

(This is a translation from the Czech language)

General Purchase Terms and Conditions

CZ LOKO, a. s., with the registered office at Semanínská 580, 560 02 Česká Třebová, Registration number 616 72 131, registered in the Commercial Register administered by the Regional Court in Hradec Králové, Section B, Inlet 2584 (hereinafter only referred to as **“CZ LOKO”**).

These General Purchase Terms and Conditions (hereinafter only referred to as the **“GPTaC”**) form, in compliance with the provisions of Section 1751 of Act No. 89/2012 Coll., Civil Code, as valid and effective (hereinafter only referred to as the **“NCC”**), an integral part of all general purchase contracts, framework job performance contracts, purchase contracts, contracts for work and other contractual commercial obligations, which are entered into by CZ LOKO with a second contracting party.

1. General Part

- 1.1 These GPTaC shall apply to all the performances provided to the benefit of CZ LOKO by the other contracting party, unless agreed otherwise in writing.
- 1.2 For the purposes of these GPTaC and related contractual relationships, the terms specified below shall have the following meaning:
 - a. **“CZ LOKO”**: the company CZ LOKO, a.s.;
 - b. **“the other contracting party”**: depending on the nature of the contractual relationship, the seller / contractor / contracting party identified in the applicable provision of the NCC, unless a different meaning results from the provision hereof;
 - c. **“contract”**: depending on the nature of the contractual relationship, a purchase contract / contract for work / another contract concluded in compliance with the NCC, when it shall be understood, at the same time, that the term **“contract”** shall designate a document concluded both as a general contract and a partial contract;
 - d. **“general contract”**: general agreement between the contracting parties governing commercial rules between them in excess of these GPTaC,
 - e. **“partial contract”**: partial purchase contract or partial contract for work (concluded also on the basis of a general contract), therefore, a bilateral legal act, which is established as of the moment of an unconditional delivery of acceptance of the purchase order of CZ LOKO by the other contracting party, and which governs commercial rules between the contracting parties in excess of these GPTaC;
 - f. **“performance”, or, as the case may be, “subject of performance”**: depending on the nature of the contractual relationship, goods / work / another subject of performance according to the NCC;
 - g. **“contracting parties”**: together CZ LOKO and the other contracting party.
- 1.3 Deviations herefrom and from any side arrangements require an agreement of the contracting parties expressed in a written form to be valid.
- 1.4 Business conditions of the other contracting party shall only form a part of the contract in the case that CZ LOKO expressly acknowledges them for a specific contract in writing. CZ LOKO expressly excludes a conclusion of a contract with reference to the Business conditions of the other contracting party. If the contracting parties refer, both in a proposal for the conclusion of the contract and in the acceptance of the proposal, to Business conditions, which are mutually contradictory, the contract is concluded anyway, with the content specified within the range, in which the Business conditions are not contradictory. If it is excluded by any of the contracting parties at the latest without undue delay after the exchange of the expression of will, the contract shall not be concluded.
- 1.5 The other contracting party shall not be authorized, without previous written expressed consent of CZ LOKO, to exclude the validity hereof or parts hereof.

1.6 In the matters not governed herewith or with a contractual arrangement of the contracting parties, the Czech law shall be followed, especially in compliance with the provisions of the NCC.

2. Conclusion of Contracts

2.1 General contracts and partial contracts shall be concluded in writing in the procedure according to the NCC. Partial contracts shall be concluded on the basis of a written purchase order made by CZ LOKO (hereinafter for the purposes of the conclusion of the partial contracts only the “**purchase order**”). Unless the contracting parties agree otherwise, the partial contract is concluded by the moment of the delivery of a written confirmation of the purchase order by the other contracting party (by the moment when a written acceptance of the purchase order becomes effective). Regardless of any circumstances, a proposal for the conclusion of a partial contract may not be accepted in the way that the other contracting party acts according to the content of the purchase order (especially by the provision of the performance). If a legal act is made after this deadline, the effects of a concluded partial contract shall not occur unless CZ LOKO expressly states, without undue delay, that it accepts the performance and that a conclusion of a partial contract has taken place. CZ LOKO expressly excludes the conclusion of a partial contract on the basis of the acceptance of the offer by the other contracting party with an addition or deviation or other changes, which change the conditions of the purchase order.

2.2 The purchase order shall be always sent in the electronic form, always in a non-editable format (pdf), and it shall include especially the following prerequisites:

- a. designation of the contracting parties,
- b. specification of the required performance,
- c. specification of the documentation, the delivery of which is requested by CZ LOKO together with the performance,
- d. time of realization of the performance,
- e. price of the performance,
- f. place of the performance,
- g. number of item of CZ LOKO,
- h. signature of the authorized person.

If it results from the practice of the contracting parties, the purchase order can be also sent by other means enabling to capture the content of such legal action and specification of the acting person (by fax) or post.

2.3 The other contracting party is obliged to deliver a written confirmation of the purchase order without undue delay, at the latest by 20 (in words: twenty) calendar days from the day of the delivery of the purchase order to the other contracting party. In case of doubts, it shall be understood that the day of the delivery of the purchase order is considered the working day following the day, on which the purchase order was sent. If the other contracting party does not accept the purchase order within the full scope and sends an answer (confirmation) back with additions or deviations or other changes, it concerns a new proposal and CZ LOKO shall be authorized to discuss it and announce to the other contracting party if it accepts such a new proposal.

2.4 If CZ LOKO does not receive a written confirmation (acceptance) of the purchase order, CZ LOKO may withdraw or cancel the purchase order without a claim of the other contracting party for the compensation of damages, namely in writing (even electronically) or telephonically with an additional written (even electronically realized) confirmation of such withdrawal.

2.5. All the pieces of the previous oral information and information from the personal negotiations shall be non-binding and shall not be considered a binding offer of CZ LOKO for the conclusion of a contract. If the contracting parties provide each other, during the

negotiations about the contract, with confidential data or statements, the receiving contracting party undertakes to make sure they are not misused or that they are not disclosed; otherwise, it shall be obliged to compensate the damage to the providing contracting party, which will be incurred by the failure to keep this provision. A violation of the obligation of confidentiality shall not be considered if the contracting party discloses such information in connection with the performance of its legal obligations or, as the case may be, it discloses it to the auditors, its economic or legal consultants, on condition that these subjects are bound by confidentiality, as well as other cases expressly specified herein. The termination of the contract due to any reason shall not have an impact on the obligation of confidentiality and preservation of confidential information.

- 2.5. General contracts concluded by the contracting parties shall always have a nature of general agreements and CZ LOKO shall be authorized (however not obliged) to order, from the other contracting party, the performance agreed in such a general contract. If the performance according to the general contract is not ordered by CZ LOKO, it is not a violation of the general contract by CZ LOKO and it shall not establish any claims or rights of the other contracting party towards CZ LOKO.

3. Time, Place and Way of Performance

- 3.1 Time (delivery period/time) and place of the performance shall become binding at the moment of the conclusion of the contract or, as the case may be, partial contract.
- 3.2 If the confirmation of the purchase order specifies a different time of the performance than the time required by the purchase order, it concerns a new proposal and the provision 2.3 hereof shall be applied.
- 3.3 Unless the contracting parties agreed on the time of the performance in the contract or, as the case may be, partial contract, it shall be understood that the other contracting party is obliged to perform without undue delay after it is called to perform by CZ LOKO.
- 3.4 Unless the contracting parties agree otherwise, the delivery parity DDP, operating facility CZ LOKO that will be identified in the purchase order according to INCOTERMS 2020, shall apply as agreed.
- 3.5 CZ LOKO may provide the other contracting party with technical documentation (hereinafter only referred to as the “**Technical documentation of CZ LOKO**”) for the delivery of the performance. In case that a change, addition or update of the Technical documentation of CZ LOKO becomes necessary, the contracting parties undertake to announce such fact in writing exclusively by means of the contact persons appointed by them, by means of a written document sent to the hands of such contact persons. In case that the need of a change, addition or update of the Technical documentation of CZ LOKO initiates the necessity of a change of the agreed conditions of performance, especially of the price of the performance, delivery term, the contracting parties undertake to conclude the applicable agreement on the change of the currently agreed conditions of the performance. The other contracting party is obliged to treat the whole Technical documentation of CZ LOKO as a confidential material. The other contracting party may use the Technical documentation of CZ LOKO exclusively for the purpose of the performance of the subject of the general contract and partial contracts and the other contracting party may not use such Technical documentation of CZ LOKO without a prior written consent of CZ LOKO in any other way. The other contracting party shall not be authorized to provide the Technical documentation of CZ LOKO to any third party without a previous written consent of CZ LOKO. After the performance of the subject of the general contract and partial contracts, the other contracting party shall be only authorized to use the Technical documentation of CZ LOKO for the purpose of the assessment and elimination of defects due to legal liability for defects, warranty defects and type defects. At the same time, the other contracting party is authorized to keep the Technical documentation of CZ LOKO for the purposes of meeting the obligation of keeping the documents and papers according to the generally binding legal regulations.

- 3.6 The other contracting party undertakes to provide CZ LOKO with the performance, which meets all technical, legal, safety and other standards and complies with technical, safety, legal and other generally binding legal regulations and Technical documentation of CZ LOKO. If the quality or design of the subject of performance is determined, at the same time, with a sample or pattern, the subject of performance must correspond to the quality or design of the sample or pattern. The other contracting party, as an expert in the area of the provided performance, is obliged to propose, at its own liability, a suitable technical solution of the performance, especially in compliance with the Technical documentation of CZ LOKO. On condition that there is any change or completion of any standard or generally binding legal regulation during the performance of the contract, the other contracting party undertakes to consider such changes and provide the performance according to the currently valid standard and generally binding legal regulation. Together with the performance, the other contracting party is obliged to also hand over all documents related to the performance to CZ LOKO, especially the corresponding complete, standard, standardized, duly, quality and understandably elaborated documentation specified in the purchase order; unless it is specified in the purchase order, then all the documentation required by legal regulations and/or technical standards (attests, certificates, protocols, warranty sheets, declarations of conformity, accompanying documentation, manuals, minutes and attestations on all performed tests and measurements etc.), and other documents required for storage, use or further distribution of the goods and/or if these are required by generally binding legal etc. regulations, and a delivery note. The other contracting party is obliged to always send the agreed attests both physically and electronically with each performance. If special tools or equipment are necessary for the installation, maintenance and/or repairs of the performance, the other contracting party is obliged to notify CZ LOKO in writing of this fact before the conclusion of the contract, including the data about availability and common costs for the procurement of such tools or equipment.
- 3.7. The other contracting party is obliged to provide, independently and at its costs, all things and rights necessary for the performance of the contract. If the other contracting party procures a thing for the purpose of its processing when realizing the performance, it is obliged to procure a new, unused and not worn-out thing. If the performance includes an obligation of the other contracting party to ensure any decision, statement, consent, permission or other results of the tasks of the authorities of the state administration, local government or other subjects, the other contracting party is obliged to perform all activities, which are required to obtain them. The other contracting party declares that it disposes of sufficient capacities, expertise and experience required for the performance of the contract, and it shall ensure such performance by means of professionally competent persons. The other contracting party declares that it is competent to provide the performance of the contract, is duly certified for the provision of the performance according to the conditions and requirements established by the applicable regulations for the certification and it undertakes to act so that for the whole period of the performance of the contract, it meets the conditions and requirements established by the applicable regulations for the certifications.
- 3.8 Delivery note to the subject of performance must include at least the following prerequisites:
- a. designation of the contracting parties,
 - b. number of the delivery note,
 - c. number of the purchase order,
 - d. quantity and kind of the subject of performance,
 - e. depending on the circumstances of the designation that the goods are packed in a returnable package,
 - f. date of the delivery,
 - g. place of the delivery,

h. number of item of CZ LOKO,

g. stamp and signature of the person authorized for the other contracting party.

The acceptance of the performance without defects must be confirmed with a signature of the authorized person acting on behalf of or representing CZ LOKO; otherwise, such acceptance of the performance shall be ineffective. The person authorized for the acceptance of the performance shall be the person that issued the purchase order, their authorized substitute or warehouse keeper.

- 3.9 The performance shall be always realized in the ordered quantity, quality and design so that it is without defects (therefore, realized duly and in time), with the stipulated or usual properties so that it would be possible to use the subject of performance according to the contract and in compliance with its purpose. The performance shall be considered defective if it features signs specified especially in the provision of Section 1916 of the NCC. CZ LOKO shall only take over the performance in case that it does not feature and defects and in case that the whole performance is provided; therefore, especially including the applicable documentation, software etc. If it is found out during the acceptance of the performance that it features defects, CZ LOKO shall be authorized not to take over such performance and specify this fact in the delivery note. In such a case, the other contracting party is obliged to eliminate possible identified defects without delay, deliver the performance not delivered yet and hand over the performance without defects to CZ LOKO. The previous arrangements shall apply adequately to the repeated handover and acceptance of the performance. If the completion of the performance shall be demonstrated by the realization of the agreed tests, the performance shall be considered completed by the successful performance of the tests. The test result shall be noted in the minutes; unless CZ LOKO is present, the minutes shall be confirmed on its behalf by a credible, professionally competent and unbiased person that attended the tests. Unless it is contrary to the nature of the obligation, the other contracting party is obliged to hand over the minutes to CZ LOKO at the request of the latter.
- 3.10 A premature performance is only possible 5 (in words: five) working days before the agreed term of the performance as a maximum; otherwise only with a previous expressed written consent of CZ LOKO. The contracting parties have agreed that the provision of Section 2101 of the NCC shall not apply to the contract and that the other contracting party is obliged to perform without defect as of the moment of the handover regardless of the fact if it delivers the performance before the expiration of the last day of the deadline for the delivery of a particular performance.
- 3.11 The other contracting party shall inform CZ LOKO about the provision of the performance and about the manner of such provision at the latest 3 (in words: three) working days in advance in the form of e-mail communication. If the place of the delivery of the performance is the operation facility of CZ LOKO, the other contracting party is obliged to deliver the performance on working days and within the usual working hours of CZ LOKO, i.e. from 06:00 to 14:00 o'clock unless the Buyer specifies otherwise. After 14:00 o'clock, the receiving of the performance is only possible on the basis of a previous written or telephonic agreement of the other contracting party with CZ LOKO. The requirement of the other contracting party for the delivery of the performance after 14:00 o'clock must be applied every working day at the latest by 13:30 o'clock. A non-announced arrival after 14:00 o'clock will not be handled on the day of the arrival. The contracting parties state indisputably that CZ LOKO will only install the performance into the rail vehicles after the moment of the delivery; that is why it will have an opportunity to check over the performance and be assured about its properties, always in the moment of its installation into the rail vehicle. Therefore, the contracting parties expressly agree that CZ LOKO may enforce the right from a defective performance at the court if it points out the defect to the other contracting party without undue delay after it had the opportunity to check over the performance in the moment of its installation into the rail vehicle. The contracting parties have agreed that Section 1921, Paragraph 1 and 3 of the NCC shall not apply.

- 3.12 The other contracting party shall provide the subject of performance with such package that shall ensure a full-fledge protection of the subject of performance against damage or destruction during the transport or during handling with it, with the concurrent preservation of the possibility to handle the subject of performance by common means. Unless specified in more details, in what way the package shall be realized, the other party is obliged to select such type of the package, which corresponds to the usual manner of packaging concerning the subject of performance. If the other contracting party uses returnable packages, it is obliged to mark this fact in the delivery note or, as the case may be, on the actual package. If it is necessary with respect to the subject of performance, the other party shall ensure that the performance is preserved according to the purpose of performance.
- 3.13 The other contracting party is only authorized to perform with the use of another party (subcontractor) in case that such subcontractor has been approved in advance in writing by CZ LOKO. In case of a performance by means of a subcontractor, the other contracting party shall be liable to CZ LOKO as if it was performing by itself.
- 3.14 When providing the performance in the registered office or operating facilities of CZ LOKO, the other contracting party is obliged to comply with all requirements, conditions, instructions and regulations of CZ LOKO identifying obligations of suppliers of CZ LOKO, especially from the standpoint of the environment, safety and protection of health at work, which are published on the Internet pages of CZ LOKO www.czloko.cz..... or of which the other contracting party was notified by CZ LOKO. The other contracting party undertakes to become sufficiently acquainted with such requirements, conditions, instructions and regulations of CZ LOKO identifying the obligations of suppliers of CZ LOKO and ensure that its employees or other parties, by means of which it will provide the performance (especially subcontractors), will get acquainted with them and bind them adequately to the compliance therewith.
- 3.15 The other contracting party undertakes to ensure the availability of spare parts for CZ LOKO for the period of the performance of the contract and then always for the period of 10 (in words: ten) years from the day of the termination of the contract (hereinafter only referred to as the "**Spare parts**"). In the case of CZ LOKO being interested in the purchase of the Spare parts from the other contracting party, the other contracting party is obliged to conclude a relevant contract (contracts) for the delivery of the Spare parts within 14 (in words: fourteen) calendar days from the delivery of the call to conclude a contract to the other contracting party. The contracting parties shall respect the prices of the Spare parts, terms of the delivery and other conditions usual at the time of the conclusion of such contracts in the common business contact between non-affiliated parties. The other contracting party undertakes to provide CZ LOKO, in all circumstances, with the pricing and other conditions at least equally advantageous as the most advantageous pricing conditions provided by the other contracting party to any third party at the period of 9 (in words: nine) months before the delivery of the call of CZ LOKO.
- 3.16 In case when due to a reason on the side of the other contracting party, the conclusion of a contract for the deliveries of the Spare parts is not realized according to Article 3.15 hereof, the other contracting party shall provide, in cases when it concerns the Spare parts manufactured by it, CZ LOKO with the drawing documentation within 14 (in words: fourteen) calendar days after the call to the conclusion of a contract for the purpose of the production of the relevant Spare part for CZ LOKO in an organizational unit of CZ LOKO or, as the case may be, by a third party. The relevant drawing documentation may always be used for the production of the Spare part only for an individual case and for an adequate number of pieces. At the same time, the other contracting party shall provide, for the event described in this paragraph, CZ LOKO and the party ensuring the production of the Spare part with a free licence and all related authorizations required for the production of such Spare part and for its consequent use for the purposes of maintenance, repair of the performance. For the avoidance of doubts, it applies that CZ LOKO shall be authorized to call the other contracting

party to deliver the Spare parts or, as the case may be, provide the drawing documentation repeatedly.

4. Price and Payment Conditions

- 4.1 Unless established otherwise in the contract, the agreed price shall mean the amount without the value added tax, which shall be added in compliance with the applicable legal regulations. The agreed price shall be fixed and include all related costs of any kind related to the provision of the performance; therefore, all the costs, which the other contracting party could expect with the exercise of all expert care at the time of the conclusion of the contract, i.e. especially the costs of the package, and also costs of the transport (carriage) and insurance to the place of performance, costs incurred in connection with handling with the goods, storage, issuing the required documentation, realization of the necessary and/or requested tests, possible customs and import fees, other administrative fees etc. The contracting parties have agreed, especially for the purposes of the framework contracts, that the valorization of the price of the performance by the level of inflation is excluded. A change in the level of the price of the performance is possible exclusively on the basis of an agreement of the contracting parties about the prices of performance in the form of a new written pricing annex to the contract.
- 4.2 The price shall be billed by the other contracting party after the acceptance of the performance without reservations, which shall be confirmed by a report about the acceptance of the performance by CZ LOKO, therefore by the delivery note. The invoice must have the prerequisites of a tax document according to the applicable legal regulations. In case that the invoice fails to include all prerequisites of a tax document, CZ LOKO shall be authorized to return the invoice to the other contracting party and the maturity period shall not run within the period of the correction of the invoice and it shall start running again as of the day of the delivery of the invoice without defects. The contracting parties have agreed, in compliance with Act No. 235/2004 Coll., on value added tax, as amended ("**VAT Act**") that the invoice may be also sent to CZ LOKO electronically ("**Electronic invoice**"), which shall be exclusively to the e-mail address faktura@czloko.cz. The other contracting party undertakes that the Electronic invoice shall be always sent to CZ LOKO from the e-mail address, which shall be announced by the other party to CZ LOKO in advance. The other contracting party undertakes that the Electronic invoice will be generated directly from the accounting system of the other contracting party in the electronic form and this electronic form shall represent the original version of such documents registered in the accounting books of CZ LOKO. In case that the Electronic invoice cannot be generated directly from the accounting system of the other contracting party, it must be provided with a guaranteed electronic signature established on a qualified certificate pursuant to Act No. 297/2016 Coll., on trust services for electronic transactions, which was issued by a qualified provider of such services registered in the list of the Ministry of the Interior. The Electronic invoice shall be issued in the format PDF in the frequency 1 invoice = 1 pdf file. Enclosures to the Electronic invoice, which do not form a part of the tax document, shall be only sent to CZ LOKO in the formats RTF, PDF, JPG, DOC, DOCx, XLS, XLSx. In case when the Electronic invoice is sent to CZ LOKO, the other contracting party undertakes not to send the same invoice in duplicate in the paper form. The receipt of the Electronic invoice by CZ LOKO shall be confirmed by a return sending of a report on delivery to the e-mail address, from which the Electronic invoice was sent.
- 4.3 Maturity period of the invoices shall be agreed in the general contract or in the partial contract. Unless the maturity period is agreed by the parties in the general contract or in the partial contract, the invoices are due at the period of 90 (in words: ninety) days from the day of the delivery of the invoice to the company CZ LOKO. In case of doubts concerning the delivery, the provision 5.4 hereof shall apply.

- 4.4 The invoice shall be paid by a cashless transfer to the bank account identified by the other contracting party. The invoice shall be considered duly paid on the day when the whole billed amount is deducted from the account of CZ LOKO.
- 4.5 If the other contracting party is designated by the tax administrator as an unreliable payer pursuant to provisions of Section 106a of Act No. 253/2004, on value added tax, as valid and effective (hereinafter only referred to as the “**VAT Act**”), it undertakes, at the same time, to inform CZ LOKO about this fact in writing without delay, together with the identification of the date when this event occurred. If liability is established to CZ LOKO according to provisions of Section 109 of the VAT Act for the unpaid VAT from the received taxable performance from the other contracting party, CZ LOKO shall have the right to enforce, without consent of the other contracting party, the procedure of a special manner of securing taxes according to provision of Section 109a of the VAT Act. In case of the enforcement of the special manner of securing the tax, CZ LOKO shall pay the VAT amount according to the tax document issued by the other contracting party to the account of the tax administrator of the other contracting party and notify the other contracting party of this step in a suitable manner. By the payment of the VAT amount to the account of the tax administrator of the other contracting party and by the announcement of this step to the latter, the obligation of CZ LOKO to pay the sum corresponding to the amount of such paid VAT resulting from the contract shall be considered met.
- 4.6 The other contracting party is obliged to specify, in the tax documents – invoices issued by it, only the bank accounts published by the tax administrator in a way enabling a remote access pursuant to provisions of Section 96, Paragraph 2 of the VAT Act. If the other contracting party specifies a bank account in the invoice that is not published by the tax administrator in the aforesaid manner, the invoice shall not be paid and shall be returned.
- 4.7 The other contracting party shall not be authorized to set off, assign or pledge its claims and obligations resulting from the contract to any third party without previous written consent of CZ LOKO. Such conduct of the other contracting party shall be considered an action violating good manners.
- 4.8 The other contracting party shall not be authorized to enforce or execute a possessory lien to any things, which are in the possession of CZ LOKO or which were taken over by it from the latter according to the contract in connection with the performance of the contract.

5. Warranty, Complaint Process

- 5.1 The other contracting party shall provide an unconditional and unlimited warranty for the quality of each individual performance. By the provision of warranty for quality, the other contracting party guarantees that each performance has no factual defects, i.e. in particular (i) it is in compliance with the contract; (ii) it corresponds to generally binding legal regulations and technical standards; and (iii) it is capable of use for the specified purpose; and it has no legal defects. The other contracting party undertakes to eliminate each defect within the warranty period, free of charge, at its own costs. Unless the contracting parties agree on a different warranty period, the warranty shall be considered agreed at the length of 24 (in words: twenty four) months from the day of due and trouble-free putting of the performance into operation, especially at the end customer of CZ LOKO; however, as a maximum 36 (in words: thirty six) month from the day of the acceptance of the due and trouble-free performance by CZ LOKO.
- 5.2 Warranty shall not apply to usual wear of the subject of performance, to a modification or repairs performed by CZ LOKO or by a third party in an unprofessional way, to defects caused by unprofessional or incorrect operation from the side of CZ LOKO and also to defects caused as a result of Force Majeure. For the purpose of due handling with the subject of performance from the side of CZ LOKO, the other party is obliged to hand over to CZ LOKO, at the latest in the moment of the handover of the performance, also complete, duly, in quality and understandably elaborated instructions and manuals for storage of the subject of

- performance, for its use and operation, for maintenance and for repairs of the subject of performance. Unless the other contracting party provides such instructions and manuals, it shall be liable for defects of the subject of performance within the full scope.
- 5.3 CZ LOKO shall send an announcement about any detected defects (complaint report) to the other contracting party without undue delay after the detection thereof. In such an announcement, CZ LOKO shall state the date of detection of the defect and its detailed description. The announcement about the defect must be delivered to the other contracting party in writing and the written form shall be kept during legal action made by electronic or other means enabling to capture the content of such legal action and determination of the acting person.
- 5.4 The complaint procedure is started on the day when the announcement about the defects (complaint report) is delivered to the other contracting party. In case of doubts, it is agreed that in case of sending the announcement by e-mail, the day of the delivery shall be considered the first working day following the day, in which the e-mail was sent; in case of sending the announcement by post, the day of the delivery shall be considered the 3rd (in words: third) working day following the day, in which the post was sent.
- 5.5 The other contracting party is obliged to announce its opinion in writing, at the latest within 3 (in words: three) working days from the day of the start of the complaint procedure, concerning the enforced complaint and a proposal for its solution. However, the other contracting party shall eliminate the claimed defect regardless of the fact if the complaint is accepted by the other contracting party as authorized or not. If it is demonstrated later on (the burden of proof shall be born exclusively by the other contracting party) that the complaint was unauthorized, CZ LOKO shall pay the costs to the other contracting party, which were incurred purposefully for the elimination of the unauthorized enforced defect repaired by the other contracting party, at the usual price at that particular place and time. If it is necessary for a due assessment of the complaint, the other contracting party is obliged to agree on a term with CZ LOKO, in which it will come to the agreed place for the inspection of the subject of performance for the purpose of the identification of the further procedure.
- 5.6 If the defective performance is a significant violation of the contract, CZ LOKO shall have the right to:
- a. the elimination of the defect by the delivery of a performance without defect,
 - b. the elimination of the defect by the delivery of the missing performance,
 - c. the elimination of the defect by the repair of the subject of performance,
 - d. an adequate price discount,
 - e. withdraw from the contract.
- 5.7 If the defective performance is an insignificant violation of the contract, CZ LOKO shall have the right to the elimination of the defect or to an adequate price discount.
- 5.8 The choice of the claim appertains to CZ LOKO, when the selected claim shall be stated by CZ LOKO in the announcement of the defect (complaint report). Unless the chosen claim is specified in this way, it shall be specified after an agreement of both contracting parties.
- 5.9 The other contracting party is obliged to eliminate the claimed defects in the place where the subject of performance is operated, when the other contracting party takes into account that the place of operation may be also in a territory outside of the Czech Republic. The elimination of the defect shall be realized by the other contracting party at its own costs and by its own staff on the term that is established according to the mode of priority of CZ LOKO (refer to Article 5.11 hereof). Should it be possible, CZ LOKO shall state the mode of priority in the complaint report; if this mode is not specified in the complaint report, it shall be understood that it concerns the mode "low priority".
- 5.10 The contracting parties have agreed that the travels of the technicians of the other contracting party for the purpose of the elimination of defects shall be always coordinated at

the end customer of CZ LOKO in co-operation with the authorized worker of CZ LOKO, who shall, in case of a bigger number of defects, establish priorities for their elimination.

- 5.11 CZ LOKO establishes the mode of priority depending on the enforced defect as follows:
- a. mode "high priority" means that the defect of the subject of performance causes inoperability and the other contracting party is obliged to eliminate such defect within 3 (in words: three) working days from the day when the complaint procedure is initiated,
 - b. mode "medium priority" means that the defect of the subject of performance causes a limited usage and the other contracting party is obliged to eliminate such defect within 6 (in words: six) working days from the day when the complaint procedure is initiated,
 - c. mode "low priority" means that the defect of the subject of performance does not limit the operative usage but it indicates defects and the other contracting party is obliged to eliminate such defect within 9 (in words: nine) working days from the day when the complaint procedure is initiated.

The aforesaid deadlines for the elimination of the defect shall apply unless the contracting parties agree otherwise. If the defect is not eliminated by the deadline specified according to the priority, such fact shall be considered a significant violation of the contract.

- 5.12. In case that the subject of performance or repeated performance is the performance of the same type and at least 10 %, however, as minimum 2 (in words: two) pieces or other units of measure, from the number of the totally provided performances of the same type or within the period of 12 (in words: twelve) consecutive months determined by CZ LOKO, feature the same defect of performance, which, with respect to its nature, requires a realization of retrospective modification/repair of the performance, including those, where such defect has not been demonstrated yet), such defect is considered a type defect. CZ LOKO shall be authorized to enforce the rights from liability of a type defect at the latest within 5 (in words five) years from the day of the expiration of warranty of the period of the last performance of the same kind. In case of the enforcement of a type defect, the other contracting party undertakes to perform corresponding retrospective modifications, free of charge, of all pieces of the performance, including those, where the type defect of the performance has not been demonstrated yet, so that it is not created and it does not occur any more. The contracting parties shall agree on an adequate period for the elimination of a type defect of the performance for all pieces of the performance and while doing so, they shall objectively consider the nature and seriousness of a particular type defect of the performance.

- 5.13 If CZ LOKO points out a defect of performance to the other contracting party within the warranty period, it shall not run for the period when CZ LOKO cannot use the performance as trouble-free. The warranty period shall be extended for the period when the subject of performance could not be used due to the enforced defect. If a new subject of performance is delivered on the basis of the complaint enforced by CZ LOKO, the other contracting party shall provide a new warranty for quality for the new subject of performance with the warranty period agreed for a particular performance in Article 5.1 hereof or in the contract, which shall start running on the day when this new performance is put into operation duly and without troubles, especially at the end customer of CZ LOKO or, as the case may be, is taken over as trouble-free by CZ LOKO. The other contracting party shall provide a new warranty for quality at the length of 12 (in words: twelve) months for all components and parts, which were used for the elimination of the warranty defect; however, at least by the expiration of the warranty period for the performance agreed in Article 5.1 hereof or in the contract. The warranty period shall start running on the day, when the performance is put into operation after the performed warranty repair, duly and without trouble, especially at the end customer of CZ LOKO or, as the case may be, is taken over as trouble-free by CZ LOKO.

- 5.14 Till the elimination of the defect, CZ LOKO need not pay a part of the price of the performance in compliance with provisions of Section 2108 of the NCC, which corresponds adequately, by estimate, to its right to discount.
- 5.15 CZ LOKO shall have the right to request the other contracting party to compensate all costs, which were incurred by CZ LOKO in connection with the delivery of a defective subject of performance, occurrence of a warranty defect and enforcement of the complaint. All costs related to the elimination of defects and related costs shall be born by the other contracting party. The other contracting party understands that such related costs are especially the compensation of damages caused by the delivered defective performance and also sanctions for suspension of operation of the locomotive and contracting fines billed to CZ LOKO by the end customer, lost profit and both financial and non-financial damage incurred as a result of the damage to the good name of CZ LOKO in business circles. The settlement of the complaint shall be without prejudice to this right of CZ LOKO.
- 5.16 In the case that within 5 (in words: five) calendar days after the elimination of the defect by the other contracting party, an identical defect of the performance occurs, this defect shall be considered a defect that has not been eliminated, with all consequences resulting therefrom (especially the enforcement of claims from liability for defects or liability for damage).
- 5.17 The other contracting party shall be liable for the provided performance not having legal defects. If any third person enforces any claims against CZ LOKO due to a patent, trademark, industrial pattern, patent or licence right of the brand, invention and other claimed rights of them to the subject of performance, the other contracting party is obliged to settle these claims, including a possible lawsuit, at its own name and at its own costs.
- 5.18 CZ LOKO shall be authorized to enforce its right from a defective performance even after the warranty period. Provisions of Section 2111 and Section 2112 of the NCC shall not apply to the contract.
- 5.19 The other contracting party is obliged to contract insurance related to the compensation of both financial and non-financial damages caused by the performance provided to CZ LOKO and keep such insurance valid and effective for the whole period of existence of the contractual relationship between CZ LOKO and the other contracting party. The insurance premium must be arranged on such a level that the other contracting party is objectively able to bear the costs related to the settlement of the claim of CZ LOKO for the compensation of damages. A failure to conclude an insurance contract shall be considered a significant violation of the contract.

6. Consequences of Delay, Violation of Obligation

- 6.1 Unless the other contracting party delivers a written confirmation of the purchase order in compliance with provision 2.3 hereof, CZ LOKO may cancel the purchase order without the right of the other contracting party to the compensation of damages. In case that the other contracting party fails to conclude a contract duly and in time on the basis of the purchase order, when it is not decisive if the delay was caused by inactivity of the other contracting party (i.e. especially by a failure to deliver the undersigned purchase order by the established deadline to CZ LOKO hereunder) or by an expressed rejection of the conclusion of the contract or a change of the conditions of the contract or a failure to comply with the procedure hereunder for the conclusion of the contract from the side of the other contracting party, the other contracting party is obliged to pay a contracting fine to CZ LOKO at the amount of 0.05 % of the price of the performance (without VAT), which was to be submitted on the basis of the purchase order of CZ LOKO and realized by the other contracting party of the non-concluded contract, for each day of the delay with the delivery of the written confirmation of the purchase order. A contracting fine according to this paragraph may be applied even repeatedly, i.e. this contracting fine may be applied with respect to each partial contract, which would not be concluded by the other contracting

party with CZ LOKO or, as the case may be, concerning which it would not follow the procedure described herein.

- 6.2 In case of a delay of the other contracting party with handing over the performance without defects by the deadline agreed herein or in the contract, the other contracting party is obliged to pay a contracting fine to CZ LOKO at the amount of 0.05 % of the price of the performance (without VAT), the submission of which without defects is delayed by the other contracting party, for each day of the delay. Unless the performance is handed over to CZ LOKO without defects within 10 (in words: ten) days after the agreed time of the performance either, it concerns a significant violation of the contract and CZ LOKO is authorized to withdraw from the contract.
- 6.3 In case of a violation of the obligation of the other contracting party to deliver the performance free of legal defects, the other contracting party is obliged to pay a contracting fine to CZ LOKO at the amount of 20 % of the price of the performance with legal defects according to the contract (without VAT) for each individual case. Purposefully incurred costs of possible disputes arisen to CZ LOKO as a result of legal defects of the performance shall be born by the other contracting party.
- 6.4 Unless CZ LOKO pays a duly billed, authorized price of the performance duly and in time, the other contracting party shall be entitled to bill a punitive interest at the amount according to the valid and effective legal regulations. In case of a delay with the payment of the invoice, CZ LOKO shall be liable to the other contracting party for the damages incurred by it by the late payment, within the scope exceeding the punitive interest. The compensation of damages shall be limited up to the amount of the price of the subject of performance, the payment of which is delayed by CZ LOKO.
- 6.5 Unless the other contracting party provides its opinion about the enforced complaint by the deadline established in provision 5.5 hereof, the other contracting party is obliged to pay a contracting fine to CZ LOKO at the amount of 0.05 % of the agreed price of the performance (without VAT), which is a subject of the complaint, for each day of the delay up to the day when the other contracting party delivers its opinion about the complaint to CZ LOKO. Unless the other contracting party provides its opinion about the complaint within the period of 15 (in words: fifteen) days from the day of the start of the complaint procedure, it shall be understood that the other contracting party acknowledges the complaint and CZ LOKO is authorized to perform the elimination of the defect and then bill the costs incurred for the elimination of the defect to the other contracting party, which undertakes to pay them to CZ LOKO. If the defective performance in such a case is a significant violation of the contract, CZ LOKO shall have the right to withdraw from the contract.
- 6.6 Unless the other contracting party eliminates the claimed damages by the deadlines specified in provision of 5.11 hereof, the other contracting party is obliged to pay a contracting fine to CZ LOKO at the amount of 0.05 % of the price of the performance (without VAT), which is the subject of the complaint, for each day of the delay.
- 6.7 If the other contracting party becomes in delay with the elimination of the type defect of the individual performance within the period agreed in provision of 5.12 hereof, the other contracting party is obliged to pay a contracting fine to CZ LOKO at the amount of 0.05 % of the price of the performance (without VAT), concerning which the other contracting party is in delay with the elimination of the type defect.
- 6.8 If the other contracting party violates the obligation to conclude the contract according to Article 3.15 hereof, the other contracting party is obliged to pay a contracting fine to CZ LOKO at the amount of the price of the relevant Spare part, concerning which the other contracting party violated the obligation to conclude the contract for the delivery of the Spare part; however, at least the amount of 10,000,- CZK (in words: ten thousand Czech crowns). If the other contracting party violates the obligation to provide CZ LOKO with the drawing and technological documentation to the Spare parts, Article 3.16 hereof, CZ LOKO shall be authorized to request a contracting fine from the other contracting party up to the

level corresponding to 50 % of the costs, which it has demonstrably incurred in connection with ensuring the production of the relevant Spare part by own strength or by third parties (including the costs for the elaboration of the project for the technical solution of the Spare part, procurement of licences, expert assessment and the costs for the actual production of the relevant Spare part, including works and material).

- 6.9 If the other contracting party violates any obligation specified in Article 9 hereof, therefore, especially the obligation of the other contracting party to provide CZ LOKO with a non-exclusive licence, unlimited in terms of time, place and quantity, for the use of the objects of the intellectual property within the scope required for meeting the purpose of the contract, CZ LOKO is authorized to request a contracting fine from the other contracting party at the amount of the agreed price of the performance (without VAT), concerning which the other contracting party violated the obligation specified in Article 9 hereof for each individual violation of this obligation and the other contracting party undertakes to pay it to CZ LOKO. If the other contracting party violates the obligation of protection of business secret and confidentiality according to 9 hereof, CZ LOKO is authorized to request a contracting fine from the other contracting party at the amount of 1,000,000,- CZK (in words: one million Czech crowns) for each individual violation of this obligation and the other contracting party undertakes to pay it to CZ LOKO.
- 6.10 If the other contracting party handles the Technical documentation of CZ LOKO in breach of Article 3.5 hereof, CZ LOKO is authorized to request a contracting fine from the other contracting party at the amount of 1,000,000,- CZK (in words: one million Czech crowns) for each individual violation of this obligation and the other contracting party undertakes to pay it to CZ LOKO.
- 6.11 If the other contracting party violates any of its obligations not to set off, not to assign and not to pledge a claim from the contract or acts in a way aiming at the violation of any of such obligations of it, CZ LOKO is authorized to bill a contracting fine to the other contracting party at the amount of 20 % of the value of the set-off, assigned and/or pledged claim or, as the case may be, obligation.
- 6.12 The contracting fine shall be due within 30 (in words: thirty) calendar days from the delivery of its billing to the obliged contracting party.
- 6.13 The contracting fines at the aforesaid amount shall be paid for each day of the delay until the obligation is fully met. The payment of the contracting fine shall not cancel the obligation of the contracting party to perform. The contracting fines are agreed regardless of the guilt and regardless of the fact if CZ LOKO incurred damage as a result or in connection with the violation of the relevant obligation. The payment of the contracting fine shall not cancel or limit the right of CZ LOKO to the compensation of damages caused by the delay or violation of the contractual obligation by the other contracting party. In case of a delay of the other contracting party with the performance, such other contracting party shall be liable for all losses caused to CZ LOKO as a result of the enforcement of the sanctions and compensation of damages to the end customers of CZ LOKO.
- 6.14 The other contracting party shall waive the right to propose a reduction of the contracting fine in a possible legal proceeding according to provisions of Section 2051 of the NCC.

7. Compensation of Damages, Limitation and Exclusion of Liability for Damage

- 7.1 Each contracting party shall be liable for the damage, which will be caused by it by the violation of its obligations resulting herefrom, from the contract as well as from the applicable legal regulations, and it is obliged to compensate the damage to the other party unless it is proven that the violation of the obligation was caused by circumstances excluding liability.
- 7.2 The actual damage and what was lost by the damaged contracting party (lost profit) shall be paid. At the same time, the right of CZ LOKO to the compensation of non-financial damages is expressly agreed.

- 7.3 The obliged party shall be relieved of the obligation to the compensation of damages if it is proven that it was hindered, temporarily or permanently, in meeting the obligation by an exceptional unforeseeable and insurmountable hindrance formed independently of its will (circumstance excluding liability – Force Majeure), which does not have its origin in internal conditions of the contracting party and which disables it to meet the obligations according to the contract, if it occurred after the conclusion of the contract; in particular, it means:
- a. act of war, invasion, armed conflict, blockades, embargoes, commotions or civil unrest, terrorism;
 - b. lightning, fire, volcanic explosions, landslides, floods, storms, typhoons or tornadoes, earthquakes;
 - c. epidemics, famines or plagues;
 - d. archaeological findings;
 - e. nation-wide strikes, regional strikes or strikes within the industry, for which the contracting party does not bear liability.
- 7.4 The contracting party, which is hindered by circumstance of Force Majeure in the performance of its obligation and which will want to refer to Force Majeure, is obliged to announce in writing, without delay, and demonstrate the occurrence of such circumstance to the other contracting party and identify detailed reasons (to the level, in which it can be righteously required from it) how it prevents it from performing specific obligation(s) and when it expects to overcome Force Majeure, at the latest within the period of 7 (in words: seven) calendar days from the moment, when it learns about the intervention of Force Majeure. The contracting party suffering from an intervention of Force Majeure is also obliged to take such measures for the avoidance of hindrances caused by Force Majeure, which can be righteously required from it, and it is also obliged to inform the other contracting party continually and without undue delay about all related circumstances, which are significant from the perspective of the relationship established by the contract, including the information about the taken measures and the information about the elimination of hindrances caused by Force Majeure (total and partial). A failure to meet any of the aforesaid obligations shall result in the cancellation of the right to refer to the intervention of Force Majeure.
- 7.5 Performance of the obligations of the contracting parties according to the contract, which were affected by Force Majeure, shall be temporarily suspended for the period of existence of the effect of Force Majeure only in case that the contracting party was not in delay with the performance of that particular obligation already before the intervention of Force Majeure. If the performance of this contract becomes impossible due to the effect of the intervention of Force Majeure and/or the agreed period of performance are disabled, the contracting parties shall agree on a corresponding change of the contract concerning the subject, price and time of the performance by means of an annex to the contract. Unless an agreement is reached within an adequate period not exceeding 30 (in words: thirty) calendar days, any of the contracting parties shall be authorized to withdraw from the contract by a unilateral statement sent to the other contracting party.
- 7.6 In case that the other contracting party intends to make any change in the specification of the delivered subject of performance, change of the used incoming raw materials, manufacturing procedures or technological process or, as the case be, replace the subject of performance with a suitable alternative, it is obliged to announce it to CZ LOKO at the latest 6 (in words: six) months before the application of such change. In case that the other contracting party plans the termination of the production of the delivered subject of performance, it is obliged to announce it to CZ LOKO at least 12 (in words: twelve) months in advance. In such a case, the other contracting party is obliged to actively co-operate with CZ LOKO for the purpose of the elimination of possible harmful consequences. Unless the other contracting party announces the said facts in time, it shall be liable to the company CZ LOKO for the damage incurred by the latter as a result of such omission.

8. Risk of Damage to Subject of Performance, Title

- 8.1 Risk of damage to the subject of performance, its damage or loss shall be born by the other contracting party till the moment of the acceptance of the subject of performance without defects from the side of CZ LOKO confirmed by a representative of CZ LOKO in a written form.
- 8.2 Unless the contracting parties agree otherwise, the title to the subject of performance shall be transferred to CZ LOKO by the moment of the acceptance of the subject of performance without defects confirmed by a representative of CZ LOKO in a written form. The title to any documentation related to the performance, which is not an author's work, shall be acquired by CZ LOKO at the moment of the issue thereof.

9. Business Secret, Licence

- 9.1. The other contracting party declares that it is the bearer of the intellectual property rights related to the provided performance (especially to the processed documentation and possibly to the delivered software) or, as the case may be, it has settled all rights and obligations with the bearers of the intellectual property rights and that there is no limitation in the area of the intellectual property rights, which would prevent the other contracting party from performing the contract or which would hinder the purpose of the contract.
- 9.2 After the acceptance of the performance, CZ LOKO is authorized, by itself or through third parties, to use the documentation for the purpose of the operation, maintenance and repairs of the performance and for the purpose of realization of changes in the performance (including repairs of forced damage, possible further reconstructions or modernizations and obtaining spare parts), within an adequate scope with respect to the nature of the applicable works and interventions.
- 9.4 In case of a transfer of ownership of the performance, CZ LOKO shall not be limited in any way whatsoever in the right to transfer, together with the performance, any intellectual property rights related to the provided performance (especially to the processed documentation and possibly to the delivered software).
- 9.5 The other contracting party shall provide CZ LOKO with a non-exclusive licence, unlimited in terms of time, place and quantity, for the use of the subjects of intellectual property within the scope required for the performance of the purpose of the contract. The other contracting party shall provide CZ LOKO especially with the licence for use of the documentation and software, which are protected by intellectual property rights. In cases when the other contracting party is only in the position of a bearer of the licence to the subject protected by intellectual property rights, it is obliged to provide CZ LOKO with a sub-licence within the aforesaid scope. At the same time, the other contracting party shall grant permission with the modifications and interventions into the author's work to CZ LOKO within the scope required for the performance of the contract. The licence agreement of the other contracting party shall be included in the price. Due to the provision of the licence, no claim to any other remuneration in excess of the price shall be established to the other contracting party.
- 9.6 CZ LOKO shall be authorized to provide a sub-licence to third parties. The other contracting party shall have no claims in connection with the sub-licence towards CZ LOKO or any other parties or authorities. CZ LOKO shall be authorized to assign the licence to a third party.
- 9.7 The subject of a business secret are all facts of commercial, manufacturing, technical and personnel nature, which have an actual or at least potential material value, are protected by the law or are not commonly available in the business circles and shall be concealed according to the will of the contracting parties and protected as their business secret. Confidential information shall be all the information, which are disclosed by a contracting party to the other party and marked as confidential in writing.

- 9.8 If CZ LOKO discloses or makes accessible to the other contracting party any facts, which form a business secret of CZ LOKO or confidential information, for the purpose of performance of the contract, the other contracting party undertakes to:
- a. protect and conceal all facts, which shall be concealed according to the will of CZ LOKO expressed in writing and protected as its business secret and, equally, all pieces of information marked as confidential in an adequate way, which can be righteously required, for the period identified in writing,
 - b. utilize the announced facts, which form a business secret and, equally, the information marked as confidential, exclusively and only for the purposes, for which they were announced, however, always only according to the instructions and in the interest of CZ LOKO,
 - c. refrain from any utilization or use of the facts comprising a business secret or the information marked as confidential for its purposes or for third parties, be that directly or through a third party, in breach of the purpose, for which they were announced.
- 9.9 If a violation of the protection or concealment of the facts comprising a business secret or confidential information or, as the case may be, their use or misuse in breach of the purpose of their announcement occurs, the other contracting party undertakes to announce this fact to CZ LOKO immediately after the identification thereof and to do everything, without undue delay, which can be righteously required for the avoidance of harmful consequences, especially for the avoidance of occurrence of damages.
- 9.9 All documents (drawings, calculations, models, dies, matrices, samples etc.) as well as the tools provided by CZ LOKO to the other contracting party shall remain in the possession of CZ LOKO and must be returned at its request by the other contracting party without undue delay. Without a written permission of CZ LOKO, they may not be provided to third parties in any way or used by the other contracting party otherwise than for the purposes of the realization of this contract. The other contracting party is obliged to remove the documents provided in the electronic form from electronic storage places, including the documents which are combined with other documents. At request of CZ LOKO, the other party is obliged to issue a written confirmation about the removal of the documents.
- 9.10 The other contracting party shall not be authorized to perform a remote administration of the software to the delivered performance without expressed consent CZ LOKO.

10. Termination of Contracts

- 10.1 The contractual relationship established herewith may only be terminated in writing, namely by agreement, withdrawal from the contract or notice of termination.
- 10.2 Any of the contracting parties may withdraw from the contract concluded on the basis hereof in case that the other contracting party violates the contract in a significant way. The contracting party is obliged to announce the withdrawal from the contract to the other contracting party in a written form together with stating the reason. The withdrawal from the contract shall be effective by the moment of the delivery of the withdrawal from the contract to the other contracting party. In case of doubts concerning the delivery, the provision of Article 5.4 hereof shall be applied adequately.
- 10.3 A significant violation of the contractual obligations shall be considered, on the side of the other contracting party, especially a delay with the handover of the subject of performance exceeding 10 (in words: ten) days and/or a failure to eliminate the defects of the subject of performance in compliance with the provision of 5.11 hereof or type defects in compliance with the provision of 5.12 hereof. CZ LOKO shall be authorized to withdraw from the contract or from a part thereof even in the following cases:
- a. the other contracting party declares that it will not meet any of its fundamental obligations according to the contract, especially if it declares that it will not deliver

- one or more performance(s) or that it will not deliver one or more performance(s) in the conditions compliant with the contract or it fails to meet other obligations related to the delivery of the performance, e.g. it will fail to deliver the documentation to one or more performance(s);
- b. the other contracting party does not duly meet the obligations according to the contract, it was notified of this fact in writing and failed to ensure remedy even in the additionally provided adequate period, which may not be shorter than 10 (in words: ten) calendar days;
 - c. the other contracting party has lost the authorization to the business activity required for the performance of the contract according to the valid regulations or the certification according to Article 3.7 hereof;
 - d. the following will happen with respect to the assets of the other contracting party:
 - a decision about bankruptcy is declared; or
 - an insolvency petition is rejected because the assets are not enough to cover the costs of the insolvency proceeding; or
 - bankruptcy is cancelled because the assets are totally inadequate; or
 - the other contracting party enters liquidation;or another similar decision according to law of the country of the registered office of the other contracting party.
- 10.4 A significant violation of the contractual obligations on the side of CZ LOKO shall be considered especially a repeated (at least 3x) delay with the payment of the invoice exceeding 90 (in words: ninety) days. The other contracting party is authorized to withdraw from the contract even in case that the following will happen with respect to the assets of CZ LOKO:
- a decision about bankruptcy is declared; or
 - an insolvency petition is rejected because the assets are not enough to cover the costs of the insolvency proceeding; or
 - bankruptcy is cancelled because the assets are totally inadequate; or
 - CZ LOKO enters liquidation.
- 10.5 In case of an insignificant violation of the contract, the concerned contracting party is obliged to provide the other contracting party with an alternative period for meeting the obligation, which may not be shorter than 5 (in words: five) working days.
- 10.6 The contracting party, which violated the contract in a significant way, is obliged to pay demonstrably incurred damages and non-financial damages to the other contracting party.
- 10.7 Each contracting party is authorized to terminate the general contract with a written notice of termination with a 6- (in words: six) month notice period, even without reason. The notice period shall start running as of the day following the delivery of the notice of termination. In case of doubts concerning the delivery of the notice of termination, the rules identified in provision 5.4 hereof shall be applied adequately.
- 10.8 Unless established otherwise by the contract, the provided performance, concerning which the title passed on or was transferred to CZ LOKO before the withdrawal from the contract:
- a. shall remain in the possession of CZ LOKO after the withdrawal from the contract; in such a case, the other contracting party shall be authorized to a substitute financial performance up to the amount, to which CZ LOKO had benefit from the said used performance. If the price has already been paid for such delivered performance, the other contracting party is obliged to return the difference between the price and the right to the substitute financial performance according to the previous sentence to CZ LOKO. Unless the price for such provided performance was paid before the withdrawal from the contract, CZ LOKO is obliged to provide the other contracting party with the substitute financial performance reduced by possible claims of CZ LOKO for a contracting fine, compensation of damages etc.; or

- b. may be returned by CZ LOKO to the other contracting party after the withdrawal from the contract; the other contracting party is obliged, at the same time, to return the already paid price or a part thereof to CZ LOKO.
- 10.9 The withdrawal from the contract or a notice of termination thereof shall be without prejudice of the authorized contracting party to the contracting fine and/or compensation of damages, which were caused by the obliged contracting party.

11. Change of GPTaC

- 11.1 In compliance with provisions of Section 1752, Paragraph 1 of the NCC, CZ LOKO reserves the right to unilaterally change these GPTaC, within an adequate scope as required.
- 11.2 CZ LOKO undertakes to announce any change in GPTaC to the other contracting party without undue delay; however, at the latest 30 (in words: thirty) calendar days before the proposed date of effect of such a change, either with a written notice or with a publication of such a change on the web page www.czloko.cz.
- 11.3 Unless the other contracting party states its disagreement with the proposed change in GPTaC in writing before the day of effect of such a change, it shall be understood that it has accepted the proposed change. In the case that the other contracting party does not accept the change and announces its disagreement in writing, the contracting parties shall initiate a negotiation about the content of such a change. Unless the contracting parties reach an agreement within an adequate period, the right is established therewith to any contracting party to terminate the contract in compliance with provisions 10.7 hereof.
- 11.4 If any article hereof becomes invalid, ineffective or apparent, it shall apply that it is fully separable from the other articles of this document, and, therefore, the other articles hereof shall remain in full validity and effect.

12. Final Provisions

- 12.1 The contracting parties undertake to co-operate together in the performance of the purpose of the contract, especially they undertake to inform each other about all facts that can have an impact on the performance of the contract.
- 12.2 The contracting parties have agreed that all changes, annexes and supplements to these GPTaC or to the concluded contracts may only be realized in a written form with the exception of a change in the GPTaC according to Article 11 hereof. Other arrangements shall be invalid.
- 12.3. Pursuant to the provision of Section 630 of the NCC, the contracting parties shall agree on the extension of the limitation period to 5 (in words: five) years with respect to each right from the contract, which is subjected to expiration within the limitation period shorter than 5 (in words: five) years. The contracting parties expressly declare that mutual performances, which are provided by them to each other on the basis of the contracts, are not in mutual gross disproportion pursuant to Section 1793, Paragraph 1 of the NCC. The contracting parties have agreed on the exclusion of the application of the provision of Section 558, Paragraph 2, Section 564, Section 1950, Section 2050, Section 2111, Section 2112, 2618 of the NCC. The other contracting party assumes the risk of change in the circumstances pursuant to Section 1765, Paragraph 2 of the NCC.
- 12.4 The contracting parties have agreed that the rights and obligations resulting from their mutual contractual relationship shall be transferred on legal successors. The other contracting party shall not be authorized to transfer its rights and obligations from the contract or from the parts thereof to a third party without a previous expressed consent of CZ LOKO; CZ LOKO reserves herewith the right not to grant such a consent, even without reason. For the purpose of consideration if CZ LOKO grants such consent with the transfer or not, the other contracting party is obliged to provide and deliver to it all the information and documents, which will be requested by CZ LOKO.

- 12.5 The contracting parties have agreed that they pledge to solve all disputes, which will arise in connection with the realization of their mutual contractual relationship, at first by conciliation. Unless an agreement is reached in the solution of a dispute, the matter shall be brought to a court of the Czech Republic with material and territorial jurisdiction according to the registered office of CZ LOKO for hearing and decision.
- 12.6 The contracting parties shall agree that if any part of the contract concluded on the basis hereof becomes invalid, ineffective or unenforceable, this fact shall have no effect on the validity of the other parts of the contract and the contracting parties will continue in the contractual relationship as if such part was not included in the contract. The missing part shall be replaced with an applicable provision of the NCC or another applicable legal regulation, the content of which is as close to the purpose of the original provision as possible.
- 12.7 The contracting parties expressly exclude the application of generally kept business habits and exclude the application of the provision of Section 558, Paragraph 2 of the NCC.
- 12.8 The contracting parties expressly declare that the mutual performances, which are provided by them to each other on the basis of this contract, are not in mutual gross disproportion pursuant to the provision of Section 1793, Paragraph 1 of the NCC.
- 12.9 The other contracting party expressly declares that that it has been acquainted sufficiently with the content and meaning hereof, that the GPTaC are not written so that they could only be read with special difficulties and they do not contain provisions, which are not understandable to it and that it expressly accepts the conditions herein.
- 12.10 The period of validity hereof is agreed for an unlimited period.
- 12.11 These GPTaC are published in the way enabling a permanent access to them and their storage on the side of CZ LOKO, including the prior versions of the General Purchasing Terms and Conditions, namely on the address <http://www.czloko.cz/vseobecne-nakupni-podminky.htm>.

In Česká Třebová, on 31.07.2020