

GENERAL PURCHASING TERMS AND CONDITIONS OF PREOL, a.s.

EFFECTIVE AS OF 1 SEPTEMBER 2025

1. INTRODUCTORY PROVISIONS

- 1.1 These GENERAL PURCHASING TERMS AND CONDITIONS of PREOL, a.s. (hereinafter the **"GPTC"**) apply to legal relationships arising from the purchase of goods and raw materials (hereinafter the **"Subject of Purchase"**) by PREOL, a.s., based at Lovosice, Terežinská 1214, postcode 410 02, Identification No.: 26311208, registered in the Commercial Register kept by the Regional Court in Ústí nad Labem, Section B, File No. 1729 (hereinafter the **"Buyer"**), provided that the Parties expressly agree that they apply in a purchase agreement, framework purchase agreement or purchase order (hereinafter the **"Purchase Agreement"** or **"Agreement"**).
- 1.2 The Purchase Agreement, annexes to the Purchase Agreement and these GPTC shall together form a complete and integral Purchase Agreement which is a set of rights and obligations of the Parties in relation to supplies of Subject of Purchase under the terms of the Purchase Agreement. In the event that there is a discrepancy or inconsistency between the Purchase Agreement, annexes to the Purchase Agreement and these GPTC, the order of precedence shall be the following: the Purchase Agreement, annexes to the Purchase Agreement and these GPTC. These GPTC take precedence over those provisions of the law the nature of which is not binding.
- 1.3 The Purchase Agreement shall be considered concluded at the moment when the Parties agree in writing on all aspects of the Agreement. If any of the Parties has comments to supplement or amend the other Party's proposal, such comments shall be considered to be a new proposal by that Party. Acceptance of an offer with an amendment or deviation that does not substantially change the conditions of the offer in the sense of the provisions of Section 1740(3) of Act No. 89/2012 Sb., the Civil Code, as amended (hereinafter the **"CC"**) shall not be permitted.

2. PAYMENT TERMS

- 2.1 The Seller shall issue an invoice which shall serve as an accounting document pursuant to Act No. 563/1991 Sb., on Accounting, as amended, and shall contain elements of a tax document according to Act No. 235/2004 Sb., on Value Added Tax (hereinafter the **"VAT Act"**), as amended, or per other legal regulations, as applicable.
- 2.2 If an invoice does not contain the particulars of accounting documents pursuant to Act No. 563/1991 Sb., on Accounting, as amended, and/or a tax document pursuant to the VAT Act or according to other legal regulations, requirements stipulated by the Purchase Agreement and/or contains material or substantive inaccuracies, the Buyer shall be entitled to return the invoice to the Seller with a written indication of the defects or deficiencies of the invoice in question. The Seller shall issue a new invoice within 5 days after the original invoice is returned to eliminate the defects or deficiencies, stating a new due date so that the new invoice matches the period pursuant to Art. 2.3 of these GPTC. In the case of a justified returning of an invoice, the Seller shall not be entitled to default interest. If the Buyer returns an invoice without a valid reason, the Seller shall send the invoice back within 3 days with the relevant explanations and the original due date.
- 2.3 Unless the Agreement explicitly stipulates a different invoice due date, the due date of the invoice issued in accordance with the terms of the Purchase Agreement in CZK shall be 30 days from the date of delivery to the Buyer. If the invoice is issued in foreign currency according to the terms of the Purchase Agreement, the due date of the invoice is 60 days from the date of delivery to the Buyer. Payment shall be deemed to be made when the total invoiced amount is debited from the Buyer's bank account.
- 2.4 In the event of late payment, the Seller shall be entitled to demand and the Buyer shall pay default interest on the outstanding amount each year at the repo rate set by the Czech National Bank for the first day of the calendar half-year in which the default occurred, increased by eight percentage points.
- 2.5 If the Seller is to pay the principal, interest and expenses associated with the enforcement of any receivable of the Buyer, such payment shall first be applied to the specified costs, then to default interest, thereafter to interest, and finally to the principal.
- 2.6 The Seller and the Buyer have agreed and agree that the Seller shall send the original invoices electronically in PDF format to the email address: fakturace@preol.cz, while the invoice and invoice enclosures shall form one PDF file.
- 2.7 The Seller declares that it is aware of its obligation to pay VAT due on the purchase price to the tax authorities and that VAT shall be paid properly,

on time and in the correct amount. The Seller further declares that the Seller is of good standing economically, is not a person against whom an enforcement or insolvency proceedings is held and is not involved in any dispute the losing of which would lead to a liability the fulfilment of which would be impossible or would economically destabilize the Seller. The Seller is not a person at risk of entering bankruptcy proceedings and pays all its debts duly and timely.

- 2.8 The Seller declares that it is neither a person against whom proceedings are brought for registration as an unreliable taxpayer nor has it been declared an unreliable taxpayer and undertakes to inform the Buyer in case that it eventually becomes an unreliable taxpayer according to the VAT Act.
- 2.9 If the Seller appears to the Buyer to be a risky payer of value added tax, the Buyer has the right to proceed according to the relevant provisions of the VAT Act and adopt preventive measures in the form of allocation of a portion of payment for the Subject of Purchase and a value added tax portion and pay the value added tax directly to the tax authority. The Buyer shall inform the Seller on the preventive measures described in the previous sentence.
- 2.10 If the local tax authority asks the Buyer to pay VAT instead of the Seller, the Buyer shall be entitled to unilaterally offset its claim against the Seller arising from this payment against any outstanding receivable of the Seller against the Buyer; the price agreed under this Purchase Agreement shall be deemed to be paid even if the tax is paid by the Buyer instead of the Seller under the relevant provisions of the VAT Act. The Buyer undertakes to inform the Seller on this procedure.
- 2.11 In the event that the Seller assigns its claim for payment for a taxable supply towards the Buyer to a third party (assignee) prior to the payment thereof by the Buyer, the Buyer shall be entitled to pay the tax directly to the relevant tax authority of the Seller under the relevant provisions of the VAT Act. The payment of the tax to the account of the relevant tax authority along with payment for the taxable supply without value added tax to the assignee shall be deemed to comply with the obligation to pay the price by the Buyer under this Purchase Agreement in such a case and the Buyer shall not be in default. The Buyer undertakes to inform the Seller on this procedure.

3. ACCEPTABLE DIFFERENCE AND CONTRACTUAL PENALTIES

- 3.1 The obligation of the Seller to deliver to the Buyer the agreed quantity of the Subject of Purchase and the obligation of the Buyer to accept the agreed quantity of the Subject of Purchase shall be deemed to be fulfilled if the quantity of actually delivered and purchased Subject of Purchase varies from the quantity agreed in the Purchase Agreement by up to 10%, unless otherwise expressly agreed in the Purchase Agreement.
- 3.2 If the Seller delivers to the Buyer a lower quantity of the Subject of Purchase than that agreed in the Purchase Agreement reduced by the acceptable difference according to Art. 3.1 of these GPTC, the Seller shall pay the Buyer a contractual penalty equal to 2% of the price of the undelivered Subject of Purchase reduced by the acceptable difference according to Art. 3.1 of the GPTC.
- 3.3 If the Buyer accepts from the Seller a lower quantity of the Subject of Purchase than that agreed in the Purchase Agreement reduced by the acceptable difference according to Art. 3.1 of the GPTC, the Buyer shall pay the Seller a contractual penalty equal to 2% of the price of the Subject of Purchase thus not purchased reduced by the acceptable difference according to Art. 3.1 of the GPTC.
- 3.4 The obligation to deliver or accept the remaining quantity of the Subject of Purchase in respect of which the penalty is paid, shall cease to exist by the payment of the contractual penalty according to the preceding provisions, unless the Seller and the Buyer agree otherwise in writing.
- 3.5 The obligation to pay the penalty according to the preceding provisions shall not arise if the breach of obligations of any of the Parties resulted from a Force Majeure event.
- 3.6 If any of the Parties withdraws from the Purchase Agreement, the right to pay contractual penalty that arose before the withdrawal according to the preceding provisions shall remain unaffected.
- 3.7 Any contractual penalty agreed to pursuant to the relevant provisions of the Purchase Agreement and/or these GPTC shall not affect the right of the injured Party to damages caused by such breach of contractual obligations

by the other Party and the obligations of the breaching Party to pay such damages in excess of the contractual penalty.

4. OWNERSHIP RIGHT AND RISK OF DAMAGE TO THE SUBJECT OF PURCHASE, INTELLECTUAL PROPERTY RIGHTS

- 4.1 The Buyer shall acquire ownership right to the Subject of Purchase as soon as the delivered Subject of Purchase is handed over to the Buyer. The Buyer shall acquire ownership right to the transported Subject of Purchase before its handover when the Buyer becomes entitled to dispose of the shipment.
- 4.2 The Buyer shall acquire the ownership right even when the Seller is not the owner of the sold Subject of Purchase, except when the Buyer knew or should have known at the moment when the Buyer had the right to acquire ownership and could have known that the Seller was not the owner and that the Seller was not entitled to dispose of the Subject of Purchase in order to sell it.
- 4.3 Risk of damage to the Subject of Purchase passes to the Buyer when it accepts the Subject of Purchase from the Seller, or if not done in time, when the Seller allows the Buyer to dispose of the Subject of Purchase and the Buyer breaches the Purchase Agreement by not taking the Subject of Purchase into its possession.

5. LIABILITY FOR DEFECTS IN THE SUBJECT OF PURCHASE

- 5.1 The Subject of Purchase shall be deemed defective if
 - it has not been delivered in the agreed quantity, quality or design, or, if the quality or design has not been agreed, in a quality or design suitable for the purpose apparent from the Contract, otherwise for the usual purpose; or
 - it does not have the properties that the Parties agreed in the Purchase Agreement and, in the absence of such agreement, those properties that the Seller or manufacturer described or the Buyer expected given the nature of the Subject of Purchase and based on advertising by the Seller or manufacturer; or
 - the Subject of Purchase is not suitable for the purpose that is specified in the Purchase Agreement and when the purpose is not explicitly stated, for a purpose that the Seller lists for the use thereof or for which Subject of Purchase of the same type is normally used; or
 - it does not meet the quality or design of the agreed sample or model, if quality or design was determined in accordance with the agreed sample or model; or
 - it has not been delivered in the agreed quantity, dimensions or weight; or
 - it has not been delivered in the agreed packaging; unless it has been agreed how the Subject of Purchase is to be packed, then packed according to customs; if packaging is not customary, in the manner necessary for the preservation of the Subject of Purchase and its protection; or
 - it fails to satisfy the requirements of the relevant legislation.
 - 5.2 The Seller undertakes that the delivered Subject of Purchase shall be fit for use for the agreed or otherwise usual purpose during the warranty period and that it shall retain the agreed or otherwise usual properties. The warranty period shall be specified in the Purchase Agreement or in the warranty certificate or on packaging of the Subject of Purchase also as the period of serviceability or durability or in advertising. If the Seller or manufacturer provides a warranty period for the Subject of Purchase or any part of the Subject of Purchase longer than specified in the Purchase Agreement, then the warranty period set by the Seller or manufacturer shall apply to the Subject of Purchase or its relevant part, but always at least in the length of the warranty period specified in the Purchase Agreement.
 - 5.3 If the Subject of Purchase is defective, the Buyer shall be entitled at its own discretion to demand removal of defects by delivery of replacement of the Subject of Purchase, delivery of the missing Subject of Purchase or part thereof, demand the removal of legal defects, require a repair of the defective Subject of Purchase if the defects are repairable, request a reasonable discount off the purchase price, or withdraw from the Agreement in case of a major breach.
 - 5.4 The exercise of the right following from defective performance shall not affect the right of the Buyer to compensation for damages caused by the defective performance.
- #### 6. WITHDRAWAL FROM PURCHASE AGREEMENT
- 6.1 Besides other cases set forth by legislation or these GPTC, the Seller and the Buyer shall be entitled to withdraw from the Purchase Agreement if the other Party commits a material breach of its obligations under the Purchase Agreement. A material breach of contractual obligations shall include but shall not be limited to:
 - 6.1.1 The Buyer's delay in the payment of the purchase price by more than 30 days, if the Seller has notified the Buyer in writing that the Buyer is in arrears and if the Seller has given the Buyer a replacement period of

performance of not less than 30 days from delivery of such written notice.

- 6.1.2 The Seller's delay in the delivery of Subject of Purchase or the supply of documents relating to the Subject of Purchase required for using the Subject of Purchase.

- 6.1.3 The Seller's delay in the removal of defects of the Subject of Purchase within the time limits set by these GPTC.

- 6.2 Any withdrawal from the Agreement shall be effective when the written notice of the withdrawing Party is delivered to the other Party. The notice of withdrawal from the Agreement shall specify the reason for withdrawal.

- 6.3 Withdrawal from the Agreement shall terminate all rights and obligations of the Parties under the Purchase Agreement, except for the right to damages and payment of contractual penalties and provisions of the Purchase Agreement and these GPTC concerning the choice of law, resolution of disputes between the Parties and regulation of rights and obligations of the Parties in case of termination of the Purchase Agreement. If the debt is secured, the withdrawal shall not affect the security or collateral.

7. INDEMNIFICATION

- 7.1 The Party that breaches any obligation under the Purchase Agreement shall be obliged to compensate the other Party for any damage caused by such breach and shall compensate also any third party whose interest should the agreed obligation have obviously served.
- 7.2 The obligation to compensate shall not arise if the breach by the obligated Party is caused by the acts of the injured Party or by lack of cooperation that the injured Party is obliged to provide. The Party that has breached any obligation shall not be obliged to compensate the other Party for the damage caused thereby if it proves that such breach was caused by Force Majeure.
- 7.3 If either Party breaches any obligation under the Purchase Agreement and damage arise to the other Party or both Parties as a result of such breach, both Parties shall make every effort and use all available means to resolve the claim for compensation for such damage amicably and out of court.

8. FORCE MAJEURE

- 8.1 Neither Party shall be responsible for any breach of the Purchase Agreement if such failure or default is caused by an extraordinary unpredictable and insurmountable obstacle that occurred independently of the obligated Party and prevented it from fulfilling its obligations (hereinafter "Force Majeure"). However, no obstacle arising from personal circumstances of the obligated Party or occurring at a time when the wrongdoer was in default regarding the fulfilment of the contractual obligation, nor any obstacle that the obligated Party was obliged to overcome, shall release the obligated Party from the duty to fulfil the obligation.
- 8.2 For the purposes of this Agreement, and provided the conditions set out in the preceding paragraph are met, Force Majeure shall include, in particular:
 - 8.2.1 natural disasters, fires, earthquakes, landslides, floods, inundations, storms or other atmospheric disturbances and phenomena of a considerable extent; or
 - 8.2.2 wars, uprisings, rebellions, civil unrest, or strikes; or
 - 8.2.3 decisions or legal acts of public authorities, regulations, restrictions, prohibitions or other interventions by the state and state administration or self-governing bodies; or
 - 8.2.4 explosions or other major damage or defects of relevant production or distribution facilities; or
 - 8.2.5 an epidemic, pandemic or other spread of a contagious disease or diseases which will give rise to measures or restrictions announced or imposed by state administration bodies.
- 8.3 The Party that has breached, is breaching, or, in view of all known circumstances, anticipates that it will breach its obligation under the Purchase Agreement as a result of an event of Force Majeure shall be obliged to immediately inform the other Party of such breach or event and to exert all possible effort to avert such event or its consequences and to eliminate them.

9. LIABILITY FOR "ILLEGAL EMPLOYMENT"

- 9.1 The Seller declares and undertakes to not perform illegal work in the sense of the relevant provisions of Act No. 435/2004 Sb., on Employment, as amended (hereinafter the "Employment Act"), in particular that all dependent work performed by natural persons is and shall be held in an employment relationship and in the event that work for the Seller is performed by a natural person – a foreigner, that this shall be based on and in accordance with all necessary permits, consents and other documents required by Czech law for such work.
- 9.2 In the event that a natural person-foreigner performs work for the Seller, the Seller undertakes and declares that this work shall not be performed for the Seller in violation of the issued work permit or without this permit,

if required by the Employment Act, or in violation of the issued employee card or without it or in conflict with the card of an internally transferred employee or a blue card issued pursuant to the Act on the Residence of Foreigners in the Czech Republic or without any of these cards, or without a valid residence permit in the Czech Republic, if it is required pursuant to the Act on the Residence of Foreigners in the Czech Republic.

9.3 Any violation of Art. 9.1 or 9.2 above shall be deemed a material breach of this Purchase Agreement by the Seller and the Buyer shall be entitled to withdraw from the Purchase Agreement.

9.4 If any penalties, fines or payment are levied by the competent public authorities from the Buyer as a result of violation of Art. 9.1 or 9.2 above or the Buyer has to pay such a penalty, fine or levy based on its liability under the relevant provisions of the Employment Act or the Buyer is obliged to pay any such amounts to a third party because of liability arising under the relevant provisions of the Employment Act (hereinafter the "levy"), the Seller shall pay the Buyer the amount of such a penalty, fine or payment without any delay, but not later than 15 days from the date of the relevant request of the Buyer and further pay any and all other damages which the Buyer incurs in connection with the breach of the obligation of the Seller.

9.5 If a limitation of liability for damages of the Seller hereunder has been agreed by the Purchase Agreement, this limitation shall not apply to the payment of penalties, fines, levies or damages pursuant to Art. 9.4.

10. GOVERNING LAW

10.1 Legal relations or the rights and obligations of the Parties under the Purchase Agreement, including their security, amendments, and termination, shall be governed solely by the legal order of the Czech Republic, namely by Act No. 89/2012 Sb., the Civil Code, as amended (also referred to in these GPTC as the "CC").

10.2 The application of the UN Convention on Contracts for the International Sale of Goods of 11 April 1980 and the rules of private international law shall be excluded.

11. DISPUTE RESOLUTION

11.1 If any dispute arises between the Parties in relation to the Purchase Agreement, application or interpretation thereof, the Parties shall make every effort to resolve such a dispute amicably.

11.2 If the dispute is not resolved amicably, either Party may submit the dispute to the relevant court with territorial jurisdiction determined by the seat of the Buyer.

12. Safety Standard

12.1 The Seller undertakes to read and comply with internal regulations of the company PREOL, a.s., including related regulations of Lovochemie, a.s., to ensure the safety and protection of health and life at work, environment, fire protection and prevention of serious accidents, located at <https://www.preol.cz/informace-pro-kontraktory>, (hereinafter the "Safety Standard"). The Seller undertakes to bind its subcontractors to comply with the Safety Standard to the same extent as the Seller is obliged to follow it itself.

12.2 The Seller undertakes to provide training for its employees and subcontractors regarding the Safety Standard and ensure compliance with the Safety Standard by its employees and subcontractors. The employees of the Seller who have not been trained on the Safety Standard cannot perform activities on the premises of the Buyer. In accordance with Act No. 309/2006 Sb., which regulates additional requirements for occupational safety and health in employment relationships and ensuring occupational safety and health in activities or provision of services outside employment relationships (Act on Ensuring Additional Conditions for Occupational Safety and Health), as amended, the Seller undertakes to cooperate with the occupational safety and health coordinator at the construction site throughout the preparation and execution of the construction project, if appointed by the Buyer. At the same time, the Seller shall be obliged to ensure that all its subcontractors involved in the preparation and execution of the subject of the Agreement are bound to provide such cooperation. The Seller undertakes to fulfil all obligations imposed by Act No. 309/2006 Sb.

12.3 **Risk Analysis and Technological Procedures:** The Seller shall submit to the Buyer, well in advance and prior to the commencement of work, an Analysis of risks and measures, including technological/working procedures for work activities carried out on the construction/contract in question. The Analysis of risks and measures shall be prepared by a person professionally qualified in risk prevention – a professionally qualified person. The technological/working procedure must be developed with regard to ensuring occupational health and safety conditions. Prior to the commencement of work, the Seller shall acquaint the Buyer's employees and subcontractors' employees with the risks and technological procedures arising from its work activities. The Seller shall

make a written record of the acquaintance in the form of an attendance sheet with the signatures of the attendees and shall ensure that it is regularly updated.

12.4 The Buyer (PREOL, a.s.), a company operating its business within the premises of Lovochemie, a.s. (hereinafter the "Premises"), where chemical substances and hazardous chemical substances are present, undertakes, under standard conditions, to ensure the training of the Seller's employees or subcontractors and their employees in the Safety Standard, and the Seller undertakes to provide the necessary cooperation for this purpose.

12.5 The Buyer undertakes to inform without undue delay by email of any changes to the internal regulations of the Buyer or PREOL, a.s. or Lovochemie, a.s., forming the Safety Standard. The Seller undertakes to notify the Buyer in writing of the contact email for sending information about the Safety Standard and to inform the Buyer of any changes to this contact email.

12.6 If substances harmful to water or hazardous chemical substances and mixtures are used when performing activities on the Premises, the Seller shall ensure that these substances are stored at designated places and used in a manner that minimizes the possibility of damage to health of employees and prevents soil, water and air pollution (Handling Substances Harmful to Water and Soil, Handling Chemical Substances and Mixtures). When finding about an extraordinary deterioration or threat to the quality of surface water and groundwater, soil and air on the Premises or in the event that the Seller causes such a state by its activities (see Emergencies for more detail), the Seller shall be obliged to report this fact without delay to **the dispatching centre, tel.: 416 562 403 or 736 507 221**.

12.7 The Seller shall not pollute and damage the roads and paved areas of the Premises, carry out maintenance and cleaning of vehicles and equipment outside the restricted areas, park vehicles off paved surfaces or otherwise damage foliage/greenery. The Seller shall not spill from vehicles any liquids, fuel, fluids or other substances harmful or dangerous to the environment on the roads and outside of paved areas and shall ensure there is no leakage of these substances within the Premises of the Buyer on the road and outside of roads.

12.8 The Seller shall mark the assembly, storage and handling areas used by the Seller with a table stating the name of the Seller and of the responsible person of the Seller. The Seller shall be obliged to secure movables against theft and damage. The Seller shall ensure immediate cleaning of roads and areas where contamination has occurred as a result of its activities.

12.9 The Seller shall be obliged to immediately notify the Buyer of fires, accidents and occupational injuries of its employees or employees of subcontractors on the Premises to **the dispatching centre (416 562 403 or 736 507 221)**, or alternatively at tel. **416 561 500**, or from a landline within the Premises at tel. **150 or 155**.

12.10 The Seller shall be obliged to immediately inform the Buyer or Lovochemie, a.s. of the discovery of security events in the field of protection of property and persons (theft, property damage, movement of an unauthorised person on the Premises, other security incidents) at the dispatching centre for the Premises security, tel.: **416 563 711** or alternatively **720 068 593** (Head of the Premises Security Section) and company security, and, if necessary, provide appropriate cooperation in the investigation of these events.

12.11 The Seller shall be obliged to dispose of all generated waste in accordance with the Buyer's internal regulations (waste management at PREOL, a.s.) and in accordance with applicable legislation, in particular Act No. 541/2020 Sb., on Waste, as amended. In the case of establishing its own collection point, the Seller must notify the Buyer of the place, type of waste and appropriate security. The Seller shall not be entitled to dispose of waste generated by the Seller in the collection containers of PREOL, a.s., unless this is expressly permitted in a relevant contract.

12.12 The Seller shall establish or operate air pollution sources in accordance with the Clean Air Act, as amended.

12.13 If the Seller or its employees or employees of its subcontractors enter the railway yard outside of the designated crossings, they shall comply with the legislation in the field of rail transport - in particular Act No. 266/1994 Sb., on Railways, as amended, and related legal regulations.

12.14 If the Seller/carrier or employees of its subcontractors enter the railway yard for work-related purposes, they shall ensure compliance with the local regulations on safety in the railway yard - see the website of Lovochemie, a.s. ([here](#)) → Rail transport.

12.15 The Seller or its employees or employees of its subcontractors may enter or stay in places designated by the Buyer and should not interfere with traffic by their activities or limit traffic on the roads and sidings without a special permit and are not allowed to damage the security markings and lighting. The Seller or its employees or employees of its

subcontractors may stay on the Premises only for the time strictly necessary for the fulfilment of their contractual obligations or in accordance with the purpose of their stay on the Premises.

12.16 The Buyer shall be entitled to check compliance with the Safety Standard, in particular through the following employees:

- Managers at all levels
- Occupational Health and Safety and Fire Protection Specialist of Lovochemie, a.s.
- Members of the Company Fire Rescue Unit of Lovochemie, a.s.
- Environmental Protection Specialist of Lovochemie, a.s.

12.17 The Seller undertakes, in the event of a breach of the provisions of the Safety Standard by its employee or by an employee of its subcontractor, to pay the Buyer a contractual penalty for each individual breach of the provisions of the Safety Standard, as follows:

- a. A contractual penalty of up to CZK 50,000 for a breach of the provisions **prohibiting smoking** and entering the Premises **under the influence of alcohol** or other addictive substances;
- b. A contractual penalty of up to CZK 10,000 for a breach of the provisions of the Safety Standard ensuring continuity of traffic and road safety on the Premises;
- c. A contractual penalty of up to CZK 20,000 for performance of activities without properly issued permits to work;
- d. A contractual penalty of up to CZK 10,000 for each breach of the obligations under Art. 12.6 of the Safety Standard, whereby in such a case the Seller, in addition to the contractual penalty, shall also be obliged to compensate the Buyer for any damage caused by the breach of its obligations, including the costs of remedying the damage;
- e. A contractual penalty of up to CZK 10,000 for a breach of provisions of the Safety Standard not mentioned under points a., b., c., and d. above.

12.18 In addition to the payment of contractual penalties under the above provisions, the Buyer shall also be entitled to

- a. claim compensation for damage incurred by the Buyer from the same act;
- b. prohibit the Seller's/carrier's employees who have breached the Safety Standard from entering the Premises;
- c. immediately stop any work or activities during which the Safety Standard is being breached.

12.19 The Seller agrees that the Buyer may document any breach of the Safety Standard in an appropriate manner.

12.20 The Buyer undertakes to discuss each individual identified breach of the Safety Standard with the Seller's contractual representative and to request that corrective measures be taken.

12.21 The Seller shall be obliged to equip its employees with personal detection devices when performing work for the Buyer, if such obligation results from the work risk assessment.

Entry into the Buyer's Premises:

12.22 Before the start of the performance of the activity on the Client's Premises, the Contractor shall provide the Lovochemie, a.s. Premises Security Section with a list of all employees, including employees of its subcontractors, who will perform activities on the Client's Premises, including a list of vehicles and devices that will enter the Client's Premises to complete the work with the following information:

- a. for persons – name and surname, ID card number,
- b. for vehicles – make and model of the vehicle, its registration number, in the case of a combination of vehicles also the registration number of the tow or semi-trailer, or the name of the driver.

12.23 Entry Fees

12.23.12 The Contractor shall provide the Lovochemie, a.s. Premises Security Section with a list of vehicles that will be entering the Premises, specifying the type of vehicle and its registration number. The list shall indicate the vehicles designated for regular entry into the Premises. Details are regulated by Lovochemie Internal Regulation No. RAD-LVCH-006 Gate Pass Rules, which is available at <http://www.lovochemie.cz/cs/dokumenty-ke-stazeni> in the contractors' section.

12.23.13 The amount of the entry fees is set out in the Price List of Charged Entries to APCH Lovosice, which is available in its current version at <http://www.lovochemie.cz/cs/dokumenty-ke-stazeni> in the contractors' section (hereinafter the "Price List"). The Contractor declares that it has acquainted itself with the Price List, considers it binding, and shall comply with it.

12.23.14 Lovochemie, a.s. shall be entitled to unilaterally change the amount of the entry fees by way of an amendment to the Price List, and such

change shall become binding upon expiry of one calendar month after the announcement of the amended Price List.

12.24 The Buyer shall ensure for the Seller (or for its subcontractors) the issuance of smart cards for the entry of its employees or employees of its subcontractors and the issuance of chip cards for the entry of motor vehicles and other equipment into the Buyer's Premises. The Buyer shall hand to the Seller (or its subcontractor, if any) smart cards for transit and passage through the gatehouse of the Buyer, including a list of numbers of the cards indicating their validity period prior to starting the implementation of the work/activity and after completion of the initial training. Persons and vehicles not mentioned in the Seller's (or its subcontractor's) list shall not obtain any smart card.

12.25 The employees and drivers of vehicles of the Seller (or its subcontractor) shall use for entry (leaving) and driving (departure) to (from) the Premises of the Buyer the allocated smart cards and to follow the instructions of the surveillance personnel using the smart cards.

12.26 In the case of loss or damage of the card, the employee of the Seller (or its subcontractor), the Seller (or its subcontractor) shall report this fact to the Buyer within 2 working days from the date when the loss occurred. In such a case, the Buyer shall charge the Seller CZK 300 (including VAT) for each lost or damaged smart card. Such an invoice is due 14 days from its delivery to the Seller. In the case of non-compliance with the due date, the Buyer shall be entitled to charge the default interest in the amount of 0.03% of the invoiced amount for each day of delay.

12.27 In the event of termination of validity of the smart card, termination of employment of the employee of the Seller (or its subcontractor) or removal of the vehicle from the property of the Seller (or its subcontractor), the Seller (or its subcontractor) shall return the smart card of the employee or vehicle. Failure to return the smart card to the Buyer within 2 working days shall be assessed as the loss thereof in accordance with Art. 12.26.

12.28 The Seller shall ensure that the employees of the Seller (or its subcontractor) appear only in areas reserved for the respective purpose (sanitary facilities, catering, communication routes, delivery, removal and storage of materials, etc.) and for the time necessary to fulfil the respective purpose (e.g. fulfilling obligations during the execution of the work).

12.29 When passing through the gatehouse, the employees of the Seller (or its subcontractor) shall, on request of the Premises security guards, make available their personal luggage (vehicle) for a security check or undergo an inspection pursuant to the Gate Pass Rules.

12.30 Taking photographs and filming is prohibited on the Premises. A competent employee of the Buyer may permit taking photographs and filming pursuant to the Gate Pass Rules.

12.31 More detailed conditions for entry and movement around the Premises are defined in the Gate Pass Rules.

13 SPECIAL PROVISIONS FOR THE PURCHASE OF INDIVIDUALLY IDENTIFIED CHATTELS

If an individually identified thing is being purchased under this Purchase Agreement, the following provisions shall also apply to the rights and obligations the Seller:

13.1 If the Seller is in default regarding submission of documentation under the Agreement to the Buyer, the Seller undertakes to pay the Buyer a contractual penalty amounting to 0.01% of the purchase price for each day of delay, up to a maximum of 5% of the purchase price.

13.2 If the Seller is in default regarding delivery of the Subject of Purchase to the Buyer, the Seller undertakes to pay the Buyer a contractual penalty amounting to 0.05% of the purchase price for each day of delay, up to a maximum of 20% of the purchase price.

13.3 If the Seller is in default regarding removal of defect of the sold item within the warranty period, the Seller undertakes to pay the Buyer a contractual penalty amounting to 0.01% of the purchase price for each separate fault and for each day of delay in removing it, up to a maximum 5% of the purchase price.

13.4 The Seller guarantees to the Buyer that the acquisition of ownership of the Subject of Purchase and its use shall not result in any infringement of intellectual property rights of third parties (especially industrial property rights, copyright etc.). If the use of the Subject of Purchase results in violation of intellectual property rights (particularly industrial property rights, copyright etc.), the Seller undertakes to pay the Buyer the damages resulting from the alleged infringement of intellectual property rights and shall ensure the undisturbed exercise by the Buyer of property rights to the Subject of Purchase, especially the undisturbed use thereof.

13.5 The Seller agrees and warrants that the Subject of Purchase shall be delivered in the agreed quality and design, that the Subject of Purchase

shall fit the purpose specified in the Purchase Agreement and that the Subject of Purchase shall comply with all applicable permits, licenses, legislation, Czech technical standards and conditions of the Purchase Agreement and the annexes thereto.

- 13.6 The Seller agrees and warrants that all supplied or manufactured equipment, their components and accessories, and all other materials and facilities, equipment and work forming the Subject of Purchase of all or part thereof shall be new (unless otherwise approved in writing by the Buyer) and unobjectionable in terms of technical solutions, provided materials and professional workmanship.
- 13.7 The Seller shall provide a guarantee for the quality of the Subject of Purchase in the duration of twenty four (24) months starting from the day immediately following the delivery of the Subject of Purchase by the Seller to the Buyer, if the Purchase Agreement or other document prepared by the Seller does not provide a longer warranty period.
- 13.8 If the Buyer identifies any defect in the Subject of Purchase, the Seller shall, without undue delay and upon written notification by the Buyer made within thirty (30) days of discovering such defect, promptly initiate a remedial action and, with due care, carry out and complete the remedy of such defect or deficiency in such manner that, at the written discretion of the Buyer (contained in the Buyer's notification of the defects), the Seller shall:
- remove the defect of the Subject of Purchase by delivering a replacement Subject of Purchase, deliver the missing part of the Subject of Purchase, remove legal defects;
 - repair such a defective part of the Subject of Purchase and put it into conformity with the documentation; or
 - provide the Buyer with a discount from the Purchase Price, which shall correspond to the difference between the value of the Subject of Purchase without defects and the value of the defective Subject of Purchase, or shall be determined as the sum of costs necessary to remove the defect of the Subject of Purchase, whereby the method of determining the amount of the discount from the Purchase Price shall be at the discretion of the Buyer.

If the defective performance violates this Agreement in a material way, the Buyer shall be entitled to withdraw from this Agreement.

- 13.9 The Seller shall endeavour to ensure remedying these defects or deficiencies so that such remedies are achieved with minimal interference into the operation or maintenance of the Subject of Purchase. The relevant defect must be removed within 48 hours of its discovery or notification, unless agreed otherwise between the Parties given the nature of the defect of the Work.
- 13.10 If the Seller fails to promptly initiate the remedy of the defect or complete with the necessary due care the appropriate new design, repair, replacement, or new test, the Buyer shall be entitled to carry out these activities or ensure the implementation of these activities at the expense of the Seller.

14 OTHER ARRANGEMENTS

- 14.1 The Seller agrees not to disclose, make available or otherwise allow access to any third party nor use for itself or for someone else contrary to the purpose of the Agreement any information that is competitively significant, identifiable, measurable and not normally inaccessible in the relevant business circles and made available to the Seller, directly by the Buyer or indirectly, in tangible or intangible form, that it learns about in connection with the fulfilment of obligations under the Agreement (hereinafter the "**Confidentiality Obligation**").
- 14.1.1 In the event of a breach of the Confidentiality Obligation committed by the Seller, the Seller shall pay the Buyer a contractual penalty in the amount of CZK 100,000 for each breach.
- 14.1.2 The Confidentiality Obligation shall not apply in respect of information
- which the Seller obtained before the date of the Agreement without breaching any legal obligation,
 - which the Buyer had itself granted to a third party or published prior to the date of the Agreement or during the term thereof;
 - which became generally available before the date of the Agreement or during the term thereof without breaching the Confidentiality Obligation by any of the Parties;
 - which is specifically designated in writing as information to which the Confidentiality Obligation does not apply by the Buyer when providing it or making it available; and
 - the provision of which to the Seller's approved subcontractors is necessary for the purposes of fulfilling the obligations under the Purchase Agreement, provided that such a subcontractor is obliged to protect the information at least to the same extent as the Seller.

- 14.2 The Purchase Agreement may only be amended by written amendments which shall be numbered in ascending order and signed by the authorised representatives of the Parties. The Parties shall exclude acceptance of an offer with an addition or deviation and insist on achieving full agreement on the entire contents of a written amendment and its particulars.
- 14.3 The Seller may not, in whole or in part, assign or otherwise cause the transfer or assignment of any of its rights or any of its obligations under the Agreement, create any rights of third parties to them, without the prior written consent of the Buyer.
- 14.4 Nothing in the Purchase Agreement or in these GPTC shall be construed as granting any exclusivity by the Buyer to the Seller or to certain customers of the Seller.
- 14.5 The Seller shall be obliged to immediately notify the Buyer of any change in the staffing of its governing body and any change in the controlling entity within the meaning of applicable legislation, but in any case no later than 14 days from the moment the change occurs. In the event of a breach of this obligation, the Buyer shall be entitled to compensation for any damage incurred directly or indirectly as a result of the Seller's breach of this obligation.
- 14.6 The Buyer shall reserve the right to withdraw from the Agreement in writing in the event that a change in the staffing of the governing body of the Seller or of its controlling entity is assessed by the Buyer as high-risk. The withdrawal shall become effective upon delivery of the notice of withdrawal to the Seller.
- 14.7 All announcements and communications shall be made in writing in Czech and shall be deemed to have been delivered:
- if they are delivered in person at the time of their receipt by an authorised person acting in the name or on behalf of the addressee; or
 - if they are delivered using the postal service provider on the third working day after dispatch, but if they were sent to an address in another State, then on the fifteenth working day after dispatch.
- Any Party may at any time change its mailing address by sending a written notice to the other Party.
- 14.8 The Seller shall assume the risk of change in circumstances within the meaning of Section 1765(2) of the Civil Code.
- 14.9 The Parties have agreed to exclude the application of Section 1798 to 1801 of the Civil Code.
- 14.10 The Buyer shall be entitled to set off its receivables arising from the Agreement against the receivables of the Seller arising from the Agreement by a unilateral expression of its will (unilateral set-off). Any receivable of the Seller arising from the Agreement against the Buyer can only be offset against the prior written consent of the Buyer. For the avoidance of doubt, the Parties agree that monetary receivables denominated in different currencies are only eligible if such currencies are freely convertible, and the CNB exchange rate valid on the day when the receivables became eligible for set-off is decisive for the eligible amount of such receivables.
- 14.11 The Buyer as the personal data controller shall inform the other Party whose personal data are processed about the manner and extent of the controller's processing of personal data, including the extent of the rights of data subjects related to the processing of their personal data. Information about the processing of personal data is available at www.preol.cz.
- 14.12 The Parties declare and confirm by their signatures that neither of them feels or considers itself to be the weaker party in comparison with the other Party and that they had the opportunity to familiarise themselves with the text and content of the Agreement and these GPTC, that they understand it and want to be bound by it and sufficiently discussed the Agreement before signing it.
- 14.13 Any other terms and conditions of the Seller shall not apply to the contractual relationship established by this Agreement. Divergent provisions laid down in the Purchase Agreement shall be given precedence over these GPTC.
- 14.14 The Buyer undertakes to comply with the **CODE OF CONDUCT FOR BUSINESS PARTNERS OF AGROFERT GROUP**, which is available on the Seller's website <https://www.preol.cz/o-nas/informace-pro-kontraktory> and which the Buyer acquainted themselves with, and to regularly follow any changes or updates.