or these GTCP. The Client is entitled to invoice the amount determined in this way to the Supplier immediately after the occurrence thereof with due date in 15 days.

13.10 If the Supplier is published as an unreliable payer in the relevant register of payers at the moment of taxable supply, or if the Supplier requests payment for taxable supply by a wire transfer to a different account than the Supplier‘s account published by the tax administrator in the relevant register of payers, the Client is entitled to use a special method of securing the tax under Section 109a of Act No. 235/2004 Sb., on the Value Added Tax, as amended, hereinafter referred to as the “VAT Act”. When using a special method of securing the tax, the Client proceeds in the following way: the Client pays the amount corresponding to the tax base to the Supplier’s account mentioned in the issued tax invoice and the amount corresponding to the VAT given in the issued tax document to the Supplier‘s personal deposit account with the Supplier’s tax administrator. The Client is entitled to use a special method of securing the tax under Section 109a of the VAT Act also if the Supplier requests payment for taxable supply to a foreign bank account even if such account has been published by the tax administrator in the relevant register of payers. In the event of occurrence of any facts enabling the Client to use a special method of securing the tax under Section 109a of the VAT Act and the Client‘s using such method of payment of the part of its obligation to the Supplier corresponding to the relevant VAT in compliance with the said provision, the total amount of the Client’s obligation to the Supplier will be deemed as paid on the date of crediting the relevant amounts to the bank account mentioned in the tax document and to the Supplier’s personal deposit account with the Supplier’s tax administrator.

13.11 If the Client uses, in compliance with the above-mentioned provision, a special method of securing the tax under Section 109a of the VAT Act, the Client undertakes, irrespective of the due date of the total amount invoiced for the taxable supply, to pay the relevant VAT to the Supplier’s personal deposit account with the Supplier’s locally competent tax administrator by the 25th day of the month following the

month of taxable supply, at the latest. If the Client is entitled to use a special method of securing the tax under Section 109a of the VAT Act, the Client undertakes to inform the Supplier of its having sent the relevant amount of VAT to the Supplier’s personal deposit account with its locally competent tax administrator.

**XIV**

**Contractual Penalties**

14.1 In the event of default in the delivery of goods, the Client is entitled to charge to the Supplier a contractual penalty amounting to 0.1 % of the price of the outstanding supply to be supplied in compliance with the Supply Contract for each day of default. The provision on contractual penalties does not affect or restrict the Client’s right to compensation of damage caused by the Supplier’s failure to deliver the agreed quantity. The Supplier’s default in the delivery by more than 30 calendar days is considered to be a substantial breach of contract. Payment of a contractual penalty is without prejudice to the Client’s right to damages. The Client represents to actively work to minimize such additional costs.

**XV**

**Confidentiality of Information**

15.1 Confidential information is deemed to include all the information acquired by the Supplier from the Client directly, indirectly, in writing or verbally; any commercial, economic, manufacturing, or technical information; and any other information communicated by the Client to the Supplier (hereinafter the “Information”).

15.2 The Supplier undertakes to maintain confidentiality of the Information and not to disclose any Information, as a whole or in part, without the Client’s previous written consent, or to use such Information directly or indirectly for other purposes than in relation to the possible business relationship with the Client.

15.3 Neither the Supplier, nor its representatives, will disclose to any person, enable anonymous disclosure of, or make available any Information or provide information on the disclosure of Information without previous written consent of the Client. To the same extent, the Supplier will not provide any third parties with any data on negotiations in progress in relation to the possible business relationship with the Client, or disclose or enable disclosure of any terms and conditions or facts concerning the potential business relationship with the Client; this provision is without prejudice to the general provisions of the previous paragraph.

15.4 Considering the above-mentioned obligations, the Supplier is entitled to disclose the Information to its managers, directors, professional counsellors or employees who need to get acquainted with or study the given Information provided that such persons priorly agree in writing with the contents of this article of the GTCP.

15.5 The Supplier undertakes to adopt measures to prevent unauthorized or random access to protected Information.

15.6 The Supplier undertakes to inform the Client of any interference with the Client’s rights by third persons which the Supplier gets to know.

15.7 In the event of a demonstrable breach of the Supplier’s obligation to maintain confidentiality, the Supplier undertakes to pay a contractual penalty amounting to CZK 100,000.00 (in words: one hundred thousand crowns) for each individual case of breach.

15.8 The contractual penalty will be paid on the basis of an invoice due in 15 days of its service on the Supplier.

15.9 If the Client requests that the Supplier return materials containing Information provided to the Supplier by the Client, the Supplier is obliged to return all the documents provided by the Client and immediately destroy all the copies of such Information; the Supplier will not keep any copies containing such Information.

15.10 The Supplier represents to maintain confidentiality of the Information for the whole period of duration of its business activities. The Supplier will be released from such duty if the Information becomes known to the general public and if the Client is no further interested in keeping such Information confidential. The Supplier will request a written Client‘s consent with the Supplier’s release from the duty of confidentiality.

**XVI**

**Force Majeure**

 Events affecting the performance of a contract which could not have been influenced or averted by the Parties are deemed to constitute acts of force majeure. In the event of existence of an act of force majeure, both the Parties are entitled to withdraw from the contract made.

**XVII**

**General and Final Provisions**

17.1 The requirement of a written form is complied with if a document is sent by fax, e-mail or mail to the agreed contact address or to the contact address given at the official website.

17.2 Invalidity of a contractual provision is without prejudice to the validity of the other provisions.

17.3 The Parties will first attempt to settle any and all disputes arising out of these GTCP and Supply Contracts, relating to the creation, performance and expiration thereof, and concerning the validity thereof by mutual negotiations and agreement. If the Parties fail to settle the disputes in this way, the disputes will be decided by the court having subject-matter jurisdiction, with registered office in Ostrava.

17.4 The Client reserves the right to change the GTCP; the Client is obliged to notify the Supplier of a change in the GTCP in writing at least 15 days before the date of effect of such change. The Supplier is entitled to refuse a change in the GTCP within 15 days of its receipt of the notification; otherwise, the Supplier will be deemed to agree with the change. If the Client does not notify the Supplier of its withdrawal of the proposed change in the GTCP within 7 days of its receipt of the Client’s refusal of such change, the Supplier is entitled to terminate the obligation relationship with the Client with a period of notice of 14 days.

The General Terms and Conditions of Purchase have been checked and approved by:

*[Signature illegible – transl. note]*

Ing. Radek Szmek, Purchasing Manager