

GENERAL BUSINESS CONDITIONS OF SUPPLY (GBCS)

-concluded between PBS a.s. as the seller/contractor ("PBS"), and the buyer/client ("Customer").

1. General Provisions

- 1.1 Any offer PBS submits to Customer ("Offer") and any contract (including orders) ["Contract"] concluded with the latter on the basis of such Offer shall be governed by these General Business Conditions of Supply ("GBCS"), unless agreed otherwise in writing between the Contracting Parties, pursuant to Section 1751 of the Civil Code, as amended ("CC").
- 1.2 The conditions of supply stated in the Offer/Contract shall be interpreted in compliance with INCOTERMS 2010.
- 1.3 The language governing the Offer or the Contract shall be Czech.
- 1.4 PBS shall not be obliged to fulfil an Offer or a Contract if the fulfilment is prevented by obstacles ensuing from national or international commercial laws or from embargos or other sanctions.

2. Specification

- 2.1 Goods or services shall be supplied in compliance with these GBCS and the specification(s) stated in the Contract. Customer shall be responsible for the supplies being fit for the purpose of their intended use.
- 2.2 The Contract shall constitute an entire agreement between the Contracting Parties and shall supersede all previous written or verbal arrangements, proposals or agreements relating to it.

3. Price Arrangements

- 3.1 Except when the Contract or these GBCS directly stipulate otherwise, the contractual price shall not include customs duty or tax on payments to PBS for PBS's or its subcontractors' Offer- or Contract-related goods, equipment or activities, which shall be due for reimbursement outside PBS's country of origin and which shall be duly reimbursed by Customer. Additionally, Customer shall be obliged to pay such customs duty or tax or any interest or penalty ensuing from late payment(s) directly to the competent authorities or, if PBS is made to make the payment, to reimburse PBS without undue delay for the sum that was the subject of the payment.
- 3.2
 - a) If delivery takes place to a country which is not an EU Member State, the export tax, VAT, or similar sales taxes or customs duties, which may be assessed in relation to the delivery, shall be added to the contractual price and Customer shall reimburse PBS for such expenses. If permissible pursuant to the laws in PBS's country applicable on the delivery date, no VAT shall be charged if it is sufficiently proven within 30 days from the delivery date that goods / services were exported from PBS's country.
 - b) If delivery takes place to a country which is an EU Member State and where the Customer is registered for VAT, then, if the laws applicable in PBS's country stipulate so on the delivery date, no VAT shall be charged in PBS's country in relation to the delivery if it is sufficiently proven within 30 days from the implementation of the delivery that goods / services were exported and if Customer provides PBS, alongside the order, with the VAT registration number in the country of import. If these conditions are not fulfilled, the goods or services shall be subject to VAT in PBS's country; the applicable VAT shall then be determined and billed to the Customer pursuant to the laws applicable on the billing date in PBS's country.
- 3.3 In the event of domestic deliveries of goods or services, the applicable VAT shall be added to the contractual price and shall be paid by Customer to PBS.
- 3.4 The contractual price and the time schedule shall be adjusted based on an increase or decrease in the cost and the time necessary for PBS's performance as a result of changes to laws, regulations, decrees, technical standards, or other regulations after signing the Contract.

4. Customer's General Obligations

- 4.1 In timely manner and at its own cost, Customer shall arrange all permits, certifications, instructions, material, construction works, or access to a construction site or shall provide similar assistance that may be required in relation to PBS's performance and that does not need to be expressly stated in Customer's obligations.
- 4.2 Within the set time, Customer shall obtain all authorizations, approvals and consents required by the relevant administrative authorities and the responsibility for obtaining of which is not expressly vested in PBS.
- 4.3 At its own cost, Customer shall arrange all necessary import customs clearances and shall provide PBS free of charge with assistance necessary to obtain all work permits, visas, or similar documents that PBS may request.
- 4.4 The Customer shall reimburse all PBS's invoices within 14 days of issue. If Customer is in default with making any payment due for reimbursement pursuant to the Contract or these GBCS, PBS shall be entitled to charge Customer statutory interest on the amount due.
- 4.5 If Customer is in default with making any payment pursuant to the Offer or the Contract and fails to make the payment within 07 days of receiving PBS's written reminder, PBS shall be entitled to suspend performance pursuant to the Offer or the Contract until the due/overdue amount(s) is/are paid. Any additional cost incurred on PBS as a consequence of the interruption and the resumption of performance shall be added to the contractual price agreed in the Contract. PBS shall be entitled to withdraw from the Contract if Customer fails to eliminate the default with payment despite an additional time-limit of 30 days of delivery of PBS's written reminder in this regard.
- 4.6 PBS shall be entitled to extend the time-limit for delivering performance pursuant default on Customer's part resulting in deferred performance.
- 4.7 Customer shall not be entitled to assign its rights and obligations ensuing from the Offer/Contract without PBS's prior written consent and shall not be entitled to unilaterally set off its claims towards PBS. Customer shall not be entitled to pledge any of its claims towards PBS to the benefit of a third party without PBS prior written consent.

5. Passage of Titles and Risks

- 5.1 When exporting from PBS'S country of origin, the title to goods shall pass to Customer only at the moment when PBS receives payment of the total price of goods concerned. All risk of damage to, or loss of, the goods shall pass to Customer based on FCA term pursuant to INCOTERMS 2010 (Velká Bíteš, Czech Republic), unless the Contract stipulates otherwise.

- 5.2 In the event of domestic deliveries in PBS's country of origin, the title to goods shall pass to Customer only at the moment when PBS receives payment of the total price of goods agreed in the Contract. However, all risk of damage to, or loss of, the goods shall pass to Customer already upon delivery of the goods.
- 5.3 If, for whatever reason, the title passes to Customer earlier than as stated above, Customer shall then establish a security interest for the goods to PBS's benefit for the purpose of securing the payments and other obligations ensuing for Customer from the Contract. Customer shall authorize PBS to undertake, at Customer's cost, all acts necessary to enter the security interest in the Register of Pledges and other registers as required pursuant to the applicable laws.
- 5.4 Until the title to goods passes to Customer, the following shall apply: Customer shall not be entitled to use the goods, as the subject of security interest, to the benefit of third parties or to resell the goods.
- 5.5 If, pursuant to the laws or based on third parties' other claims or actions known to Customer, PBS's title to, or security interest for, the goods could expire, Customer shall be obliged to notify PBS of these facts without delay.

6. Storage

- 6.1 If Customer does not take over the goods within 14 days of PBS's notice of the goods being ready for delivery, PBS shall be entitled to store the goods on behalf and at the cost of Customer. The stored goods shall be considered as handed over/delivered to Customer at the moment of their storage and PBS shall be entitled to be paid the price of performance pursuant to the Offer/Contract and, at the same time, to be reimbursed for the cost of storing the goods after Customer is submitted the storage receipt rather than the bill of lading or another document required pursuant to the Contract. The risk of damage to, or loss of, the goods shall pass to Customer already as of the moment the said goods are in storage; however, the title to the said goods shall pass to Customer based on the procedure in Article 5 of these GBCS 'Passage of Title and Risks'. The term "goods" used in this paragraph shall mean Customer's property and the performance pursuant to the Offer/Contract on which PBS has worked or which it has facilitated.

7. Changes

- 7.1 Customer may ask PBS in writing to carry out changes or extra work. PBS shall carry out these changes or extra work only if they have been approved by both Contracting Parties in writing, appraised, and incorporated in the Contract in the form of an amendment thereto.
- 7.2 If such changes result in an increase or decrease in the cost or, possibly, extension of the lead time, the Contracting Parties shall appropriately adjust the price or the time schedule of works stated in the Contract. The changes shall be appraised with regard to the contractual price or the rates stated in the Contract. Where the appraisal is not possible or the Contracting Parties fail to agree, the changes shall be automatically appraised as costs plus 25 % mark-up for purchases and costs and the relevant price of work.

8. Quality and Tests

- 8.1 Implementation of the Contract shall be subject to the standard quality management procedures applicable in PBS, and standard tests applicable in PBS shall be carried out.
- 8.2 Seven days prior to the tests, in which Customer shall be entitled to participate pursuant to the Contract, PBS shall send Customer a notice of these tests. If Customer does not participate in the tests, PBS shall be entitled to carry them out without Customer's presence and Customer shall be considered to agree with the test results.
- 8.3 If the Contract stipulates PBS's obligation to install the goods/equipment after delivery, the risk of damage to the goods/equipment shall pass to Customer after the tests have been carried out. If the planned tests are delayed by more than 03 months due to reasons for which PBS is not responsible, the comprehensive testing shall be considered as successfully carried out on the date on which it should or could have been carried out. If Customer or any third party starts using the goods/equipment before the comprehensive testing is completed, the testing shall be considered as completed on the date on which the Customer or the third party started to use the goods/equipment.

9. Contractual Penalties

- 9.1 If, due to reasons for which PBS is responsible, PBS fails to deliver goods or services or fulfil another obligation ensuing from the Contract on the set date (or fails to carry out the foregoing in compliance with the Contract) and, as a consequence of such default, Customer cannot commission the goods on the date as planned, PBS shall pay Customer a contractual penalty of 0.1 % of the price of the goods or the services with which PBS is in default for each whole week of default, but at the most 15 % of the price of these goods or services.
- 9.2 If the goods do not meet the parameters guaranteed in the Offer/Contract, PBS shall be provided with an adequate additional time-limit to eliminate the deficiencies in the goods/services, which make the goods/services non-compliant with the parameters. Within this time-limit, PBS shall be entitled to carry out at its cost all works it deems necessary, including change or replacement of any goods or their part. If, upon the expiration of the additional time-limit for carrying out corrections pursuant to the previous provisions, the guarantee testing proves that goods do not meet the guaranteed parameters, Customer shall be entitled to be paid the contractual penalty stipulated in the Contract. The payment of contractual penalty for failure to meet the guaranteed parameters shall release PBS from the contractual obligation to which the contractual penalty applies. The total contractual penalty for the failure to meet the guaranteed parameters which PBS shall be obliged to pay Customer shall be restricted to 15 % of the total contractual price. However, Customer may claim contractual penalty only upon expiration of the additional time-limit for eliminating deficiencies in the goods/services.
- 9.3 The total of contractual penalties for default and for failure to meet the guaranteed parameters shall not exceed 20 % of the contractual price. Alongside the stated contractual penalties, Customer shall not be entitled to demand compensation for damages from PBS or assert other rights by virtue of default or failure to meet the guaranteed parameters.

10. Warranty & Warranty Period

- 10.1 The warranty provided by PBS shall apply to all defects in goods and services appearing after implementation of the tests stated in Article 8 of these GBCS, if such tests are carried out pursuant to the Contract.

- 10.2 PBS undertakes that, if used properly, the supplied goods and services shall have no defects in material or processing and shall correspond to the specification stated in the Contract. "Proper use" shall mean installation, commissioning, operation, and maintenance in compliance with PBS's instructions and good technical practice.
- 10.3 PBS shall be obliged to eliminate defects discovered in the warranty period by repairing, replacing or changing the goods, always in compliance with PBS's decision. The Contracting Parties agree that the warranty period shall correspond to 12 months from commissioning of the goods or 18 months from supply of the goods, whichever comes first. Customer shall always be obliged to notify PBS of a defect without undue delay. If Customer fails to notify PBS of a defect without undue delay, PBS may refuse Customer's claim for defective performance. If any parts of the goods are repaired, the warranty period shall expire at the latest 24 months after the first delivery of the original component. The components replaced during the warranty period shall become PBS's property. The due claiming of defects in the warranty period shall be conditional upon Customer's timely notification of the defects to PBS; Customer shall provide PBS with the opportunity to examine and eliminate the defects and with a reasonable time-limit for such efforts.
- 10.4 The warranty shall not apply to defects caused by normal wear and tear, to drawings, documents, and components not forming the subject or scope of PBS's supply/performance (whether PBS has objected to them or not), and to defects caused as a result of accidents, negligence, or improper use or repair of, or adjustments to, the goods without PBS's consent.
- 10.5 Unless agreed otherwise in writing, PBS shall not be responsible for the cost of disassembly, transportation, re-assembly, and re-installation of the goods covered by this warranty. This cost shall be borne by Customer or shall be refunded to PBS upon submission of an invoice.
- 10.6 PBS shall not be liable for damages or defects occurring upon the expiration of the warranty period.

11. Ownership & Confidential Information

- 11.1 All documentation, drawings, and other technical information relating to the goods or the services, including the software provided by PBS pursuant to the Contract and the intellectual property rights arisen for, or acquired by, PBS prior to or during the preparation of the Offer or during the implementation of works pursuant to the Contract, shall be and shall remain to be the property of PBS or of their original providers.
- 11.2 Customer or its employees or subcontractors or any third parties shall treat this technical information and all other information the nature of which corresponds to that of a trade secret as confidential and shall not copy, alter, or disclose it or use it for purposes other than the operation and the maintenance of the goods. If Customer does not accept PBS's Offer, PBS shall return all technical information received from Customer, including all copies thereof.
- 11.3 As of the effective date of the Contract, PBS shall grant to Customer a non-exclusive and non-transferrable right to use the technical information, including software, provided by PBS for the lifetime of the goods and only for the purpose of their operation and maintenance rather than for any other purpose.

12. Limitation of Liability & Compensation for Damages

- 12.1 The party claiming breach of the Contract or demanding compensation for damages in compliance with the Contract shall be obliged to take all measures to mitigate the inflicted damage provided that such measures are not associated with unreasonable obstacles or costs.
- 12.2 PBS's total liability for damages or other harm ensuing from breach of the Contract, breach of the laws, or violation of good morals shall be restricted to 100 % of the total contractual price in each individual case and in total. The Contracting Parties agree that if, as a consequence of breach of obligations (contractual or statutory) or violation of good morals, either Contracting Party suffers harm, the other Contracting Party shall provide compensation only for actual damages rather than for lost profit. Actual damages for the purposes of the Contract shall not include indirect damages ensuing from Customer's contracts with third parties. The limitation arranged above shall not apply to compensation for damages caused intentionally or out of gross negligence, to compensation for damages caused to a person's natural rights, or to cases when liability for damages cannot be limited pursuant to applicable laws.
- 12.3 If Customer is not the beneficial owner or the sole owner of the goods or the services or if Customer procures the goods or the services to the benefit of a joint venture, it shall be obliged to secure contractually that the beneficial owner or the participants in the joint venture limit PBS's liability to the same extent as limited in the Contract, or, possibly, these GBCS, between PBS and Customer. If Customer fails to secure such limitation of liability to PBS's benefit, it shall be obliged to provide PBS with compensation for damages to the extent to which PBS would not have been liable for damages inflicted on the beneficial owner had Customer secured the limitation of its liability.

13. Force Majeure

- 13.1 If the fulfilment of any obligation pursuant to the Contract (except for Customer's obligation to make payment) is prevented, limited, or delayed as a result of Force Majeure, in particular, as a result of an act or omission of the Government, war, inimical acts, a strike, failure to deliver or delayed delivery of supplies of material or equipment, fire, an explosion, a breakdown or accident of an important machine, a delay on the part of a subcontractor (not caused by PBS), or for any other cause (whether in the form of the events stated above or not) occurring independent of the obligor's will and preventing the obligor from fulfilling the Contract obligations, the affected Contracting Party shall not be considered as being in default with fulfilling the respective obligation. In this respect, the deadlines pursuant to the Contract shall be appropriately extended. If the performance pursuant to the Contract also includes installation of the goods, PBS shall be entitled to demand compensation for the cost spent in direct relation to the Force Majeure events lying on the Customer's part. The Contracting Party demanding an extension of the deadline by reason of Force Majeure shall notify the other Contracting Party in writing without undue delay of the respective reason for interrupting its work.
- 13.2 If the performance pursuant to the Contract has been delayed due to the reasons stated in the Article above for more than four months and the Contracting Parties have not agreed to modify the contractual conditions within this time-limit, either Contracting Party shall be entitled to terminate the Contract upon expiration of this time-limit provided that the Force Majeure circumstances persist. In such case, the notice period shall correspond to 30 days and shall commence on the date of delivering the notice of termination to the other Contracting Party.

14. Suspension

- 14.1 If Customer fails to make any payment on the due date or fails to fulfil any Contract obligations in time or, possibly, if PBS reasonably believes that there is a risk of exposure to poisonous substances, including asbestos, in the construction site, then:
- 14.1.1 PBS shall be entitled to suspend the implementation of the Contract until the respective deficiency is eliminated;
 - 14.1.2 the time-limit for implementing the Contract shall be extended by the period for which Customer was in default;
 - 14.1.3 any cost (including storage cost, retention money, or other fees) associated with PBS's suspension shall be borne by Customer
- 14.2 If implementation of the Contract is suspended for whatever reasons and the suspension has taken for more than 04 months, PBS shall be entitled to withdraw from the Contract.

15. Withdrawal from Contract

- 15.1 If the entitlement to withdraw from the Contract arises due to substantial breach of the Contract conditions, as these are specified below in this paragraph and in Article 16 of these GBCS, the Contracting Party wishing to withdraw shall first submit a written description of the reasons for withdrawal to the other Contracting Party, setting an adequate time-limit for rectification (except for withdrawal pursuant to Article 16 of these GBCS).
- 15.2 If the described deficiencies are not eliminated within the set time-limit, the withdrawing Contracting Party shall notify the other Contracting Party of withdrawal from the Contract in writing. The withdrawal shall come into effect on the date of delivering the written notice of withdrawal to the other Contracting Party.
- 15.3 PBS shall be entitled to withdraw from the Contract if Customer fails to make the agreed payment(s) or fails to provide assistance in the implementation of PBS's delivery/performance to the provision of which it has been called on. In such case, Customer shall pay PBS, within fourteen days of delivery of the notice of withdrawal from the Contract to Customer, the unpaid part of the contractual price of the already supplied goods/performance or already provided services and of the price of the goods already prepared for supply at the moment of withdrawal and shall reimburse PBS for other costs incurred in relation to the implementation of the Contract on the withdrawal date plus the relevant margin which is to be agreed between the Contracting Parties and which shall not be less than 20 % of the total contractual price.
- 15.4 Customer shall be entitled to withdraw from the Contract if PBS fails to eliminate substantial defects in the delivery/performance, preventing Customer from using the goods/performance, despite the additional time-limit provided by Customer for PBS to fulfil this obligation and, as a result, Customer is essentially deprived of the utility value of the defective or undelivered part of equipment. Customer shall be entitled to withdraw from the Contract as a whole or only in respect of the part of performance that is defective or delayed, in which case Customer shall return the defective part of performance to PBS and PBS shall return to Customer the price paid for the respective part of performance and shall reimburse Customer for damages, which shall not exceed 20 % of the price of the relevant part of performance (this sum shall include all already paid contractual penalties). Customer shall not be entitled to assert any other claims ensuing from withdrawal from the Contract.

16. Bankruptcy

- 16.1 If a bankruptcy petition is filed towards Customer or Customer has been declared bankrupt or has filed a petition for composition pursuant to the applicable laws pertaining to bankruptcy, PBS shall be entitled to withdraw from the Contract at any time on the basis of a written notice of withdrawal; such withdrawal shall be subject to Article 15 hereof. PBS shall also be entitled to withdraw from the Contract if it is possible to reasonably assume, with regard to all circumstances, that the debtor will not be able to fulfil a substantial part of its financial obligations.

17. Governing Law & Dispute Resolution

- 17.1 The Contract shall be governed by the Czech laws.
- 17.2 The competence to resolve disputes ensuing from the Contract or these GBCS between PBS and Customer and failing to be resolved amicably shall be vested in the court having subject-matter or local jurisdiction.

18. Occupational Health & Safety Protection

- 18.1 Scope of Application: The provisions stated below shall apply to all PBS's organizational units carrying out works at premises outside PBS's registered address on the basis of a contract with Customer.
- 18.2 Customer shall be obliged to introduce and observe appropriate occupational health & safety protection measures at the construction site where PBS's employees or subcontractors carry out works.
- 18.3 PBS's occupational health & safety protection worker shall be entitled to visit and check the construction site at the earliest 06 weeks prior to the commencement of work(s) and during the implementation of work(s); the purpose of these checks shall be to ensure safe working environment.
- 18.4 Prior to entering the construction site, all PBS's employees and possible subcontractors shall be properly trained by Customer on occupational health & safety protection. PBS's employees and possible subcontractors may then be called on to prove their knowledge acquired during the training.
- 18.5 Customer shall make sure that there is no asbestos or any other hazardous substances, as they are defined in the EU regulations, at the construction site or on the equipment of, or in the objects at, the construction site. If there are such substances at the construction site, Customer shall decontaminate the construction site at its own cost before work is commenced.
- 18.6 If PBS believes that Customer's occupational health & safety protection measures have been breached, it shall be entitled to interrupt work immediately and notify Customer of this fact in writing. Customer shall reimburse PBS for any cost incurred as a consequence of breach of the documents stated above and the lead time shall be extended by the period of such interruption and by the period necessary to re-mobilize PBS's employees.