

# GENERAL TRADING TERMS AND CONDITIONS

of **COREX CZECH s.r.o.**, Co. Reg. No. 639 08 824, VAT No. CZ 639 08 824, a commercial company based in Vyškov, Průmyslová 7, ZIP code 682 23, entered in the Register of Companies at the Regional Court in Brno, Section C, Entry 26152, valid from May 1<sup>st</sup>, 2010 (hereinafter referred to as the "Contractor")

## 1. General provisions

- 1.1. These General Trading Terms and Conditions form an essential and necessary part of every offer and every agreement concluded with the Contractor. By acceptance of these terms and conditions, within the meaning of section 263 of the Commercial Code, Section III, both parties exclude statutory regulations of the Commercial Code, Section III, which are inconsistent with them.
- 1.2. The Contract is not bound by any trading terms and conditions mentioned in the Buyer's written documents. Signing an order and its sending back is deemed to be the order confirmation only, not the acceptance of the Buyer's trading terms and conditions.

## 2. Modification of terms and conditions

- 2.1. These General Trading Terms and Conditions may only be modified by written amendments, signed by a person authorized by the Contractor.

## 3. Prices

- 3.1. For deliveries of goods from the Contractor's warehouse in the Czech Republic, prices of goods shall be quoted in Czech Crowns or in Euros, depending on the specific contract.
- 3.2. Delivery shall be billed by the Contractor as of the day that goods are delivered.

## 4. Terms of payment

- 4.1. All payments shall be payable within 14 days of the day that the respective invoice is issued, unless otherwise agreed. The day of payment is regarded to be the day the sum is credited to the Contractor's account and is free for disposal, unless otherwise agreed.
- 4.2. Unless otherwise agreed, all payments in currency of CZK shall be remitted into the Contractor's bank account No.17626413/0300, at Československá obchodní banka,a.s., and all payments in currency of EUR shall be remitted into the Contractor's bank account No.06429280/0300, at Československá obchodní banka,a.s. Payments of any Contractor's claims to individual Contractor's employees with the legal effect of debt repayment shall only be acceptable for cash payments and if the Contractor's employee proves the authorization to collect, issued by the Contractor.
- 4.3. Should the payment term not be kept, the Buyer shall be in default and any other existing claims against the Buyer as of that day shall become payable with immediate effect. The Contractor's claims against the Buyer shall also become payable with immediate effect if a motion for the institution of insolvency proceedings with respect to Buyer's assets is filed, or if such proceedings are commenced, or if the Buyer actually suspends payments. In such cases, the Contractor shall also be entitled to cancel current deliveries, or to request immediate payment of the purchase price in cash, or to request an advance payment. The Contractor's right to compensation for damages on account of failure to fulfil shall be retained by the Contractor.
- 4.4. If the Buyer does not pay the purchase price within the term of payment, the parties agree a contractual penalty, amounting to 0.05% of the due amount per every started day of the Buyer's delay in payment, but not less than CZK 7,000. By payment of the contractual penalty, the

Contractor's right to compensation for damages shall not be affected; the Contractor shall be entitled to claim for damages even in an amount exceeding the paid contractual penalty. Costs of legal assistance related to debt recovery shall be regarded as ancillary rights of the debt and shall be billed to the Buyer separately. In individual cases the Contractor may waive its claim for payment of the contractual penalty.

- 4.5. The Buyer shall not be entitled to refuse or to defer any payment on account of a complaint about defects. In the case of a complaint about visual defects, the payment shall be solved by mutual agreement of both parties.
- 4.6. The Contractor shall be entitled to suspend delivery of ordered products till the Buyer fulfils all its obligations against the Contractor existing as of the agreed date of delivery.
- 4.7. The prices of goods as quoted by the Contractor are based, among other things, on the prices of raw materials, employees' wages, prices of energy, costs required for replacement of missing raw materials by other raw materials and exchange rate fluctuations. The Contractor predominantly reserves the right to change prices of goods accordingly if the prices or values of the items as stated above change. However, such a change shall not affect any delivery of goods executed on the basis of an order confirmed by the Contractor before the prices of goods were changed.
- 4.8. The Buyer undertakes to indicate the Contractor's bank account number, constant symbol, variable symbol, remitted amount and due date in every payment order given to its bank.

## **5. Delivery**

- 5.1. Unless otherwise agreed, the Seller shall choose the carrier and shall pay costs connected with the transport of goods to the place of destination; goods shall always be delivered and shipped at the risk of the Buyer (CPT, Incoterms 2000). The method of shipment shall be determined after agreement with the Buyer.
- 5.2. The transport shall only be insured if it is ordered by the Buyer in writing, at the Buyer's expense.
- 5.3. If an order for goods was not cancelled properly and the goods cannot be delivered to the Buyer for a reason on the part of the Buyer, and the Contractor cannot use the goods for further sale or processing, the goods shall be stored at the risk of the Buyer. The costs for storage of such goods shall be 4% of the purchase price of the goods per every started month, commencing on the first day of such storage. Should the Buyer not take goods over within one month of the agreed takeover date, the Contractor shall be entitled to terminate the contract, and the Buyer shall pay the Contractor the costs for storage or alternative location of the goods (if paid by the Contractor) and a contractual penalty, amounting to 20% of the price of the stored goods. By agreement or payment of the contractual penalty, the Contractor's right to compensation for damages shall not be affected.
- 5.4. If goods are delivered on pallets, disposable pallets or euro pallets shall be used, unless otherwise agreed. Unless otherwise agreed, the cost of pallets shall be included in the price of delivered goods, and the pallets shall not be returnable.

## **6. Delivery terms**

- 6.1. Goods may be collected from the warehouse within 7 – 10 working days, or within 14 working days of written or phone order confirmation if delivered goods are cardboard tubes determined for further processing. If the Buyer, however, confirmed the other delivery condition of EXW, he must always ask in advance whether the required goods are in stock.

## **7. Joint provisions**

- 7.1. The Contractor shall not be responsible for a breach of any of its obligations under the contractual relationship arisen in consequence of unforeseeable obstacles, among others in manufacture, during transport, in the case of supply problems at the company of the Contractor or its suppliers, or due to force majeure. For the purposes of contractual relations between the Contractor and the Buyer, force majeure is primarily deemed to be the breakdown of the Contractor's machines, shortage of driving force or energy, strike, shutdown, fire, flood and any circumstance beyond the control of the Contractor due to which the Contractor cannot fulfil its obligations. If the Contractor cannot fulfil its

obligations due to force majeure temporarily, its obligations under the contract shall be suspended till the effects of force majeure terminate. If the Contractor cannot fulfil its obligations due to force majeure in full for unlimited period of time, or for more than one month, the Contractor shall be entitled to terminate this Contract. Should the facts as provided in Art. 7.1 of the General Trading Terms and Conditions above occur, the Buyer shall not be entitled to compensation for damages. The Contractor undertakes to notify the Buyer of force majeure and its consequences without undue delay.

- 7.2. The Contractor shall not compensate the Buyer for damages if delivery terms are exceeded.

## **8. Defects of goods**

- 8.1. The Buyer shall check delivered goods carefully as soon as possible, and any complaints referring to delivered goods must be filed with the Contractor by e-mail or by registered mail within 3 days of the takeover of goods according to the delivery note. If a complaint is sent by e-mail, consequently a written notice must be sent by registered mail within seven days of the goods takeover according to the delivery note. A complaint should be attached with photo documentation of the established defects of goods. After expiry of the said period, the goods shall be considered to be free of defects, with the exception of possible hidden defects. Damages caused by transport must be notified immediately in a suitable manner and documented in a record, made in the presence of the carrier upon the takeover of goods from the carrier.
- 8.2. Complaints about hidden defects of goods must be filed with the Contractor by the e-mails and then also by the registered mail immediately after their establishment.
- 8.3. All guarantees and rights to compensation for damage shall be excluded if goods were stolen or used, as well as if goods were changed without the knowledge and approval of the Contractor. The Contractor's liability for defects shall be excluded if storage conditions as recommended by the Contractor were not kept.
- 8.4. The justification of a complaint filed in due time shall be established by the Contractor's Inspection Department. The Buyer must submit the goods under complaint to the Seller. If the Contractor does not accept a complaint and in spite of that the Buyer insists on the complaint, the Contractor shall submit the goods under complaint to an authorized test laboratory for assessment. The result of the assessment by the authorized test laboratory shall be final, and the costs incurred in connection with the examination shall be paid by the losing party against which the assessment result was issued.
- 8.5. If a complaint is admitted as justified, the Contractor, after agreement with the Buyer, must either provide replacement or credit the corresponding amount for the benefit of the Buyer.
- 8.6. Any returned goods shall only be accepted after previous written agreement and in the original packing. Should any doubt about the price arise, the price agreed for delivery of the goods to the Buyer shall apply.

## **9. Reservation of title**

- 9.1. The title to all goods delivered by the Contractor shall be retained by the Contractor till the full payment of the purchase price, including all fees, has been made. If the Contractor has several overdue claims against the Buyer, the title to goods shall pass to the Buyer only after the payment of all the claims, including their ancillary rights.
- 9.2. The Buyer must use any delivered goods that are still owned by the Contractor carefully and must store them accordingly. The Buyer undertakes to follow all of the Contractor's instructions as given to the Buyer by the Contractor in order to protect the goods or its title.
- 9.3. Any pledge or other encumbrance of products owned by the Contractor is not acceptable. The Contractor must be notified of any act of a third person against the Contractor's goods by reason of intervention.
- 9.4. By agreement of the reservation of the title, the time that the liability for damage to goods passes to the Buyer under law or under these General Trading Terms and Conditions shall not be affected.
- 9.5. The Contractor shall be entitled to request immediate return of any goods delivered if the Buyer did not pay the price of goods duly and on time, or if the Buyer actually suspended its payments.

- 9.6. Unless otherwise agreed between the parties, if the Contractor takes any goods back, it does not mean that the Contractor terminates the contract. If sold goods, still owned by the Contractor, are taken back, the Contractor shall retain the right to claim for damages on account of failure to fulfil a contractual obligation.
- 9.7. Till the reservation of the title expires, the Buyer shall be considered as the steward of the goods sold with the reservation of the title.
- 9.8. The costs incurred on account of the enforcement of the Contractor's title shall be regarded as the Buyer's costs.

**10. Concluding provisions**

- 10.1. These trading terms and conditions were executed in Czech, Slovak, English and German. Should any differences arise among individual versions, the Czech language version shall prevail.
- 10.2. The relations between the parties shall be governed by the Czech legal order. Any legal relations not regulated in the contract or these terms and conditions expressly shall be governed by Act 513/1991 Coll., Commercial Code. In cases of contracts with an international element, the United Nations Convention on Contracts for the International Purchase of Goods (Vienna, 1980) shall be applied, which is part of the Czech legal order; the Convention according to the clause in front of the semicolon shall be applied even if the Buyer does not have a registered office in the country which is a party to the Convention.
- 10.3. If any of the provisions of these trading terms and conditions is or becomes ineffective, other provisions of these terms and conditions shall remain in effect. The parties undertake to supersede the ineffective provision of these terms and conditions by another effective provision which shall correspond best to the content and sense of the original ineffective provision. Any invalidity of individual provisions of the General Trading Terms and Conditions shall not affect the validity of other provisions.
- 10.4. If the content of a concluded individual contract is inconsistent with the provisions of these General Trading Terms and Conditions, the individual contract shall prevail.
- 10.5. All disputes in relation to the contract concluded between the parties or these General Trading Terms and Conditions shall be settled definitely in proceedings before the Arbitration Court at the Economic Chamber of the Czech Republic and Agrarian Chamber of the Czech Republic according to its Rules and Regulations by a tribunal consisting of three arbitrators. By the provision of the previous sentence, the right of the parties to sue for recovery of their claims by a petition filed at the Municipal Court in Brno or Regional Court in Brno, depending on the subject-matter jurisdiction of the court with respect to a specific dispute, is not to be excluded.
- 10.6. The Buyer expresses unreserved consent to these General Trading Terms and Conditions and confirms the fact by its signature.

In Vyškov on.....

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COREX CZECH s.r.o.

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Company:  
Co. Reg. No.:  
Based in: