

# **General Conditions of Sale, NVision Czech Republic a.s.**

## **1. General Provisions**

Legal relations between the **Customer** on one side and **NVision Czech Republic a.s.**, the company established in accordance with the laws of the Czech Republic, registered address Klášterní 1009, 259 01 Votice, Czech Republic, ID: 475 50 937, registered in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 10436, hereinafter referred to as **Supplier** on the other side, are regulated by these General Conditions of Sale (hereinafter referred to as Conditions) and possible further written agreements.

These Conditions are applied to all Offers, confirmation of Orders, Framework contracts, Supply schedules and Supplies related to the Supplier's goods. By signing the Purchase or Framework contract, sending an Order or Offtake of Goods the Customer automatically gives the Supplier the agreement with these Conditions and implicitly accepts them.

Any trading conditions of the Customer that differ from these Conditions are applicable only in case the Supplier explicitly agrees with them in writing. Additional or different agreements against these Conditions should be arranged in writing in the Purchase or Framework contract. This is applied to cancellation of the written form request as well.

These Conditions are valid also in case the Supplier carries out the Supply without exceptions with different trading conditions of the Customer taken into account or if these Conditions are not interconnected for future deals in a single case.

These Conditions are valid only for entrepreneurs in the meaning of appropriate regulations of Law No. 89/2012 Coll., and the Civil Code as amended (hereinafter referred to as „NCC“).

These Conditions are effective in their whole scope unless the parties agree otherwise in writing. The Conditions have priority to the professional standards, rules, principles, etc. No commercial usage between the parties is applied in case they are contrary to these Conditions.

## **2. Definitions**

**Goods** are the subject of Supply, i.e. any products, resold goods, performance, services, accomplishments, etc.

**Supply** is supplying Goods.

**Order** is the Customer's proposal to conclude a Purchase contract. The Customer's Order should be in either a written or electronic form, for example e-mail, by EDI, Web EDI, etc. The Customer's Orders are always binding unless the Supplier explicitly agrees upon otherwise.

**Offer, Proposal** is the Supplier's offer to conclude a Purchase contract. Offers and Proposals are not binding until they are not explicitly identified as a Binding Offer.

**Purchase Contract** is either concluded in a written form or comes into being by the Supplier's unconditional acceptance of the Offer or by the immediate fulfillment of the Supplier based on the Order.

**Framework contract** is concluded between the Supplier and the Customer in case when the relationships are stated in advance for more than one Order. The purpose of the Framework Contract is to regulate in advance future provisions included into specific clauses (for example Order, Supply Schedule, etc.). The Framework contract itself neither binds the Customer to order goods nor entitles the Supplier to demand any payments.

## **3. Concluding the Contract**

Any contract between the Supplier and the Customer must be concluded in writing. The Contract is concluded if the Supplier confirms the Order in writing or if the supply is performed and the ordered Goods are sent for the price specified by the Supplier. Any actions of the Customer that contain amendments or variance from the original Proposal or the Supplier's Offer which anyway do not change the conditions of the Proposal or offer are excluded and in such case the Contract will not be concluded.

## **4. The Price and Payment Conditions**

The price is specified based on the agreement. The decisive prices are specified in the Supplier's confirmation of the Offer. The price is net of the expenses for packing, transportation, VAT, customs duties, insurance, specific tests required by the Customer, etc., unless stated otherwise in

writing. The prices are valid for the Goods in a standard form and of standard quality.

The Supplier is entitled to change the price of the Goods based on a) provable increase of the price of the spare parts, materials or raw materials the supplied goods are made of; b) provable increase of prices of electricity, gas, petrol or other commodities used for production and distribution of the Goods; c) change of the CZK rates in relation to the currency in which the product is invoiced as a result of the changes of rates between these currencies. The rate of the Czech National Bank for the 1st day of the month in which the Supplier informed about the change is taken as the basis. If the price increase based on the increase of expenses the Supplier could not predict and affect exceeds 10% of the agreed upon price, the Customer is entitled to cancel the Contract (by giving notice or by withdrawal from the Contract).

Unless the Customer disagrees with the price of the Goods within up to 5 business days after the invoice delivery, the price is considered mutually agreed upon.

The invoice due period is specified as 30 days from the date the invoice was issued on. In case the Customer delayed to pay the invoice, the Supplier is entitled to receive the interest on late payment equal to 0.1 % for each day of the delay. The Supplier is also entitled to receive compensation for damage from the same reason.

In case the payment is delayed for more than 15 days, the Supplier may stop fulfilling further Supplies until the Customer pays the previous unpaid liabilities; in such case the Customer is not entitled for any sanctions. At the same time the Customer is not entitled for compensation of damages resulted from the fact that the Goods were not supplied including the third parties' claims. The Supplier reserves the right to change the payment conditions in case he receives information that the Customer's financial solvency became worse.

## **5. Supply of Goods, Supply**

The scope of Supplies is specified based on the Framework contract or Supplies schedule agreed upon in writing between the Supplier and the Customer. The toleration of scope of Supplies is plus minus 20 % for the production technical reasons. In case the tolerance is observed, the agreed price for the actually delivered Goods remains unaffected.

The Supplier determines the delivery time of the ordered Goods and informs the Customer about it in writing when confirming the Order with the reservation of timely, final and complete clarification of all details of the order, advance payment, supply of the required materials, cooperation of the Customer and other possible impacts. Delivery times and dates are not binding unless they are explicitly specified binding. The delivery time is fulfilled if the Supplier asks the Customer to take off the Goods. In case of delay of the input material supply on behalf of the Supplier (also after the Order is confirmed), the Supplier is entitled to extend the delivery time. The Supplier is obliged to prove this fact at the Customer's request. In case of unreserved acceptance of delayed Supplies or fulfillments it is considered that the Customer gave up his contractual and legal rights unless he objects to the delay within 5 days from the supply delivery.

The Customer is obliged to take over the Goods at the agreed upon date either personally or through his representative and confirm the delivery note. In case the Customer does not take over the Goods at the agreed upon date and/or asks for the later delivery date, the Supplier is entitled (also without the previous notification of the Customer and with no rights being affected) to give the Goods to the carrying agent and/or to send Goods at the Customer's expenses and the Customer is obliged to pay all related expenses (for example storage charges in the amount equal to 500 CZK/day/palette, insurance, manipulation, etc.). At the same time the Supplier is entitled to be paid the price since the Goods were delivered properly and on time. The invoice due date starts on the day which was agreed upon as a delivery date.

The Supplier is entitled to make such Supplies before the confirmed delivery date and to make partial Supplies. The Customer is obliged to take such Supplies over. The Supplier is entitled to be paid the price for the partial or early Supplies. The due period of the invoice starts on the day the Goods are prepared for take over.

In case the Customer refuses to take over the ordered Goods with no reason, the Supplier is entitled to withdraw from the Contract and demand

the contractual penalty equal to 50% of the rejected Goods price and compensation for damage from the same reason as well as to require to pay the price of the supplied Goods and expenses related to their manufacturing or the expenses related to the Customer's non-receipt of Goods.

The Supply condition is EX WORKS (INCOTERMS 2010). In case the Contracting parties agreed upon a different delivery condition, the Supplier is not liable for damage caused to the Customer by the transportation or by the late supply including the claims of the third parties.

Unless it is agreed upon otherwise, the place of fulfillment is the Supplier's production plant Klášterní 1009, 259 01 Votice.

## **6. Risk of Damage, Transition/Sending**

The risk of accidental destruction and damage of the Goods goes over to the Customer with the goods handover to the Customer or a person authorized by him or at the moment the Goods are sent, i.e. given to the carrier at the ramp of the Supplier's production plant. This is also effective in case of partial supplies. If at sending the Goods they are delayed as the result of the circumstances the Customer is responsible for, the risk goes over to the Customer on the day the Goods are prepared to be sent.

The Supplier shall insure the Goods at the Customer's request at his expenses against the risks specified by the Customer.

## **7. Consignment Stocks**

Consignment stocks are established by the Customer at his own expenses. The amount of goods stored in a Consignment stock is determined by the Supplier. The Customer is obliged to send the Supplier a daily report about Consignment stock turnover (revenue, expenses etc.). The Customer keeps the records of the state of the Goods in the Consignment stock and must provide the records to be checked by the Supplier upon the request of the latter. The Supplier also keeps the Consignment stock records which is the preferred one (it is considered a basis in case of disputes concerning the state of the goods in the Consignment stock). The Customer is always liable for the differences between the Supplier's records and the actual state and must pay the Supplier the possible stocktaking differences. The Goods are the property of the Supplier until it leaves the Consignment stock and goes to the Customer; However, the Customer bears all risks starting with taking the Goods over at the Supplier's ramp or by taking over for consignment (in case the transportation is provided by the Supplier). The moment of taking the Goods from the Consignment stock is considered a moment of originating the Supplier's entitlement for issuing invoice.

The Goods in Consignment stock must be insured at the Customer's expenses.

## **8. Quality**

The Supplier is liable for the quality of Goods according to the Contract. The Supplier produces the Goods on the ground of approved technical documentation of the Customer who is responsible for all constructional and other defects of the product. The Supplier produces the Goods in compliance with IPC 610 standards. In case the warranty is provided, the warranty period starts on the day the delivery note is confirmed by the Customer and/or on the day the Goods are taken over for consignment.

The Supplier undertakes to provide the Customer at his request with the list of used components which he purchases (except those that are determined or supplied by the Customer and which the Customer is responsible for without exception) and to enable the Customer to get acquainted with the whole manufacturing process of the Supplier. If the Customer does not use this opportunity and/or does not raise objections within 10 working days, he is considered to agree without reservation with the manufacturing process and the used components as they were designed and used by the Supplier and do not have any objections to them due to the smooth functioning of the product. The Customer is acquainted with the manufacturing process either when he visits the manufacturing process or by provision of specified documentation (for example, PPAP) to the Customer. The Supplier will inform the Customer about possible changes associated with the function and required characteristics of the Goods and will enable the Customer to control the manufacturing process. In case the Customer does not use this opportunity within 10 working days from the moment he received the notification from the Supplier, the change is considered approved.

The Customer is obliged to test the received Goods and check their quality in order to reveal possible defects within 10 days after he took the Goods over. The Customer must inform the Supplier about the revealed defects in writing within this period. In case he did not, the Goods are considered free from defects.

The details about the Goods specified in any documents, specifications and descriptions, further technical delivery terms, certifications (for example, compliance certificate) and other documents are not considered warranty of characteristics and durability from the Supplier. If the Customer specifies and/or provides components or materials, he guarantees their perfect quality and usability. The Supplier is liable neither for possible damage caused by defective components or materials determined and/or provided by the Customer nor for the claims of the third parties related to that. In case the Supplier brings attention to the possible defects of the Goods, the Customer will take all measures specified by the Supplier. The Customer is obliged to bear the cost of the Goods withdrawal from the market (recall), if he is liable for the defect of the Goods and the damage caused. Other Supplier's claims are not affected.

The Supplier is not liable for usability and safety of Goods for the use by the Customer. The Customer takes into account that the supplied Goods are to be used only for the purposes specified by the manufacturer of the respective components. It usually means that the Goods should not be used in systems for keeping or supporting life or in military systems or for other purposes when the Goods failure may result in physical harm or extensive damage to the property.

## **9. Unpredictable and Insurmountable Obstacles, Exclusion of Responsibility**

If any temporary or permanent extraordinary and insurmountable obstacle which originated independently of his will prevents the Supplier from fulfilling his contractual obligations, especially those concerning supplying the Goods, the Supplier is exempted from his obligation fulfillment and is not obliged to pay the Customer compensation for damage including the claims of the third parties for the whole period this obstacle lasts and for the period of time required to restore Supplies.

The Supplier is entitled to withdraw from the contract in case an obstacle lasts for longer than four months and is not interested in fulfilling the contract.

## **10. Compensation of Damage**

In case the Supplier culpably breached his contractual obligations towards the Customer, he is obliged to compensate the damage only in case of intentional actions or gross negligence. The Supplier is not responsible for damages caused by supply of defective components or materials, for damages caused by constructional defects or the instruction for the Goods or the damages that could not be expected in a specific case in standard circumstances or the damages against which the Customer can be insured or is insured. The Supplier is not liable for any resulting damage, lost profit, damage to good reputation or any other indirect damage caused by the delay or defects of the Goods or the third parties' claims either. The right to receive compensation for damage towards the Supplier including the claims of the third parties must not exceed the price of the Goods paid by the Customer on the ground of the relevant Purchase or Framework contract.

## **11. Warranty Claims**

The Customer is entitled to claim only those characteristics of the Goods that are guaranteed by the Contract or by these Conditions. The Customer exercises the claim in writing, in his claim the Customer should describe the character of the defect, number of pieces, the Supplier's label and attach the claimed Goods and relevant documentation (delivery notes, order confirmations, invoices etc.). The claims are applied only to the provided Goods. The Customer is obliged to send the Goods for claims at his own expenses.

In case the Customer finds out the defect of the Goods, he must immediately stop processing the Goods or its further distribution.

The Customer shall examine the Goods immediately after he takes them over for the danger of defective Goods and shall inform the Supplier about the defects in writing within this period of time. If the Goods are sent by the Supplier, the examination of the Goods may be postponed until the Goods are delivered to the destination place. If the Customer fails to examine the

Goods in accordance to these Conditions, the Supplier is not liable for the external defects of the Goods. The implicit defects must be claimed to the Supplier immediately after they were revealed or may be revealed after thorough examination.

The Customer claims the number and obvious defects within 10 days after the Goods are supplied, the hidden defects within 10 days after the defects are found.

If the Customer finds out that the Goods do not fit the purpose they were purchased for, this is not considered a reason to claim the Goods.

The Supplier is liable only for the defects the Goods have at the moment when the danger of defect goes over to the Customer also in case the defect becomes evident after this period.

In case the Supplier delivers the Goods by parts which quality may be examined statistically in accordance with the rules at the input, at least such check should be held as the input examination. For the examination the testing conditions specified in relevant standard documents are valid. The Supply accepted at such examination is considered perfect. The Supplier is entitled to change the defective parts of the returned Supply for the perfect ones on the basis of the agreement with the Customer.

In case the Goods are defective, the Supplier is entitled of his own choice to eliminate the defect to the Supply of the missing Goods or to the Supply of perfect Goods.

The Supplier is entitled to determine the average period of time he needs to eliminate the claimed defects, to supply the missing Goods or to supply perfect goods. Before this period determined by the Supplier expires, the Customer cannot claim for damage compensation. The Customer may decrease the purchase price with the discount from the purchase price or ask for return of the paid purchase price up to the amount of the discount or to set off the discount towards the Customer's claim only in case the Supplier agrees with that. The Customer's right to withdraw from the contract is excluded unless he is able to return the received payment or the return is not possible due to the character of the received payment or the defect becomes evident only after the Goods are processed or rebuilt. The Customer is not entitled to withdraw from the contract in case the Supplier is not liable for the defect.

The rights of liability for defects are not applied in case of the defects caused by natural wear, inappropriate handling or inappropriate modifications or repair of the Goods performed by the Customer or by the third person.

In case the Goods supplied on the ground of the agreement between the Contracting parties as materials or Goods of low quality, the Supplier's liability for defects is excluded for the mentioned reasons of reduction of quality and such defects that are usually expected.

## **12. Samples**

The Supplier will provide the Customer a sample of the Goods the Customer is obliged to approve or give his objections and requests for changes within 10 working days since the sample was provided by the Supplier. In case he does not do so, the sample is considered approved. The sample must be provided the latest with the first supply of the Goods. In this case the Goods in the first Supply are considered the sample.

In case the Customer does not agree with the sample that was a part of the first Supply, he is obliged to return the whole Supply and at the same time inform the Supplier about his disagreement.

Until the sample is agreed upon by both parties the Customer is not entitled for other Supplies of the Goods or compensation of damage caused by the Supplies delay including the third parties' claims.

## **13. Testing, Tools**

The Customer is obliged to specify the Supplier all tests the Supplier must conduct in connection with the perfect functioning of the Goods not later than before the first Supply. All expenses related to testing and purchasing the equipment, materials, etc. required for testing are paid by the Customer. Unless the Customer specify the tests or rejects conduct testing, the Supplier is not liable for correct functioning of the Goods and defects that can be found out only during testing.

In case the Supplier uses specific instruments, tools and facilities which is not included into its standard equipment, all the expenses on these facilities

are paid by the Customer and become his property after the Purchase price is completely paid by the Customer.

## **14. Packing**

The packing method is determined by the Supplier. The Customer is obliged to approve this method of packing no later than 10 working days after he received the first Supply. In case the Customer does not do this and/or have no objections against the usability of the package, he is responsible for possible damage caused by inappropriate package.

The Customer must return to the Supplier returnable containers owned by the Supplier, the way of returning containers are determined by the Supplier. The Customer is not entitled to use returnable containers owned by the Supplier for any other purposes apart from transporting the Goods from the Supplier to the Customer's manufacturing line.

In case of quantity differences of returnable containers in the Customer's records against the Supplier's records, the Supplier's records are decisive ones.

## **15. Ownership Transition, Retention of Title**

The supplied Goods remain the Supplier's property until the Purchase price for the Goods and all possible amounts receivable of the Supplier from the trade relationship with the Customer are paid completely.

The Customer's position in the relationship towards the Goods the ownership should be reserved for continues for the processed or modified Goods as well. If the Goods are processed, connected or merged with other goods the Supplier does not own, the Supplier will get the ownership of the new Goods in proportion to the value of Goods and other processed things he supplied during processing. The same regulations are valid for the Goods that originated from processing or modification as for the Goods that are the subject of retention of title.

The Customer is obliged to handle the Goods the Supplier's retention of title is applied to with proper care especially he is obliged to insure the Goods against damage at his own expenses up to the amount equal to their purchase price. The Customer is obliged to pass on to the Supplier the claims for damage compensation from this insurance. The Customer must inform the Supplier about taking out insurance without undue delay. If the pass on is impossible, the Customer gives his insurance agent the definitive order to pay all compensations only to the Supplier. Other Supplier's claims are not affected.

Unless the Purchase price for the Goods is fully paid: (i) the Customer cannot sell or pledge the Goods; (ii) the Customer will ensure that the Goods are easy to identify and will inform the third parties about retention of title; (iii) the Customer will inform the Supplier about all cases the Goods are taken by the third parties and will provide the Supplier with all information required for his right protection. In case the Customer breaches these obligations, he is obliged to give the Supplier amounts receivable from the Goods resale together with all secondary rights regardless of the fact whether further sale of the Goods which are subject to retention of title is already processed or not. The Customer bears the costs which are required in order to eliminate the intervention and get the Goods back again.

In case the Supplier withdraws from the Contract for the reason of delay of price payment in accordance with these Conditions, the Customer is obliged to return the Supplier the Goods that are subject to retention of title.

## **16. Withdrawal from the Contract**

The Customer may withdraw from the Contract only with the written agreement of the Supplier, unless the Contract states otherwise. In such case the Customer bears all expenses related to manufacturing termination.

The Supplier may withdraw from the Contract without previous written notification of the Customer in the following cases: when the Customer did not pay the Purchase price of the Goods within 15 days after overdue, unrealizable requirements of the Customer, the risk of damage to the Supplier, Customer's non-fulfillment of obligations in accordance with these Conditions.

## **17. Confidentiality**

The obligation of confidentiality is regulated by the Mutual Confidentiality

and Non-disclosure Agreement.

Together with this Agreement the Customer undertakes not to make public his business relations with the Supplier without the written agreement of the latter, for example by using his logo in advertising materials, tender bids, etc.

#### **18. Transfer of Rights, Assignment of Claims**

Transfer of rights and obligations of the Customer to the third person is possible only with the written agreement of the Supplier. The Supplier is entitled to assign his claim towards the Customer to the third party.

#### **19. Subcontractor, Subdeliveries**

The Supplier is entitled to use Subcontractors without the Customer's agreement. The Customer is obliged to verify if the Goods or services received as a Subdelivery from the Subcontractor meet the specified requirements immediately after he learns who the Subcontractor is.

The Supplier is entitled to use this verification as the proof of the efficient check of the Subcontractor's quality. The Customer's verification absolves and exonerates the Supplier from liability for possible defects of the Goods.

#### **20. Termination of Manufacturing**

All provable expenses related to termination of manufacturing at the Customer's request or for the reasons on the Customer's side especially to storage of the Goods, transshipment of the Goods, work-in-process, material supply, forms etc. as well as the related matters solutions expenses are paid by the Customer. The Customer is obliged to purchase the material supply for the standard price at the place and time.

The Customer is obliged to immediately inform the Supplier about any circumstances that might impact the fulfillment of obligations of the concluded contract.

If the Supply is delayed for the reasons on the Customer's side (Customer's delay), the Supplier is entitled to get payment of the Purchase price so as if the Supply was performed on time, unless it was agreed otherwise in written with the Supplier.

#### **21. Setting off and Retention the Payment**

The Customer may set off only those amounts receivable towards the Supplier that are indisputable between the Supplier and the Customer or those that the appropriate court decided on them finally.

The Customer may retain payment only in case the objective amount receivable between the Customer and the Supplier is indisputable and concerns the same contractual relation or when the appropriate court decided on it finally.

#### **22. Rights of User/ Rights for Protection, Copyright, Intellectual Property**

In all cases when the Goods have to be manufactured according to the drawing, procedure or specification provided by the Customer or accepted at the Customer's order, the Customer is obliged to compensate the Supplier for any claims or damages caused by the breach of patent, trademark, draft, commercial secret or protected procedure when constructing or manufacturing these Goods. All ideas, inventions, concepts, discoveries, author crafts, patents, drawings, copyrights, trade-marks, commercial secrets, know-how and other intellectual property rights of the Supplier belong to the Supplier.

Any author craft manufactured by the Supplier or his employees according to the Order which was specifically ordered as the Customer's order will not be considered "customized work" and any copyright for such work belongs to the Supplier.

The Customer and its clients themselves or through the third person are not entitled to make copies, modify, rebuild or reconstruct any Goods manufactured by the Supplier without the written agreement of the latter.

#### **23. Separability**

In case any regulation of these Conditions becomes partially or completely invalid, ineffective or unenforceable according to any legislation, other regulations of the Conditions remain valid and effective. Moreover, the Contracting parties undertake to replace invalid, ineffective or unenforceable regulations with those that are the closest to economic and legal purpose of the invalid, ineffective or unenforceable regulation and are valid, effective or enforceable. The regulation is considered agreed upon when it is compliant with what was agreed upon according to the purpose of these Conditions as if the parties were aware of this fact from the beginning.

#### **24. Anti-corruption clause**

The Customer in connection with performance of this contractual relationship undertakes to comply with the requirements of the applicable anti-corruption legislation and refrain from any actions that may be in accordance with relevant legislation categorized as crimes of bribery or become a cause of such breach or prosecution of Supplier, not to demand, receive, offer, authorize, promise or make illegal payments directly, via third parties or as an intermediary, including but not limited to bribes in monetary or in any other form to any individuals or entities including but not limited to business corporations, government and local authorities, public officials, state and non-state companies and their representatives or their employees.

In case of breach of the above mentioned anti-corruption liabilities by the Customer, Supplier is entitled to abstain from executing all or part of the contract or to suspend the execution of the contract by sending a written notice of it until the causes of such breach are eliminated.

#### **25. Decisive Law and Competence of Court**

These Conditions should be interpreted in accordance with the laws of the Czech Republic that regulate the relations between the Customer and the Supplier and the conflicting regulations of the private international law and the regulations of UNO Convention concerning contracts and international purchase of goods are excluded. Possible disagreement between the Contracting parties will be solved by the general court having local jurisdiction according to the Supplier's registered address recorded in the Commercial Register.

#### **26. Validity and Modifications of Conditions**

These Conditions are binding from the day they are announced. For contractual relations concluded before these Conditions are published, these Conditions are binding one month after their publishing.

The Supplier reserves the right to modify these Conditions one-sidedly in case the relevant legal standards were modified, as well as the Company's business policy. The Supplier shall announce this modification and its efficiency at least one month in advance by making it public at the web-page [www.nvision-ems.cz](http://www.nvision-ems.cz). The moment when the new Conditions are made public is considered the moment of informing the Customer.

When the Conditions are modified, the Customer is entitled to send the Supplier a notice not later than one month since the Conditions were published; otherwise it is considered that he agrees with the Conditions modification.

These Conditions are effective and valid from May 15, 2017.

#### **For and on behalf of Customer**

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Signature

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Name

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Title

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Date