

GENERAL CONDITIONS OF PURCHASE of Lovochemie, a.s.

EFFECTIVE FROM 1. 6. 2022

1. OPENING PROVISIONS

- 1.1 These GENERAL PURCHASING CONDITIONS OF Lovochemie, a.s. (hereinafter referred to as the "GPT") apply to legal relationships arising from the purchase of goods and materials (hereinafter referred to as the "Subject of Purchase") by Lovochemie, a.s., based at Lovosice, Terežinská 57, postcode 410 02, Identification No.: 49100262, registered in the Commercial Register kept by the Regional Court in Ústí nad Labem, Section B, Insert No. 471 (hereinafter referred to as the "Buyer"), provided the Parties expressly agree that they apply in a Purchase Agreement, framework contract or purchase order (hereinafter referred to as the "Purchase Agreement" or "Agreement").
- 1.2 Each Purchase Agreement, annexes each Purchase Agreement and these GPT together form a complete and integral Purchase Agreement which is a set of rights and obligations of the Parties in relation to supplies of Subject of Purchase under the terms of the Purchase Agreement. In the event that there is a discrepancy or inconsistency between the Purchase Agreement, annexes to the Purchase Agreement and these GPT, the order of precedence is the following: the Purchase Agreement, annexes to the Purchase Agreement and these GPT. These general conditions of purchase take precedence over those provisions of the law the nature of which is not binding.
- 1.3 The Purchase Agreement is considered concluded at the moment when the Parties agree in writing on all aspects of the agreement. If any of the Parties has comments to supplement or amend the draft of a document of the other Party, such comments are considered to be a new proposal of the Party. Acceptance of an offer with an amendment or deviation that does not substantially change the conditions of the offer in the sense of the provisions of Section 1740(3) of Act No. 89/2012 Coll., the Civil Code, as amended (hereinafter referred to as "Civil Code") is not permitted.

2. PAYMENT TERMS

- 2.1 The Seller shall issue an invoice which will be an accounting document pursuant to Act No. 563/1991 Coll., on Accounting, as amended, and will contain elements of a tax document according to Act No. 235/2004 Coll., on Value Added Tax, in as amended (hereinafter referred to as "VAT Act"), or under other legal regulations.
- 2.2 If an invoice does not contain the particulars of accounting documents pursuant to Act No. 563/1991 Coll., on Accounting, as amended, and/or a tax document pursuant to the VAT Act or according to other legal regulations, requirements stipulated by the Purchase Agreement and/or contains material or substantive inaccuracies, the Buyer is entitled to return the invoice to the Seller with a written indication of the defects or deficiencies of the invoice in question. The Seller shall issue a new invoice within 5 days after the original invoice is returned to eliminate the defects or deficiencies, stating a new maturity date so that the new invoice matches the maturity period pursuant to Art. 2.3 of these GPT. In the case of a justified returning of an invoice, the Seller is not entitled to default interest. If the Buyer returns an invoice without a valid reason, the Seller shall send the invoice back within 3 days with the relevant explanations and the original maturity date.
- 2.3 Unless the Agreement explicitly stipulates a different invoice due date, the due date of the invoice issued in accordance with the terms of the Purchase Agreement in CZK is 30 days from the date of delivery to the Buyer. If the invoice is issued in foreign currency according to the terms of the Purchase Agreement, the maturity of the invoice is 60 days from the date of receipt thereof by the Buyer. Payment is considered made when the total invoiced amount is debited from the account of the Buyer.
- 2.4 In the event of late payment, the Seller is entitled to demand and the Buyer shall pay default interest on the amount due each year at the repo rate set by the Czech National Bank for the first day of the calendar half-year in which the default occurred increased by eight percentage points.
- 2.5 If the Seller is to pay the principal, interest and expenses associated with the enforcement of any receivable of the Buyer, the payment shall be credited first to cover the costs already determined, then the default

- interest, then interest and finally the principal. The parties have agreed to exclude the application of Section 1932(2) of the Civil Code.
- 2.6 The Seller and the Buyer have agreed and agree that the Seller will send the original invoices electronically in PDF format to the email address: fakturace@lovochemie.cz, while the invoice and invoice enclosures will form one PDF file.
- 2.7 The Seller declares that it is aware of its obligation to pay VAT due on the purchase price to the tax authorities and that VAT will be paid properly, on time and in the correct amount. The Seller further declares that the Seller is of good standing economically, is not a person against whom an enforcement or insolvency proceedings is held and is not involved in any dispute the losing of which would lead to a liability the fulfillment of which would be impossible or would economically destabilize the Seller. The Seller not a person at risk of entering bankruptcy proceedings and pays all its debts duly and timely.
- 2.8 The Seller declares that it is neither a person against whom proceedings are brought for registration as an unreliable taxpayer nor has it been declared an unreliable taxpayer and undertakes to inform the Buyer in case that it eventually becomes an unreliable taxpayer according to the VAT Act.
- 2.9 If the Seller appears to the Buyer to be a risky payer of value added tax, the Buyer has the right to proceed according to the relevant provisions of the VAT Act and adopt preventive measures in the form of allocation of a portion of payment for the Subject of Purchase and a value added tax portion and pay the value added tax directly to the tax authority. The Buyer shall inform the Seller on the preventive measures described in the previous sentence.
- 2.10 If the local tax authority asks the Buyer to pay VAT instead of the Seller, the Buyer is entitled to unilaterally offset its claim against the Seller arising from this payment against any due receivable of the Seller against the Buyer; the price agreed under this Purchase Agreement shall be deemed to be paid even if the tax is paid by the Buyer instead of the Seller under the relevant provisions of the VAT Act. The Buyer shall inform the Seller on this procedure.
- 2.11 In the event that the Seller assigns its claim for payment for a taxable supply towards the Buyer to a third party (assignee) prior to the payment thereof by the Buyer, the Buyer is entitled to pay the tax directly to the relevant tax authority of the Seller under the relevant provisions of the VAT Act. The payment of the tax to the account of the relevant tax authority along with payment for the taxable supply without value added tax to the assignee is deemed to comply with the obligation to pay the price by the Buyer under this Purchase Agreement in such a case and the Buyer is not in default. The Buyer shall inform the Seller on this procedure.
- ## 3. ACCEPTABLE DIFFERENCE AND CONTRACTUAL PENALTIES
- 3.1 The obligation of the Seller to deliver to the Buyer the agreed quantity of the Subject of Purchase and the obligation of the Buyer to accept the agreed quantity of the Subject of Purchase shall be deemed to be fulfilled if the quantity of actually delivered and purchased Subject of Purchase varies from the quantity agreed in the Purchase Agreement by up to 10%, unless otherwise expressly agreed in the Purchase Agreement.
- 3.2 If the Seller delivers a lower quantity of the Subject of Purchase to the Buyer than that agreed in the Purchase Agreement reduced by the acceptable difference according to Art. 3.1 of these GPT, the Seller shall pay the Buyer a contractual penalty equal to 2% of the price of the undelivered Subject of Purchase reduced by the acceptable difference according to Art. 3.1 of the GPT.
- 3.3 If the Buyer accepts a lower quantity of the Subject of Purchase from the Seller than that agreed in the Purchase Agreement less the tolerance according to Art. 3.1 of the GPT, the Buyer shall pay the Seller a contractual penalty equal to 2% of the price of the Subject of Purchase thus not purchased reduced by the acceptable difference according to Art. 3.1 of the GPT.
- 3.4 The obligation to deliver or accept the remaining quantity of the Subject of Purchase in respect of which the penalty is paid ceases to exist by payment of the contractual penalty according to the preceding provisions, unless the Seller and the Buyer agree otherwise in writing.

- 3.5 The obligation to pay the penalty according to the preceding provisions does not arise if the breach of obligations of any Party resulted from a Force Majeure event.
- 3.6 If any of the Parties withdraws from the Purchase Agreement, the right to pay contractual penalty that arose before the withdrawal according to the preceding provisions remains preserved.
- 3.7 Any contractual penalty agreed upon in accordance with relevant provisions of the Purchase Agreement and/or these GPT does not affect the right of the injured Party to damages caused by such breach of contractual obligations by the other Party and the obligation of the breaching Party to pay such damages in excess of the contractual penalty.
- 4. OWNERSHIP AND RISK OF DAMAGE TO THE SUBJECT OF PURCHASE, INTELLECTUAL PROPERTY RIGHTS**
- 4.1 The Buyer acquires title to the Subject of Purchase as soon as the delivered Subject of Purchase is handed over to it. The Buyer acquires ownership to transported Subject of Purchase before handover when it becomes entitled to dispose of the shipment.
- 4.2 The Buyer acquires the ownership right even when the Seller is not the owner of the Subject of Purchase sold, except when the Buyer knew or should have known at the moment when it had the right to acquire ownership and could have known that the Seller was not the owner and that the Seller was not entitled to dispose of the Subject of Purchase in order to sell it.
- 4.3 Risk of damage to the passes to the Buyer when it accepts the Subject of Purchase from the Seller, or if not done in time, when the Seller allows the Buyer to dispose of the Subject of Purchase and the Buyer breaches the Purchase Agreement by not taking the Subject of Purchase into its possession.
- 5. LIABILITY FOR DEFECTS IN THE SUBJECT OF PURCHASE**
- 5.1 The Subject of Purchase has defects if
- it is not delivered in the agreed quantity, quality and design, or, if the quality or design is not agreed, in a quality and design suitable for the purpose apparent from the Agreement, otherwise for the usual purpose; or
 - it does not have the properties that the Parties agreed in the Purchase Agreement and, in the absence of such agreement, those characteristics that the Seller or manufacturer described or the Buyer expected given the nature of the Subject of Purchase and based on the advertising promoting the Subject of Purchase by the Seller or manufacturer; or
 - the Subject of Purchase is unfit for the purpose that is specified in the Purchase Agreement and when the purpose is not explicitly stated, for a purpose that the Seller lists for the use thereof or for which Subject of Purchase of the same type is normally used; or
 - it does not meet the quality or performance of the agreed sample or model, if quality or performance was determined in accordance with the agreed sample or model; or
 - it is not delivered in the agreed quantity, dimensions or weight; or
 - it is not delivered in the agreed packaging; unless it is agreed how the Subject of Purchase is to be packaged, then packed according to customs; if packaging is not customary, in the manner necessary for the preservation of the Subject of Purchase and its protection; or
 - it fails to satisfy the requirements of the relevant legislation.
- 5.2 The Seller represents that the delivered Subject of Purchase will be fit for use for the agreed or otherwise usual purpose during the warranty period and that it will retain the contracted for or otherwise usual properties. The warranty period is specified in the Purchase Agreement or in the warranty certificate or on packing of the Subject of Purchase also as the period of serviceability or durability or in advertising. If the Seller or manufacturer provides a warranty period for the Subject of Purchase or any part of the Subject of Purchase longer than specified in the Purchase Agreement, then the warranty period set by the Seller or manufacturer applies to the Subject of Purchase or its relevant part, but always at least the warranty period specified in the Purchase Agreement.
- 5.3 If the Subject of Purchase is defective, the Buyer is entitled its own discretion to demand removal of defects by delivery of replacement Subject of Purchase, delivery of the missing Subject of Purchase or part thereof, demand the removal of legal defects, require a repair of the defective Subject of Purchase if the defects are repairable, request a reasonable discount off the purchase price, or withdraw from the agreement in case of a major breach.
- 5.4 The exercise of the right following from defective performance does not affect the right of the Buyer to compensation for damages resulting from furnishing a defective product.
- 6. WITHDRAWAL FROM THE PURCHASE AGREEMENT**
- 6.1 Besides other cases set by statutory provisions or these GPT, the Seller and the Buyer are entitled to withdraw from the Purchase Agreement if the other Party commits a substantial breach of its obligations under the Purchase Agreement. A substantial breach of contractual obligations includes but is not limited to:
- 6.1.1 The Buyer's delay in paying the purchase price by more than 30 days, if the Seller has notified the Buyer in writing that the Buyer is in arrears and if the Seller has given the Buyer a replacement period of performance of not less than 30 days from delivery of such written notice.
- 6.1.2 The Seller's delay in the delivery of Subject of Purchase or the supply of documents relating to Subject of Purchase required for use or usage of the Subject of Purchase.
- 6.1.3 The Seller's delay in the removal of defects of the Subject of Purchase within the time limits set by these GPT.
- 6.2 Any withdrawal from the agreement is effective when the written notice of the withdrawing Party is delivered to the other Party. The notice of withdrawal from the agreement shall specify the reason for withdrawal.
- 6.3 Any withdrawal from the agreement terminates all rights and obligations of the Parties under the Purchase Agreement, except for the right to damages and payment of contractual penalties and provisions of the Purchase Agreement and these GPT concerning the choice of law, settlement of disputes between the Parties and regulation of rights and obligations of the Parties in case of termination of the agreement. If a debt was secured, withdrawal does not affect the security or collateral.
- 7. PAYMENT OF DAMAGES**
- 7.1 The Party which breaches any obligation under the Purchase Agreement shall compensate the other Party for any damage caused by this breach of its obligations and shall compensate also any third party whose interest should the agreed obligation have obviously served.
- 7.2 Obligation to pay damages does not arise if the breach by the obligated Party is caused by the acts of the injured Party or by lack of cooperation that the injured Party is obliged to provide. The Party which has committed a breach of the obligation shall not be obliged to compensate the other Party for the damage caused thereby if it proves that such breach of the obligation was the result of *force majeure*.
- 7.3 If there is a breach of any obligation under the Purchase Agreement by either Party and damages arise to the other Party or both Parties as a result of such breach, both the Parties shall use all effort and measures to reach an amicable settlement of the claim for compensation of damages.
- 8. FORCE MAJEURE**
- 8.1 Neither Party is responsible for any breach of the Purchase Agreement if such failure or default is caused by an extraordinary unpredictable and insurmountable obstacle that occurred independently of the liable Party and prevented it from fulfilling its obligations (hereafter "**Force Majeure**"). Obstacles stemming from personal circumstances of the liable Party or occurring at a time when the wrongdoer was in default regarding the fulfilment of the contractual obligations, nor an obstacle which the liable Party is required to overcome, however, relieve it from the responsibility for fulfilling its obligations.
- 8.2 For the purposes of this Agreement, Force Majeure is an event that meets the prerequisites mentioned in the preceding clause shall and includes but is not limited to:
- 8.2.1 natural disasters, fires, earthquakes, landslides, floods, high water, storms or other atmospheric disturbances and phenomena of a considerable extent or
- 8.2.2 wars, rebellions, riots, civil unrest or strikes, or
- 8.2.3 decisions or legal acts of public authorities, regulations, restrictions, prohibitions or other interventions of the state, state authorities or local government or
- 8.2.4 explosions or other major damage or defects of relevant production or distribution facilities.
- 8.2.5. an epidemic, pandemic or other spread of a contagious disease or diseases which will give rise to measures or restrictions announced or imposed by public authorities.
- 8.3 The Party that violated, violates or expects to violate (with respect to all known facts) its obligation under the Purchase Agreement due to Force Majeure shall immediately inform the other Party of such breach or event

and to exert all possible effort to prevent such event or the consequences thereof and make good such negative impact thereof.

9. LIABILITY FOR "ILLEGAL EMPLOYMENT"

- 9.1 The Seller represents and warrants that it does not and will not perform illegal work in the sense of the relevant provisions of Act No. 435/2004 Coll., on Employment, as amended (hereinafter the "Employment Act"), in particular that all dependent work performed by natural persons is and will be held in an employment relationship and in the event that work for the Seller is performed by a natural person – a foreigner, that this will be based on and in accordance with all necessary permits, consents and other documents required by Czech law for such work.
- 9.2 In the event that a natural person-foreigner performs work for the Seller, the Seller undertakes and declares that this work will not be performed for the Seller in violation of the issued work permit or without this permit, if required by the Employment Act, or in violation of the issued employee card or without it or in conflict with the card of an internally transferred employee or a blue card issued pursuant to the Act on the Residence of Foreigners in the Czech Republic or without any of these cards, or without a valid residence permit in the Czech Republic, if it is required pursuant to the Act on the Residence of Foreigners in the Czech Republic in the Czech Republic.
- 9.3 Any violation of Article 9.1 or 9.2 above shall be deemed a substantial breach of this Purchase Agreement by the Seller and the Buyer is entitled to withdraw from the Purchase Agreement.
- 9.4 If any penalties, fines or payment are levied by the competent public authorities from the Buyer as a result of violation of Article. 9.1 or 9.2 above or the Buyer will have to pay such a penalty, fine or levy based on its liability under the relevant provisions of the Employment Act or the Buyer will be obligated to pay any such amounts to a third party because of liability arising under the relevant provisions of the Employment Act (hereinafter referred to as the "levy"), the Seller will pay the Buyer the amount of such a penalty, fine or payment without any delay, but not later than 15 days from the date of the relevant request of the Buyer and further pay any and all other damages which the Buyer incurs in connection with the breach of the obligation of the Seller.
- 9.5 If a limitation of liability for damages of the Seller hereunder has been agreed by the Purchase Agreement, this limitation shall not apply to the payment of penalties, fines, levies or damages pursuant to Art. 9.4.

10. GOVERNING LAW

- 10.1 Legal relations or the rights and obligations of the Parties under the Purchase Agreement, the collateral thereof, changes and termination thereof shall be governed solely by Czech law, namely by Act No. 89/2012 Coll., the Civil Code, as amended (also referred to in these GPT as the "Civil Code").
- 10.2 The application of the UN Convention on Contracts for the International Sale of Goods dated 11 April 1980 and the norms of international private law is excluded.

11. DISPUTE RESOLUTION

- 11.1 If any dispute arises between the Parties in relation to the Purchase Agreement, application or interpretation thereof, the Parties shall make every effort to resolve such a dispute amicably.
- 11.2 If the dispute is not resolved amicably, either Party may submit the dispute to the relevant court with jurisdiction of place determined by the seat of the Buyer.

12. SAFETY STANDARD

If the Seller enters the premises of the Buyer in fulfilling its obligations under the Purchase Agreement, it also undertakes to comply with the obligations under this Article 12 of the GPT:

- 12.1. The Seller undertakes to read and comply with the internal policies of the company Lovochemie, a.s. to ensure the safety and protection of health and life at work, environment, fire protection and prevention of serious accidents located on the Internet site www.lovochemie.cz (hereinafter referred to as the "**Safety Standard**"). The Seller undertakes to bind its subcontractors to comply with the Safety Standard to the same extent as the Seller is obliged to follow it itself.
- 12.2. The Seller agrees to ensure that its employees and subcontractors are trained in the safety standard and to ensure that its employees and subcontractors comply with the safety standard. Employees of the Seller who have not been trained in the safety standard shall not perform activities on the Buyer's premises. In accordance with Act No 309/2006, on further requirements with regard to occupational safety and health in

labour-law relationships and on ensuring safety and health in activities or provision of services outside labour-law relationships (Act on further requirements with regard to occupational safety and health), as amended, the Seller undertakes to cooperate with the coordinator of occupational safety and health on the construction site throughout the preparation and implementation of the construction, if such coordinator is appointed by the Buyer. At the same time, the Seller shall oblige to such cooperation all its subcontractors for the work and activities related to the preparation and implementation of the subject-matter of the contract. The Seller undertakes to fulfil all obligations imposed by Act No 309/2006.

- 12.3. **Risk Analysis and Technology:** The Seller shall submit to the Buyer, in sufficient time prior to commencement of the work, a Risk Analysis and measures including technological/working procedures for the work to be carried out on the construction/contract in question. The Risk Analysis and measures shall be prepared by a person professionally qualified in risk prevention. The technological/working procedures must be developed with regard to ensuring OSH conditions. Before commencing work, the Seller shall familiarise the Buyer's and subcontractors' personnel with the risks and technological procedures arising from its activities. The Seller shall make a written record of the above familiarisation in the form of an attendance list with the signatures of those present and shall ensure that it is regularly updated.
- 12.4. The Buyer undertakes to provide and conduct training to employees and subcontractors of the Seller and their employees for the Safety Standard under standard conditions and the Seller undertakes to provide for the necessary cooperation.
- 12.5. The Buyer undertakes to inform without undue delay by e-mail of any changes to the Buyer's internal regulations forming a security standard. The Seller undertakes to notify the Buyer in writing of the contact e-mail for sending information about the security standard and to inform the Buyer of any changes to this contact e-mail.
- 12.6. If substances harmful to water or hazardous chemicals and substances are used for the performance of the activity on the Buyer's premises, the Seller shall ensure that these substances be stored at designated places and used in a manner that minimizes the possibility of damage to health of employees and prevents soil, water and air pollution (Handling Substances Harmful to Water and Soil, Handling Chemical Substances and Mixtures). When finding about an extraordinary deterioration or threat to the quality of surface water and groundwater, soil and air in the premises of Lovochemie, a.s. or in the event that the Seller causes such a state by its activities (Emergencies for more detail), the Seller is obliged to report this fact without delay to corporate dispatching, tel.: 416 562 403 or 736 507 221.
- 12.7. The Seller shall not pollute and damage the roads and paved areas of the site, carry out maintenance and cleaning of vehicles and equipment outside the restricted areas, park vehicles off paved surfaces or otherwise damage foliage/greenery. The Seller shall not spill from vehicles any liquids, fuel, fluids or other substances harmful or dangerous to the environment on the roads and outside of paved areas and shall ensure there is no leakage of these substances within the premises of the Buyer on the road and outside of roads.
- 12.8. The Seller shall mark the assembly, storage and handling areas used by the Seller with a table stating the name of the Seller and of the responsible person of the Seller. The Seller is obliged to secure movables against theft, damage. The Seller shall ensure immediate cleaning of roads and areas where contamination has occurred as a result of its activities.
- 12.9. The Seller shall immediately notify the Buyer of accidents of its employees or employees of subcontractors in the area of the premises of the Buyer to the dispatching centre, tel.: 416 561 500 or from a landline on the premises to the tel.: **150** or **155**.
- 12.10. The Seller is obliged to immediately inform the Buyer about fires, accidents, traffic accidents and other extraordinary events at the corporate dispatching, tel.: 416,561,500 (fire reports 150 only from fixed lines of Lovochemie, a.s. employees).
- 12.11. The Seller is obliged to immediately inform the Buyer of the discovery of security events in the field of protection of property and persons (theft, property damage, movement of an unauthorised person on the premises, other security incidents) at the dispatching for site security, tel.: 416 563 711 or 720 068 593 (Head of the Site Security Department)

- and company security, and, if necessary, provide appropriate cooperation in the investigation of these events.
- 12.12. The Seller is obliged to dispose of all generated waste in accordance with the company's internal regulations (waste management, secondary raw materials and metal waste management in Lovochemie) and in accordance with applicable legislation, in particular Act No. 541/2020 Coll., on Waste, as amended. In the case of establishing its own collection point, the Seller must notify the the Environment Authority of the place, type of waste and appropriate security. The Seller is not entitled to dispose of waste generated by the Seller in the collection containers of Lovochemie, a.s., unless this is expressly permitted in the relevant contract.
- 12.13. The Seller shall establish or operate air pollution sources in accordance with the Clean Air Act, as amended.
- 12.14. If the Seller or its employees or employees of its subcontractors enter the railway yard outside of the designated crossings, they shall comply with the legislation in the field of rail transport - in particular Act No. 266/1994 Coll., on Railways, as amended, and related legal regulations.
- 12.15. If the Seller or its employees or employees of its subcontractors enter the railway yard for work-related purposes, they shall ensure compliance with the local regulation - Railway Yard Operating Rules of Lovochemie, a.s.
- 12.16. The Seller or its employees or employees of its subcontractors may enter or stay in places designated by the Buyer and should not interfere with traffic by their activities or limit traffic on the roads and sidings without a special permit and are not allowed to damage the security markings and lighting. The Seller or its employees or employees of its subcontractors may stay on the premises of Lovochemie, a.s. only for the time strictly necessary for the fulfilment of their contractual obligations or in accordance with the purpose of their stay on the premises of Lovochemie, a.s.
- 12.17. The Buyer is entitled to check compliance with the Safety Standard, in particular through the following employees:
- Managers at all levels
 - OHS and FS Specialist (occupational health and safety and fire protection)
 - Members of the Fire Brigade
 - Environmental Protection Specialist
- 12.18. In the case of infringements of the Safety Standard by its employee or employees of its subcontractors, the Seller commits to pay the Buyer a contractual penalty for each breach of the provisions of the Security Standard as follows:
- For breach of the provisions prohibiting smoking and entry into the company premises of Lovochemie, a.s. under the influence of alcohol or other addictive substances, contractual penalty **up to the amount of CZK 50,000**;
 - For breach of the provisions of the Safety Standard to ensure continuity of traffic and road safety in the premises of Lovochemie, a.s., contractual penalty **up to the amount of CZK 10,000**;
 - For performance of activities without properly issued permits to work, a contractual penalty **up to the amount of CZK 20,000**;
 - For each breach of the obligations under Art. 12.5, a contractual penalty **up to the amount of CZK 10,000**, whereas in this case, it shall pay the contractual penalty in addition to damages caused to the Buyer by the breach of its obligations, including costs of making good the incurred damages;
 - For violations of the Safety Standard not mentioned in letters a., b., c., and d. above, a contractual penalty **up to the amount of CZK 10,000**.
- 12.19. In addition to the payment of contractual penalties under the above provisions, Buyer is also entitled to
- claim compensation for damage incurred by the Buyer from the same act;
 - prohibit the Seller's employees who have breached the Security Standard from entering the premises of the Buyer;
 - immediately stop work and activities that breach the Security Standard.
- 12.20. The Seller agrees that the Buyer will make appropriate documentation of each possible violation of the Safety Standard.
- 12.21. The Buyer commits to discuss each detected violation of the Safety Standard with a representative of the Seller in contractual matters and ask him/her to remedy the situation.
- 12.21.1. The Seller is obliged to equip its employees with personal detection equipment when working for the Buyer, if this results from a risk assessment of the work.
- 12.22. Before the start of the performance of the activity on the Buyer's premises, the Seller shall provide the Buyer's Premises Security Department with a list of all employees, including employees of its subcontractors, who will perform activities on the Buyer's premises, including a list of vehicles and devices that will enter the Buyer's premises to complete the work with the following information:
- for persons – name and surname, ID card number,
 - for vehicles – make and model of the vehicle, its registration number, in the case of a combination of vehicles also the registration number of the tow or semi-trailer, or the name of the driver.
- 12.23. In the list, the Seller shall designate the vehicles that regularly enter the Buyer's premises. Such vehicles will be charged by the Buyer at CZK 500 (including VAT) per vehicle per month. The Seller is entitled to enter the premises with other vehicles not mentioned in the list that are not intended for regular entrance; the one-time entry will be charged at CZK 100 (excluding VAT) per vehicle per day if it stays on the client's premises for more than three hours. The total of lump sums and single entry sums shall be invoiced to the Seller once a month retroactively for the previous calendar month; the invoice due date is 14 days from the date of receipt thereof by the Seller. In case of default in payment of the invoice issued by the Seller, the Seller is entitled to charge default interest of 0.03% of the invoiced amount for each day of delay.
- 12.24. The Buyer shall ensure for the Seller (or for its subcontractors) the issuance of smart cards for the entry of its employees or employees of its subcontractors and the issuance of chip cards for the entry of motor vehicles and other equipment into the Buyer's premises. The Buyer will hand to the Seller (or its subcontractor, if any) smart cards for transit and passage through the gatehouse of the Buyer including a list of numbers of the cards indicating their validity period prior to starting the implementation of the activity of the agreement and after completion of the initial training. Persons and vehicles not mentioned in the Seller's (or its subcontractor's) list will not obtain any smart card.
- 12.25. The employees and drivers of vehicles of the Seller (or its subcontractor) shall use for entry (leaving) and driving (departure) to (from) the premises of the Buyer the allocated smart cards and to follow the instructions of the surveillance personnel using the smart cards.
- 12.26. In the case of loss or damage of the card, the employee of the Seller (or its subcontractor), the Seller (or its subcontractor) shall report this fact to the Buyer within 2 working days from the date when the loss occurred. In such a case, the Buyer will charge the Seller CZK 300 (including VAT) for each lost or damaged smart card. Such an invoice is due 14 days from its delivery to the Seller. In the case of non-compliance with the due date, the Buyer is entitled to charge the default interest in the amount of 0.03% of the invoiced amount for each day of delay.
- 12.27. In the event of termination of validity of the smart card, termination of employment of the employee of the Seller (or its subcontractor) or removal of the vehicle from the property of the Seller (or its subcontractor), the Seller (or its subcontractor) shall return the smart card of the employee or of the vehicle. Failure to return the smart card to the Buyer within 2 working days will be assessed as the loss thereof.
- 12.28. The Seller shall ensure that the employees of the Seller (or its subcontractor) appear only in areas reserved for the respective purpose (sanitary facilities, catering, communication routes, storage of material, etc.) and for the time necessary to fulfil the respective purpose (e.g. fulfilling obligations during the activities).
- 12.29. When passing through the gatehouse, the employees of the Seller (or its subcontractor) shall, on request of the security guards, make available their personal luggage (vehicle) for a security check or undergo an inspection pursuant to the Pass Regulation.
- 12.30. Any photography and filming is prohibited on the premises. The appropriate employee of the Buyer may permit photography and filming pursuant to the Pass Regulation.
- 12.31. More detailed conditions for entry and movement around the Buyer's premises are defined in the Pass Regulation.

13. SPECIAL PROVISIONS FOR THE PURCHASE OF INDIVIDUALLY IDENTIFIED CHATTELS

If an individually identified thing is being purchased under this Purchase Agreement, the following provisions also apply to the rights and obligations the Seller:

- 13.1 If the Seller is in default regarding handover of documentation under the agreement to the Buyer, the Seller undertakes to pay the Buyer a contractual penalty amounting to 0.01% of the purchase price for each day of delay, up to a maximum of 5% of the purchase price.
- 13.2 If the Seller is in default handing over the purchased item to the Buyer, the Seller undertakes to pay the Buyer a contractual penalty amounting to 0.05% of the purchase price for each day of delay, up to a maximum of 20% of the purchase price.
- 13.3 If the Seller is in default regarding removal of defect of the sold item within the warranty period, the Seller undertakes to pay the Buyer a contractual penalty amounting to 0.01% of the purchase price for each separate fault and for each day of delay in removing it, up to a maximum 5% of the purchase price.
- 13.4 The Seller guarantees to the Buyer that the acquisition of ownership of the Subject of Purchase and its use will not result in any infringement of intellectual property rights of third parties (especially industrial property rights, copyright etc.). If the use of the purchased item results in violation of intellectual property rights (particularly industrial property rights, copyright etc.), the Seller undertakes to pay the Buyer the damages resulting from the alleged infringement of intellectual property rights and will ensure the undisturbed exercise by the Buyer of property rights to the Subject of Purchase, especially the undisturbed use thereof.
- 13.5 The Seller agrees and warrants that the Subject of Purchase will be delivered in the agreed quality and design, that the Subject of Purchase shall fit the purpose specified in the Purchase Agreement and that the Subject of Purchase will comply with all applicable permits, licenses, legislation, CSN and conditions of the Purchase Agreement and the annexes thereto.
- 13.6 The Seller agrees and warrants that all supplied or manufactured equipment, their components and accessories, and all other materials and facilities, equipment and work forming the subject of the purchase of all or part thereof will be new (unless otherwise approved in writing by the Buyer) and unobjectionable in terms of technical solutions, provided materials and professional workmanship.
- 13.7 The Seller provides a guarantee for the quality of the Subject of Purchase in the duration of twenty four (24) months starting from the day immediately following the handover of the purchased item by the Seller to the Buyer, if the purchase contract or other document prepared by the Seller does not provide a longer warranty period.
- 13.8 If the Buyer finds any defect of the Subject of Purchase, the Seller shall (immediately upon a written notice of the Buyer made within thirty (30) days of this fact) promptly initiate corrective action and carry out with due diligence and will complete the correction of the defect or discrepancy according to a written election of the Buyer (contained the notice of defects by the Buyer):
 - a. removes the defect of the Subject of Purchase by delivering a replacement Subject of Purchase, delivers the missing part of the Subject of Purchase, removes legal defects;
 - b. repairs such a defective part of the Subject of Purchase and puts it into conformity with the documentation; or
 - c. provides the Buyer with a discount on the purchase price, which will correspond to the difference between the value of the Subject of Purchase without defects and the value of the defective Subject of Purchase, or will be determined as the sum of costs necessary to eliminate the defect of the Subject of Purchase.

Should the defective performance violate this Agreement in a material way, the Buyer will be entitled to withdraw from this Agreement.
- 13.9 The Seller will endeavor to ensure remedying these faults and shortcomings so that such remedies are achieved with minimal interference into the operation or maintenance of the Subject of Purchase. The relevant defect must be removed within 48 hours after its discovery or notification, unless agreed otherwise between the parties given the nature of the defect of the Work.
- 13.10 Should the Seller not commence promptly the rectification of the irregularity or not complete with the necessary due diligence the appropriate new design, repair, replacement or re-examination, the

Buyer is entitled to carry out these activities or to ensure the implementation of these activities at the expense of the Seller.

14. OTHER ARRANGEMENTS

- 14.1 The Seller agrees not to disclose, make available or otherwise allow access to any third party nor use for itself or for someone else contrary to the purpose of the agreement any information that is competitively significant, identifiable, measurable and not normally inaccessible in the relevant business circles and made available to the Seller, directly by the Buyer or indirectly, in tangible or intangible form, that it learns about in connection with the fulfilment of obligations under the agreement (hereinafter referred to as the "**duty of confidentiality**").
 - 14.1.1 In the event of a breach of the duty of confidentiality committed by the Seller, the Seller shall pay the Buyer a contractual penalty in the amount of CZK 100,000 for each breach.
 - 14.1.2 The duty of confidentiality does not apply in respect of information
 - a. which the Seller obtained before the date of the agreement without breaching any legal obligation,
 - b. which the Buyer itself granted to third parties or published prior to the date of the agreement or during the validity thereof,
 - c. that has become generally available before the date of the agreement or during its validity without violating a duty of confidentiality of any of the Parties,
 - d. that will be specifically designated by the Buyer in writing as information to which the duty of confidentiality does not apply when they are provided or made available, and
 - e. the provision of which to the Seller's approved subcontractors is necessary for the purposes of fulfilling the obligations under the Purchase Agreement, provided that such a subcontractor is obliged to protect the information at least to the same extent as the Seller.
- 14.2 The Purchase Agreement may only be amended by written amendments which will be numbered in ascending order and signed by the authorized representatives of the Parties. The Parties exclude acceptance of an offer with an addition or deviation and insist on achieving full agreement on the entire contents of a written amendment and its particulars.
- 14.3 The Seller may not, in whole or in part, assign or otherwise cause the transfer or assignment of any of its rights or any of its obligations under the Agreement, create any rights of third parties to them, without the prior written consent of the Buyer.
- 14.4 Nothing in the Purchase Agreement or in these GPT shall be construed as granting any exclusivity by the Buyer to the Seller or to certain customers of the Seller.
- 14.5 The Seller shall immediately notify the Buyer of any change in the staffing of their statutory body and any change in the controlling entity within the meaning of applicable legislation, but in any case no later than 14 days from the moment when the change occurs. In case of violation of this obligation, a claim for damages arises to the Buyer for damages occurring directly or indirectly as a result of a breach of this obligation by the Seller.
- 14.6 The Buyer reserves the right to withdraw from the agreement in writing in the event that a change in the staffing of the statutory body of the Seller or of its controlling entity is assessed by the Buyer as high risk. The withdrawal is effective upon receipt of the notice of withdrawal by the Seller.
- 14.7 All announcements and communications will be made in writing in Czech and will be deemed to have been delivered:
 - a. if they are delivered in person at the time of their receipt by an authorized person acting in the name or on behalf of the addressee; or
 - b. if they are delivered using the postal service provider on the third working day after dispatch, but if they were sent to an address in another State, then on the fifteenth working day after dispatch.

Any Party may at any time change its mailing address by sending a written notice to the other Party.
- 14.8 The Seller assumes the risk of change in circumstances within the meaning of Section 1765(2) of the Civil Code.
- 14.9 The Parties have agreed to exclude the application of Section 1798 to 1801 of the Civil Code.
- 14.9 The Buyer is entitled to set off its receivables arising from the Agreement against the receivables of the Seller arising from the Agreement by a unilateral expression of its will (unilateral set-off). Any receivable of the Seller arising from the Agreement against the Buyer can only be offset

against the prior written consent of the Buyer. For the avoidance of doubt, the Parties agree that monetary receivables denominated in different currencies are only eligible if such currencies are freely convertible, and the CNB exchange rate valid on the day when the receivables became eligible for set-off is decisive for the eligible amount of such receivables.

- 14.10 The Buyer as the personal data controller shall inform the other Party whose personal data are processed about the manner and extent of the controller's processing of personal data, including the extent of the rights of data subjects related to the processing of their personal data. Information about the processing of personal data is available at www.lovochemie.cz.
- 14.11 The Parties hereby declare and confirm by attaching their signatures that none of them feels as and is not considered the weaker party in relation to the other party and that they had the opportunity to familiarize themselves with the text and content of the Agreement, they understand it and that they want to be bound by it and that they have sufficiently discussed the contractual arrangements.
- 14.12 Any other terms and conditions of the Seller shall not apply to the contractual relationship established by this Agreement. Divergent provisions laid down in the Purchase Agreement are given precedence over these GPT.