



## GENERAL TERMS AND CONDITIONS (PURCHASING)

ver. 1/2018

### I. Introduction

1. These General Terms and Conditions (Purchasing) form an integral part of all purchase contracts concluded by TATRA TRUCKS, a.s., based at Kopřivnice, Areál Tatry 1450/1, Postal Code 742 21, Czech Republic, Company ID: 014 82 840, as the Buyer (hereinafter referred to as "**Purchase Contract**").
2. The express covenants of the parties to the Purchase Contract derogating from the General Terms and Conditions (Purchase) shall prevail to the provisions of these General Terms and Conditions (Purchasing).
3. The Seller's General Terms and Conditions do not form part of the Purchase Contract, unless the Buyer and the Seller otherwise agree in a particular case.

### II. General provisions

1. By signing the Purchase Contract the Seller agrees to deliver to the Buyer a movable item (Goods) specified individually or in quantity and type, and transfer the ownership of the Goods to the Buyer and the Buyer agrees to pay the purchase price.
2. The Purchase Contract shall be in writing, while respective expressions of will do not have to be made in the same deed. The Purchase Contract usually has the form of a confirmed order.
3. The Seller shall confirm the order to the Buyer within 5 (five) working days of receipt.
4. A reply to an offer which seems to be accepting the offer, but includes any additions, limitations or any other changes, shall always be considered a new offer and requires acceptance by the Buyer. The Buyer hereby precludes the acceptance of an offer with an addition or deviation.
5. A timely acceptance of the proposal shall become effective in the moment when the acceptance of the proposal content reaches the proposer. A late acceptance of the proposal shall have the effect of a timely acceptance only if the proposer notifies without delay the person to whom the proposal was made in the form of fax or electronic communication.
6. The concluded Purchase Contract is the sole and complete document between the Parties in the same matter. All previous arrangements of the Parties in the same matter, whether written or oral, shall not become valid by closing of the Purchase Contract unless their further force is expressly agreed in the Purchase Contract except in accordance with Article VIII par. 5 and Article IX par. 6.
7. The subject of the Purchase Contract is only the Goods expressed specified in the Purchase Contract.
8. The Seller shall ensure that the Goods are not burdened with third party rights, which would limit or make impossible their acquisition and use by the Buyer in any way. Should the Seller use the things for the production of Goods provided by the Buyer for that purpose, this provision shall not apply to those things.
9. Individual items of the Goods shall always, especially in the order, Purchase Contract, delivery note and invoice, be designated by, among others, the Buyer's internal designation, the so-called Stock Item Number.
10. The delivery term or delivery date respectively, shall be the essential element of the Purchase Contract in addition to the formalities laid down by the Civil Code.

### III. Prices

1. The Purchase Price shall be agreed between the Parties.
2. The Purchase Price shall be FCA Seller's factory ramp in accordance with INCOTERMS 2010, unless both parties agree otherwise in advance.
3. An agreement on the Purchase Price, usually for repeated deliveries, may take the form of a price list. In such a case, the order, offer and Purchase Contract shall include a reference to the exact price list. Changes to the price list shall only be possible by agreement of the Parties.

### IV. Payment conditions

1. The Buyer shall pay the Purchase Price based on the Seller's invoices. The invoice shall be delivered to the Buyer in two original counterparts.
2. The Seller's right to issue an invoice shall arise based on due performance of delivery.
3. The Seller shall send an invoice to the Buyer without undue delay once entitled to issue an invoice. A personal delivery shall also be considered as sending.
4. The invoice must include particulars of a tax document and business deed. The invoice must also include the name of the Goods, their type designation and the Buyer's internal designation, the quantity of Goods,

- the full Buyer's order or Purchase Contract number or designation, the date of the taxable supply, date of invoice, date of sending the invoice, delivery note designation, Seller's bank account.
5. The invoice shall be payable within 60 (sixty) days from the duly date of taxable supply unless both Parties agree otherwise in advance.
  6. The Purchase Price shall be paid via bank transfer to the Seller's account specified in the invoice.
  7. Payment means deducting the agreed Purchase Price from the Buyer's account.
  8. In case of faulty delivery the invoice due date shall be extended by the period of time it takes to correct the faults.
  9. Without the Buyer's prior written consent, which shall not be unreasonably withheld, the Seller shall not be entitled to assign or pledge to third parties its accounts receivable from the Buyer.

#### **V. VAT Guarantee**

1. The bank account to which the payment for the taxable supply is to be made shall be published by the Seller's tax administrator no later than the invoice due date in a manner allowing remote access under section 109, par. 2 letter c) of Act no. 235/2004 Coll. regarding VAT as amended (hereinafter referred to as the "Reliable Account"). Should the account to which more than twice the amount stipulated by the law as cash payment limitation which, if exceeded, implies the obligation to make a non-cash payment, not be a Reliable Account, the Buyer shall be entitled to return the invoice to the Seller without undue delay after this finding, but at the latest by the due date of the relevant invoice, to replace the account with the Reliable Account. In such a case, the Purchaser shall not be in delay with payment for the respective taxable supply and a new due date shall be established upon delivery of the corrected invoice. Should the Seller refuse to replace the bank account to which payment is to be made paid and which is not a Reliable Account with the Reliable Account, or should the Seller not have such a Reliable Account, the Buyer shall be entitled to pay the taxable amount exclusive of VAT to the Seller to their account and the corresponding VAT to the Seller's tax administrator. In such a case, the payment of the taxable amount exclusive of VAT and corresponding VAT to the Seller's tax administrator shall be considered as proper fulfilment of the Buyer's obligation to pay the price of the taxable supply, including VAT, and the Seller shall not have the right to claim against the Buyer an additional payment amounting to the corresponding VAT or interests on late payment, contractual penalties or any other property sanctions or damages due to delay with payment.
2. Should the Seller determine an account held by the payment service provider outside the Czech Republic to receive payment for the taxable supply, the Buyer shall be entitled to return their invoice to the Seller without undue delay after this finding, but no later than the due date of the respective invoice, in order to replace the account with the Reliable Account held in the Czech Republic. In such a case, the Purchaser shall not be in delay with payment for the respective taxable supply and a new due date shall be established upon delivery of the corrected invoice. Should the Seller refuse to replace the bank account to which payment is to be made paid and which is not a Reliable Account held in the Czech Republic with the Reliable Account held in the Czech Republic, or should the Seller not have such a Reliable Account held in the Czech Republic, the Buyer shall be entitled to pay the taxable amount exclusive of VAT to the Seller to their account and the corresponding VAT to the Seller's tax administrator. In such a case, the payment of the taxable amount exclusive of VAT and corresponding VAT to the Seller's tax administrator shall be considered as proper fulfilment of the Buyer's obligation to pay the price of the taxable supply, including VAT, and the Seller shall not have the right to claim against the Buyer an additional payment amounting to the corresponding VAT or interests on late payment, contractual penalties or any other property sanctions or damages due to delay with payment.
3. By confirming an order or concluding the Purchase Contract in another way the Seller confirms that, as of the date of order receipt or the conclusion of the Purchase Contract in another way, they are not an unreliable payer within the meaning of §106a of Act No. 235/2004 Coll. regarding VAT as amended (hereinafter referred to as the "Unreliable Payer"). Should the Seller subsequently become an Unreliable Payer, they shall accordingly inform the Buyer in writing without undue delay. Should the information that the Seller is an Unreliable Payer be disclosed in a manner allowing remote access at the moment of taxable supply, the Buyer shall be entitled to pay the taxable amount exclusive of VAT to the Seller and the corresponding VAT to the Seller's tax administrator. In such a case, the payment of the taxable amount exclusive of VAT and corresponding VAT to the Seller's tax administrator shall be considered as proper fulfilment of the Buyer's obligation to pay the price of the taxable supply, including VAT, and the Seller shall not have the right to claim against the Buyer an additional payment amounting to the corresponding VAT or interests on late payment, contractual penalties or any other property sanctions or damages due to delay with payment. The Seller's disclosure as an Unreliable Payer shall be the reason for the Purchase Contract termination by the Buyer.

#### **VI. Terms of Delivery**

1. The Seller shall deliver the Goods in a duly and timely manner within the term agreed by the Parties in the Purchase Contract.
2. All delivery terms and conditions shall be governed by the International Commercial Terms (INCOTERMS 2010) issued by the International Chamber of Commerce in Paris.

3. The delivery clause for the Purchase Contract means FCA Seller's factory ramp in accordance with INCOTERMS 2010, unless both Parties agree otherwise in advance.
4. The Seller shall inform the Buyer about the readiness of supply performance by e-mail no later than 3 (three) working days in advance.
5. The Seller shall enclose a delivery note to each delivery, always including at least the full number or designation of the Buyer's order or the Purchase Contract, date of Goods handover to the carrier, name, type name, Buyer's internal designation and quantity of individual Goods items, type and number of packages, transport method, vehicle registration number, confirmation of the carrier to perform quantitative checks upon receipt of the Goods for transport.
6. The Seller shall ensure that the carrier performs quantitative check of Goods and confirm in the delivery note when picking the Goods for carriage.

## **VII. Packaging**

1. The Goods shall be delivered on a pallet to allow handling by forklifts.
2. A pallet shall be adequate to the character of the Goods, as well as the requirements for safe transport of the Goods.
3. The Goods must be packaged and transported so as to avoid damage due to mechanical, atmospheric or other effects.
4. Containers and packaging must be labelled as agreed between the Seller and the Buyer, always at least by providing the following information on the Goods: The Seller's name, Buyer's stock item number, quantity of the Goods in a respective packaging, the Purchase Contract identification (Buyer's purchase order number). The labels on the packaging must be such as to prevent its devaluation or destruction during transport or storage.

## **VIII. Interest on late payments, contractual penalties, damages**

1. Should the Buyer be in delay with payment of the purchase price, the Seller shall have the right to require the Buyer to pay statutory interest on late payments.
2. Should the Seller be in delay in delivery of the Goods, the Buyer shall pay a penalty of 5% (five percent) of the total Purchase Price agreed in the Purchase Contract.
3. Should the Buyer's production lines in Kopřivnice stop due to the Seller's delays in the delivery of the Goods or failure to remove defects of the Goods, the Seller shall pay a penalty of CZK 50,000 (fifty thousand Czech Crowns) for the first hour of the stoppage and CZK 30,000 (thirty thousand Czech Crowns) for each further hour of stoppage.
4. For an event of default under Art. XVIII par. 3 and 6 of these General Terms and Conditions (Purchasing), the Parties have agreed on a contractual penalty of CZK 1,000,000 (one million Czech Crowns) for each breach.
5. This penalty provision shall not be to the prejudice to a possible liability to compensate damages, which is a separate claim and shall be reimbursed in full.

## **IX. Quality requirements**

1. The Seller shall ensure that the Goods are manufactured in accordance with the certified quality system at least pursuant to EN ISO 9001 standards.
2. The Seller shall produce the Goods or arrange their production so that their quality and features fully meet the relevant technical documentation, approved PPAP, national standards, legislation and quality standards.
3. Any change in the Goods must be approved in advance by both Parties.
4. Each individual Goods must be marked with
  - the brand name, manufacturer's trademark or logo,
  - Goods (product) identification number,
  - production code containing the date of manufacture,
  - additional designation, if implied by generally binding legal regulations, homologation regulations, approved technical documentation or the Purchase Contract.The Parties shall agree on the method of designation, its design and location, if not implied by the approved technical documentation.
5. Before starting to produce the Goods, the Seller shall implement and use monitoring and measurement of the products (Goods) throughout the production process, i.e. to establish and use a quality control system, from initial inspection of purchased materials, intermediate products and parts, subsequent implementation of process control and final testing and final inspection of finished products (Goods).
6. The Seller shall ensure that the implemented system of inspections and tests at the Seller will create conditions for the Goods to be released to the Buyer for further processing, assembly or any other use without subsequent inspections by the Buyer.
7. The Seller shall, at Buyer's request, submit to the Buyer the methodology pursuant to which the inspections are carried out. Submitting means handover of copies or enabling the other Party to consult the original documentation.

8. The Seller shall keep supporting records of all inspections, measurements and tests during the manufacture of Goods, as prescribed by the approved documentation. The records shall be kept for a minimum period of 5 (five) years, for "D" parts for 10 years.
9. Upon the Buyer's request, the Seller shall submit to the Buyer the reports of inspections, measurements and tests of the Goods performed during the production of the Goods for verification, unless they form a part of the supplied Goods according to these General Terms and Conditions (Purchasing) or the Purchase Contract.
10. The Seller shall deliver the "Goods Quality Certificate" along with each delivery of the Goods to confirm that the Goods conform to the approved technical documentation and have been released for delivery by the Seller. Without the Goods Quality Certificate a delivery shall not be properly performed and the Buyer shall be entitled to reject the Goods. The Goods Quality Certificate may be part of a delivery note.
11. In cases where provided for in the approved documentation or if the Parties so agree in the Purchase Contract, the Seller shall deliver with the Goods a "Report" showing the results of the specified tests. Without the Report-a delivery shall not be properly performed and the Buyer shall be entitled to reject the Goods.
12. The Seller shall be responsible for the fact that the Goods are subject to the provisions of the Act No. 22/1997 Coll., regarding technical requirements for products and amendments to certain laws, as amended, meet the requirements of technical regulations in force in the Czech Republic and that the Seller has complied with the procedures laid down when assessing their conformity.
13. The Seller shall handover to the Buyer upon request copies of the relevant "EC Declarations of Conformity" or "Declaration of Conformity" along with the Goods according to Art. IX par. 12 of these General Terms and Conditions (Purchasing).
14. The Buyer shall be entitled to carry out, at its own discretion, testing and inspection of the Goods to verify the compliance with the agreed quality characteristics and parameters of the Goods.
15. The Buyer shall be entitled to verify, in the form of audit at the Seller or its subcontractors involved in any way in the supply of the Goods, that the quality assurance measures meet the Buyer's needs, where the audit may be conducted within the entire system, process or a product. The Seller shall enable the Buyer to carry out this audit.
16. Should discrepancies be detected during the audit pursuant to Art. IX par. 15 of these General Terms and Conditions (Purchasing), the Seller shall, in agreement with the Buyer, to prepare and implement a corrective action plan to remove the discrepancies, or withdraw from the Purchase Contract.
17. The Seller's subcontractors involved in any way in the delivery of the Goods shall be subject to the same rules as the Seller in the field of the Quality Management System, which the Seller shall be responsible for.
18. The Seller shall continuously develop action, while keeping at least original quality of the Goods thanks to their technological knowledge, innovation and willingness to optimize the Goods delivered, to take into account the lower costs of their production in determining their price and to contribute to maintaining the competitiveness of the Buyer's final products and long-term operation in the relevant market as well as to maintain business partnership relations with the Buyer, bringing lasting benefits to both Parties.

#### **X. Government Quality Assurance**

1. The Seller agrees that in cases where the Buyer uses the Goods in their own or along with their final products within the so-called Public Procurement, the Goods may be subject to the Government Quality Assurance in accordance with Act no. 309/2000 Coll., regarding the Defence Standardisation, Codification and Government Quality Assurance of National Defence Products and Services and on the Amendment to the Trade Law as amended, EN ISO 9001 standards or ČOS 051672 (until 9/2018 also ČOS 051622 standards), or the standards that may replace the standards specifically set forth herein.
2. Definition of the scope of the Government Quality Assurance is addressed in a separate annex to the Purchase Contract.

#### **XI. Quality Warranty**

1. The Seller shall provide the quality warranty of 24 (twenty four) months from the delivery of the Buyer's final product, into which the Goods were incorporated, to the Buyer's customer, or from delivery of the Goods as spare parts to the Buyer's customer.
2. However, the warranty period is always 30 (thirty) months from delivery of the Goods to the Buyer as a maximum.

#### **XII. Liability for defects, claims (claim for defects or warranty for quality)**

1. The Seller shall deliver the Goods in quantity, quality and design specified by these General Terms and Conditions (Purchasing) and Purchase Contract.
2. The Seller shall ensure the Goods are packed for transport in a way determined by these General Terms and Conditions (Purchasing) and Purchase Contract.
3. Should the Seller break the obligations laid down in Article XII. par. 1 and 2 of these General Terms and Conditions (Purchasing), the Goods shall be considered to be defective.
4. A delivery of the Goods other than specified in the Purchase Contract and defects in the documents shall also be considered as defect of the Goods, and further as provided in the Act no. 89/2012 Coll., the Civil

Code, as amended (hereinafter referred to as the "Civil Code", these General Terms and Conditions (Purchasing) and the Purchase Contract.

5. The product has legal defects if the Goods sold are encumbered with third party rights.
6. Liability for defects shall be governed by the Civil Code provisions, unless otherwise stipulated in these General Terms and Conditions (purchase) or the Purchase Contract.
7. Any defect in the Goods (i.e. a defect establishing the Seller's liability for defective performance, or defect covered by warranty) can be claimed at any time in within the claim period determined by the Warranty Period duration. The delivered quantity can be claimed within 10 (ten) working days from receipt of the Goods by the Buyer. For the avoidance of doubt, the Parties expressly exclude the application of the provisions of sections 921, 1965, 2103, 2104, 2111 and 2012 of the Civil Code to the relationship established by the Purchase Contract.
8. Defects of the Goods can be claimed by a written notice sent to the Seller by a registered letter to their address, via fax or e-mail.
9. Should the Buyer raise a claim to the Seller regarding defects of the Goods identified before the incorporation into the final product (vehicle), the Seller shall remove the defect by supplying a new item, i.e. new Goods, unless otherwise agreed with the Seller in the specific matter. The Seller shall deliver the new Goods without delay, however, at the latest within 5 days from the defect notification. After the ineffective expiry of the above period, the Buyer shall be entitled to terminate the Purchase Contract in whole or in part (to the extent of defective Goods). The Seller shall be liable for any damage (harm) incurred by the Buyer as a result of the Seller's failure to remove defect of the Goods properly and in a timely manner.
10. Should the Buyer raise a claim to the Seller regarding defects of the Goods identified during its incorporation into the final product (i.e. during vehicle assembly), the Purchase Contract shall terminate to the extent of the defective Goods and the Seller shall return to the Buyer the purchase price paid for it, unless otherwise agreed with the Seller in the specific matter. The Seller shall return the relevant amount of the purchase price within (30) days of the defect notification. Along with the returned amount of the Purchase Price, the Seller shall pay to the Buyer (i) the costs of dismantling the defective Goods and installing the new (substitute) goods and (ii) the actual expense actually incurred in the Goods diagnostics, dismantling of the defective Goods and the assembly of the new (substitute) goods (especially test costs, analyses, used material, etc.). Instead of exercising the rights of defect remedy as described above, the Buyer shall be entitled to remove the defect themselves by repairing the Goods. In such a case, the Seller shall pay to the Buyer (i) the costs of the repairs represented by the work performed and (ii) the actual expense incurred in connection with the Goods diagnostics and repair (in particular the cost of the tests, analyses, used material, etc.) within 30 days of receipt of billing.
11. The Seller acknowledges that claims for defects in Goods identified by the Buyer during the final product (vehicle) operation at the Buyer's customer shall be settled in the Buyer's service network, or also by the Buyer's properly trained employees. Thus, should the Buyer raise a claim to the Seller regarding defects of the Goods identified during vehicle operation, the Purchase Contract shall terminate to the extent of the defective Goods and the Seller shall return to the Buyer the purchase price paid for it, unless otherwise agreed with the Seller in the specific matter. The Seller shall return the relevant amount of the purchase price within (30) days of the defect notification. Along with the returned amount of the Purchase Price, the Seller shall pay to the Buyer (i) the costs of dismantling the defective Goods and installing the new (substitute) goods and (ii) the actual expense actually incurred in the Goods diagnostics, dismantling of the defective Goods and the assembly of the new (substitute) goods (especially test costs, analyses, used material including the costs of spare parts, etc.). Instead of exercising the rights of defect remedy as described above, the Buyer shall be entitled to remove the defect themselves by repairing the Goods. In such a case, the Seller shall pay to the Buyer (i) the costs of the repairs and (ii) the actual expense incurred in connection with the Goods diagnostics and repair (in particular the cost of the tests, analyses, used material, etc.) within 30 days of receipt of billing.
12. Returned Goods located in the Czech Republic shall be available to Seller to assess the alleged defect upon their written request only. Due to high transport costs and customs applicable to defective parts abroad, they will remain with the Buyer's contractor in the respective country where they will be collected over a period of 6 months for the possibility of inspection by both the Buyer's and the Seller. Upon expiration of this period, these Goods shall be destroyed or the Buyer shall dispose of the Goods at their discretion.
13. Following to a notification of defects (except for defects in quantity), in cases where the Buyer requests it, the Seller shall
  - analyse the cause of the non-conformity, and inform the Buyer within 10 (ten) working days about immediate corrective action taken in the form of 3D report, and within 30 (thirty) working days the Seller shall submit a full 8D report to the Buyer,
  - thoroughly test the delivery of new Goods and mark it in the manner to be agreed with the Buyer,
  - isolate all non-conforming Goods items and those Goods items suspect to show a non-conformity within the production process and in warehouses from the conforming Goods items and clearly mark them clearly,
  - provide the Buyer upon request with the evidence, based on which they can track the defective Goods,
  - take all test and control measures to ensure supplies of the conforming Goods

- observe the measures taken until the elimination of the causes of nonconformities and for the subsequent test period, the length of which shall be agreed with the Buyer.

### **XIII. Spare parts**

1. The Seller shall provide the Buyer with the supplies of spare parts for the Goods of at least 10 (ten) years from the completion of deliveries under the Purchase Contract, under usual market conditions.
2. Subject to the provisions of Article XIII. par. 1 of these General Terms and Conditions (Purchasing), the Seller shall inform the Buyer in a sufficient time advance of fundamental updates and changes to parameters, external appearance or manner of Goods incorporation, as well as an intent to terminate the production of the Goods supplied before.
3. Should the Buyer not be able to meet their obligations pursuant to Art. XIII par. 1 of these General Terms and Conditions (Purchasing), the Parties shall negotiate a solution method, where the Buyer shall have the right to require all the necessary technical documentation to ensure replacement production of the original Goods and the Seller shall provide this documentation in a timely manner and to the extent necessary for the respective purpose.

### **XIV. Part approval process and procedures**

1. In cases where the Buyer requests so, the Seller shall, before the commencement of series supplies, undertake the Production Part Approval Process (hereinafter referred to as "PPAP"), at the level established by the Buyer.
2. The PPAP will be absolutely necessary before starting of supplies of "D" parts, at the level established by the Buyer. "D" parts are the parts that may cause danger to human life, safety, seriously undermine the protection of the environment or have a major impact on the vehicle reliability, particularly brake and steering components. "D" parts are referred to in the Technical Documentation, order and the Purchase Contract.
3. The Production Part Approval Process means the process of verifying the Seller's capability to produce and deliver the Goods to the Buyer in a mutually agreed technical workmanship and quality, as well as in case of the Goods design changes (dimensions, material, properties, functional parameters, etc.), major changes in the manufacturing technology, after interruption of the Goods production for more than 2 (two) years, as well as other cases where the Seller and Buyer so agree.
4. Samples shall be made using the equipment and procedures specified for the series production, where the number of samples, sampling conditions and terms shall be determined on a case by case basis.
5. The samples must be delivered by the Seller uniquely identified along with reports demonstrating specific results of dimensional inspections, material and functional tests performed on samples by the Seller.
6. The samples of the Goods which are subject to Act no. 22/1997 Coll., regarding technical requirements for products and amendments to certain Acts, as amended, must be supplied by the Seller together with copies of the "EC Declaration of Conformity", samples the Goods subject to the homologation (type approval) according to the ECE or EC Directives must be supplied by the Seller along with the "Homologation Certificate."
7. Consent with a supply of the Goods based on the results of the Sample Proceedings will be issued by the Buyer in writing, not later than thirty (30) days from delivery of the samples. Should the Buyer not agree with a delivery of the Goods on the basis of the Sample Proceeding results, the Buyer shall issue their disagreement including its justification within the same term.
8. Should the Sample Proceedings be terminated by the Seller's disagreement with the delivery of the Goods, the Buyer shall have the right terminate the Purchase Contract at the same time. In such a case, the Parties shall bear the costs incurred in connection with the Purchase Contract performance until the moment of termination separately; the rights of either Party to compensate for any damage caused shall not be affected as a result.

### **XV. Liability insurance**

1. The Seller shall submit to the Buyer, at the latest on the Purchase Contract effective date, a document proving that the Seller has properly concluded insurance contracts regarding damage liability insurance and product liability insurance, to the extent which the Buyer deems appropriate to a particular case.
2. The Seller shall maintain the insurance in force until the settlement of all claims and rights arising out of the concluded Purchase Contract, including claims of quality warranty.

### **XVI. Cataloging and codification**

1. Should the Goods manufactured in the Czech Republic be the subject of the Purchase Contract, the Seller shall, upon the Buyer's request in the form of cataloguing clause, carry out the cataloguing of the Goods pursuant to generally binding legal regulations and principles of the NATO Codification System.

2. Should the Goods manufactured in a NATO Member State be the subject of the Purchase Contract, with the exception pursuant to the preceding paragraph, or in a country whose codification system is fully recognized by the NATO Allied Committee 135 (AC/135), the Seller shall supply the competent National Codification Authority with data to the extent and quality for the cataloguing purpose. In so doing, the Seller shall proceed in accordance with the NATO Manual on Codification (ACodP-1).
3. Should the Goods manufactured in countries other than those specified in Art. XVI. par. 1 and 2 of these Terms and Conditions (Purchasing) be the subject of the Purchase Contract, the Seller shall deliver the data necessary for cataloguing of items in the Czech Republic or in the country of final destination of the Buyer's final products in accordance with the NATO Manual on Codification (ACodP-1).
4. The Seller shall deliver without undue delay the information about changes that affect the Goods codification data to a competent National Codification Authority and the Buyer.

## **XVII. Protection of information**

1. With respect to the Confidential Information as specified by Art. XVII. par. 2-5, that will be made available by the Buyer to the Seller under or in connection with the Purchase Contract or negotiations regarding the conclusion thereof or otherwise disclosed to the Seller, as a whole or even as their individual parts, the Seller shall:
  - neither publish nor otherwise disclose it to third parties,
  - neither use otherwise nor for any other purpose than agreed,
  - neither copy nor make copies, backups, etc. in any way, without the Buyer's prior consent
  - will maintain, handle and process it so as not to breach the Purchase Contract, these General Terms and Conditions (Purchasing) or the Act,
  - neither use it for its own benefit nor the benefit of third parties, if not implied under the Purchase Contract or the present General Terms and Conditions (Purchasing),
  - nor otherwise misuse it against the Buyer's interests.
2. The term "Confidential Information" means any business information, technical, financial, organizational and other information directly or indirectly related to the Buyer, their specific employees, business partners, customers or contractors, however, not only that specifically listed here, recorded in any form on any media, as well as oral information, provided or otherwise made available to the Seller within negotiations regarding the Purchase Contract or pursuant to and within the concluded Purchase Contract by the Buyer, members of their bodies, their employees, consultants, entities controlled by the Buyer, etc.
3. The term "Confidential Information" means both the data and set of data stored on a data carrier, and the appropriate data carrier on which the data is recorded. Furthermore, the term "Confidential Information" also includes messages or communications sent by any means.
4. The term "Confidential information" under Article XVII. par. 2 and 3 of these General Terms and Conditions (Purchasing) does not include the information that is or will become publicly known after the term of the Purchase Contract or these General Terms and Conditions (Purchasing), otherwise than by breach of duties under the law, these General Terms and Conditions (Purchasing) or concluded Purchase Contract by the Seller or a breach by a third party.
5. The term "Confidential information" under Article XVII. par. 2 and 3 of these General Terms and Conditions (Purchasing) does not cover the information that is clearly known to the Seller before it is made available by the Buyer, unless it has come to the Buyer's knowledge by unlawful conduct committed by the Seller or third parties.
6. The Confidential Information is and shall remain the Buyer's exclusive property even after a transfer or another disclosure to the Seller pursuant to these General Terms and Conditions (Purchasing) or the concluded Purchased Contract.
7. The obligations under the present General Terms and Conditions (Purchasing) and the concluded Purchased Contract shall not affect any obligations of the Parties to provide information and communications to the state and other institutions, especially courts and police, if such an obligation is implied by generally binding legal regulations or final lawful decision issued pursuant to and in accordance with generally binding legal regulations.
8. The Seller shall return the Confidential Information received under or in connection with these General Terms and Conditions (Purchasing) or the concluded Purchase Contract to the Buyer within 10 (ten) days from being requested return the Confidential Information. At the same time, the Seller shall also destroy all copies, extracts, transcripts, etc. of the Confidential Information, as well as permanently delete the Confidential Information from the computers, audiovisual or other similar equipment, within the same period of time. The Seller shall confirm to the Buyer destruction and deletion of the Confidential Information by means of an affidavit to be submitted along with returning the Confidential Information.

## **XVIII. Industrial rights**

1. The Seller shall be responsible for the fact that the Goods, as a whole or their individual components and parts, do not infringe industrial or other similar rights of third parties.
2. The Purchase Contract does not represent granting of any license to use, or in any way transfer any rights to inventions, patents, industrial designs, utility models, trademarks, company know-how, copyright, or other forms of industrial or intellectual property.

3. Should the Goods be manufactured in accordance with the Buyer's Technical Documentation provided by the Buyer to the Seller for that purpose, or otherwise disclosed to the Seller, the Seller shall not be entitled to manufacture under this Technical Documentation and supply the products (Goods) to any third party.
4. The Seller shall not be entitled to file a patent application or other form of industrial property protection in relation to the technical solution contained in the Buyer's Technical Documentation as stated in the previous paragraph, nor to enable any third person to do so.
5. The Seller shall inform the Buyer in writing about the use of all their patents, utility models and industrial designs protecting the Goods, as well as the licensed use of patents, utility models and industrial designs. Neither the Seller's own nor licensed industrial rights to the Goods shall exclude or limit exports of the Buyer's final products.
6. The Seller and the Buyer shall inform each other without undue delay about counterfeit Goods, which they will learn about in their region and provide each other with reasonable assistance necessary to properly and effectively prevent the sale of counterfeit Goods.

**XIX. Models, moulds, dies, templates, tools and so on.**

1. The Seller shall be entitled to use the models, moulds, dies, templates, tools or any other means of production, tools, fixtures and equipment, provided by the Buyer to the Seller for the purpose of producing the Goods, or made for the Buyer by the Seller for the purpose of producing the Goods and paid or being repaid by the Buyer (hereinafter referred to as the "**Tools**"), only and exclusively for the production of the Goods to the Buyer.
2. The Seller shall bear the cost of routine maintenance, care and operation of the Tools, lubrication, grinding, sharpening, updating of data tags on the Tools, as well as replacement of wearing Tool components.
3. The Seller shall always notify the Buyer in writing of the need to repair the Tools beyond the routine maintenance or the need to replace the Tools with new ones.
4. The Seller shall protect the Tools from damage due to loss or destruction, store them only in locations and premises that are technically adequate and maintain appropriate temperature, not relocate them out of the premises pre-approval by the Buyer and allow the Buyer, upon their request, anytime access to the Tools to inspect the condition and use thereof.
5. The Seller shall not be entitled to enforce a lien for the Tools against the Buyer.
6. The Buyer shall be entitled to request the return of the Tools at any time. The Seller shall return the Tools in the same condition as when received, taking into account normal wear and tear in normal use; otherwise the Seller shall pay an adequate amount to compensate for the damage incurred.

**XX. Force Majeure**

1. Neither Party shall be liable to the other Party for delay in the performance of any or all of their obligations if the delay is caused by circumstances beyond the control of that Party, for example fire, storm, flood, earthquake, explosion, accident, war, terrorist acts, sabotage, epidemics, quarantine restrictions, embargoes, and so on. (hereinafter referred to as "Force Majeure") The Party that relies on Force Majeure shall notify the other Party of the occurrence of Force Majeure without undue delay in writing.
2. Should a Force Majeure event last longer than 3 (three) months without interruption, the other Party shall be entitled to terminate the Purchase Contract by a written notice to the Party relying on the Force Majeure circumstances.

**XXI. Law, disputes**

1. All legal relations between the Parties arising in connection with and based on the signed Purchase Contracts and these General Terms and Conditions (Purchasing) shall be governed by the law of the Czech Republic, with the exclusion of the Vienna Convention on the purchase contracts of 1980.
2. Should the Seller be a person/entity residing in the Czech Republic, any dispute arising between the Parties out of the concluded Purchase Contracts and these General Terms and Conditions (Purchasing) shall be resolved primarily by negotiation between the Parties. Should a particular dispute not be settled within 30 (days) from its occurrence, either Party shall have the right to enter such a dispute to a factually and locally competent court with respect to the Buyer's residence.
3. Should the Seller not be a person/entity residing in the Czech Republic, any dispute arising between the Parties out of the concluded the Purchase Contracts and these General Terms and Conditions (Purchasing) that shall not be resolved by amicable negotiation within thirty (30) days from when the dispute arose between the Parties, the dispute shall be decided upon on the basis of a proposal from either Party exclusively and finally by the Arbitration Court attached to the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic based in Prague, Czech Republic in accordance with its regulations and rules by a senate composed of three (3) arbitrators appointed also in accordance with the regulations and rules of the Arbitration Court. The arbitration will be held in Prague, in the Czech language.

## **XXII. Final provisions**

1. The Appendices are integral parts of the Purchase Contract.
2. The Purchase Contract may only be amended or supplemented in writing. However, the Buyer reserves the right to change the General Terms and Conditions (Purchasing), where the Buyer shall notify the Seller of the changes in writing, no later than 15 days prior to the effective date of the changes. The Seller shall be entitled to refuse a change to the General Terms and Conditions (Purchasing), within 15 days of receipt of the notice, otherwise it is considered that they agree with the change. Should the Buyer not notify the Seller within 7 days from receipt of the rejection of the changes in the General Terms and Conditions (Purchase) that they revoke the proposal to amend the General Terms and Conditions (Purchasing), the Seller shall be entitled to terminate the contractual relationship with the Buyer within a notice period of 14 days; should the Seller fail to do so without undue delay after the expiry of the limit for appeal to the Buyer's proposal, the changes shall have been considered as adopted and refusal shall be disregarded.