

GENERAL CONDITIONS OF PURCHASE
of PREOL FOOD, a.s.
effective from June 01, 2020

1. OPENING PROVISIONS

- 1.1 These GENERAL PURCHASING CONDITIONS OF PREOL FOOD, a.s. (hereinafter referred to as the "GPT") apply to legal relationships arising from the purchase of goods, materials and services by the company PREOL FOOD, a.s. seated at Lovosice, Terežínská 1214, zip code 410 02, Identification No.: 27698190, registered in the Commercial Register kept by the Regional Court in Ústí nad Labem, Section B, Insert No. 2319 (hereinafter referred to as the "Buyer"), provided the Parties expressly agree that they apply in a Purchase Agreement, framework contract or purchase order (hereinafter referred to as the "Purchase Agreement" or "agreement").
- 1.2 Each Purchase Agreement, annexes each Purchase Agreement and these GPT together form a complete and integral Purchase Agreement which is a set of rights and obligations of the Parties in relation to supplies of goods 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 GPT, the order of precedence is the following: the Purchase Agreement, annexes to the Purchase Agreement and these GPT. These general conditions of purchase take precedence over those provisions of the law the nature of which is not binding.
- 1.3 The Purchase Agreement is 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 draft of a proposal of the other Party, such comments are considered to be a new proposal of the Party.

2. PAYMENT TERMS

- 2.1 The Seller shall issue an invoice which will be an accounting document pursuant to Act No. 563/1991 Coll., on Accounting, as amended, and will contain elements of a tax document according to Act No. 235/2004 Coll., on Value Added Tax, in as amended (hereinafter referred to as "VAT Act"), or under other legal regulations.
- 2.2 If an invoice does not contain the particulars of accounting documents pursuant to Act No. 563/1991 Coll., 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 is 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 maturity date so that the new invoice matches the maturity period pursuant to Art. 2.3 of these GPT. In the case of a justified returning of an invoice, the Seller is not 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 maturity date.
- 2.3 The payment terms of an invoice issued under the terms of the Purchase Agreement is payment in CZK in 30 days from the date of receipt thereof by the Buyer. Payment is considered made when the total invoiced amount is debited from the account of the Buyer. If the invoice is issued in foreign currency according to the terms of the Purchase Agreement, the maturity of the invoice is 60 days from the date of receipt thereof by the Buyer. Payment is considered made when the total invoiced amount is debited from the account of the Buyer.
- 2.4 In the event of late payment, the Seller is entitled to demand and the Buyer shall pay default interest on the amount due 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, the payment shall be credited first to cover the costs already determined, then the default interest, then interest and finally the principal. The Parties agreed that the provision Art. 1932 Sec. 2 of the NOZ does not apply.
- 2.6 The Seller and the Buyer confirm and agree that the Seller will send original invoices electronically in PDF format to the following e-mail address: fakturace@preolfood.cz, while the invoice and attachments to the invoice will form a single 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 will 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 fulfillment of which would be impossible or would economically destabilize the Seller. The Seller 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 goods 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 is entitled to unilaterally offset its claim against the Seller arising from this payment against any due 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 shall 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 is 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 is deemed to comply with the obligation to pay the price by the Buyer under this Purchase Agreement in such a case and the Buyer is not in default. The Buyer shall 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-to quantity of goods and the duty of the Buyer to accept the agreed-to quantity of goods shall be deemed to be fulfilled if the quantity of actually delivered and purchased goods varies by up to 5% from the quantity agreed to in the Purchase Agreement.
- 3.2 If the Seller delivers a lower quantity of goods to the Buyer than agreed to in the Purchase Agreement reduced by the acceptable difference according to Art. 3.1 of these GPT, the Seller shall pay the Buyer a contractual penalty equal to 2% of the price of the undelivered goods reduced by the acceptable difference according to Art. 3.1 of these GPT.
- 3.3 If the Buyer accepts a lower quantity of goods from the Seller than agreed to in the Purchase Agreement less the tolerance according to Art. 3.1 of these GPT, the Buyer shall pay the Seller a contractual penalty equal to 2% of the price of goods thus not purchased reduced by the acceptable difference according to Art. 3.1 of these GPT.
- 3.4 The payment of contractual penalty according to the preceding provisions terminates the obligation to deliver or accept the remaining quantity of goods in respect of which the penalty is paid, unless the Seller and the Buyer agree otherwise in writing.
- 3.5 The obligation to pay the penalty according to the preceding provisions does not arise if the breach of obligations of any Party resulted from an extremely unpredictable and insurmountable obstacle or 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 remains preserved.
- 3.7 Any contractual penalty agreed upon in accordance with relevant provisions of the Purchase Agreement and/or these GPT does not affect the right of the injured Party to damages caused by such breach of contractual obligations by the other Party and the obligation of the
- 3.8 breaching Party to pay such damages in excess of the contractual penalty.

4. OWNERSHIP AND RISK OF DAMAGE TO PROPERTY, INTELLECTUAL PROPERTY RIGHTS

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

5. RESPONSIBILITY FOR DEFECTS OF GOODS

The goods are defective if

- They do not have the properties that the Parties agreed in the Purchase Agreement and in the absence of such agreement, those characteristics that the Seller or manufacturer described or the Buyer expected given the nature of the goods and based on the advertising promoting the goods,
 - The goods are unfit 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 goods of the same type are normally used
 - The goods do not meet the quality or performance of the agreed sample or model, if quality or performance was determined in accordance with the agreed sample or model,
 - The goods not of relevant quantity, size or weight, not adequately packaged,
 - The goods fail to satisfy the requirements of the relevant legislation.
- 5.2 The Seller represents that the delivered goods will be fit for use for the agreed or otherwise usual purpose during the warranty period and that it will retain the contracted for or otherwise usual properties. The warranty period is specified in the Purchase Agreement or in the warranty certificate or on packing of the goods also as the period of serviceability or durability or in advertising.
- 5.3 If the goods are defective, the Buyer is entitled its own discretion to demand removal of defects by delivery of replacement goods, delivery of missing goods, demanding the removal of legal defects, require a repair of the defective goods 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 does not affect the right of the Buyer to compensation for damages resulting from furnishing a defective product.

6. WITHDRAWAL FROM THE PURCHASE CONTRACT

- 6.1 Besides other cases set by these GPT, the Seller and the Buyer are entitled to withdraw from the Purchase Agreement if the other Party commits a substantial breach of its obligations under the Purchase Agreement. A substantial breach of contractual obligations includes but is not limited to:
- 6.1.1 Delay of the Buyer regarding payment of the purchase price for more than 30 days if the Seller sent a written notice to the Buyer on the fact that the Buyer is in default.
- 6.1.2 Delay of the Seller regarding the delivery of goods or the supply of documents relating to goods required for use or usage of the goods.
- 6.1.3 Delay of the Seller regarding removal of defects of the goods within the time limits set by these GPT.
- 6.2 Any withdrawal from the agreement is 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 Any withdrawal from the agreement terminates 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 GPT concerning the choice of law, settlement of disputes between the Parties and regulation of rights and obligations of the Parties in case of termination of the agreement. If a debt was secured, withdrawal does not affect the security or collateral.

7. PAYMENT OF DAMAGES

- 7.1 The Party which breaches any obligation under the Purchase Agreement shall compensate the other Party for any damage caused by this breach of its obligations and shall compensate also any third party whose interest should the agreed obligation have obviously served.
- 7.2 Damages that exceed damages which the obligated Party could have foreseen as a result of possible breach of contractual duties at the time of concluding the Purchase Agreement or that was possible to predict with regard to the facts which the obligated Party knew or had to know at that

time applying usual care shall not paid. This does not apply if the damage was caused intentionally or by gross negligence.

- 7.3 Obligation to pay damages does 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 which violated its obligations is not obliged to compensate the other Party for the damages caused thereby if it proves that such breach was the result of an extremely unpredictable and insurmountable obstacles or a Force Majeure event.
- 7.4 If there is a breach of any obligation under the Purchase Agreement by either Party and damages arise to the other Party or both Parties as a result of such breach, both the Parties shall use all effort and measures to reach an amicable settlement of the claim for compensation of damages.

8. FORCE MAJEURE

- 8.1 Neither Party is 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 liable Party and prevented it from fulfilling its obligations (hereafter "**Force Majeure**"). Obstacles stemming from personal circumstances of the liable Party or occurring at a time when the wrongdoer was in default regarding the fulfillment of the contractual obligations, nor an obstacle which the liable Party is required to overcome, however, relieve it from the responsibility for fulfilling its obligations.
- 8.2 For the purposes of this Agreement, Force Majeure is an event that meets the prerequisites mentioned in the preceding clause shall and includes but is not limited to:
- 8.2.1 natural disasters, fires, earthquakes, landslides, floods, high water, storms or other atmospheric disturbances and phenomena of a considerable extent or
- 8.2.2 wars, rebellions, riots, civil unrest or strikes, or
- 8.2.3 decisions or legal acts of public authorities, regulations, restrictions, prohibitions or other interventions of the state, state authorities or local government or
- 8.2.4 explosions or other major damage or defects of relevant production or distribution facilities.
- 8.3 The Party that broke, is in breach of or expects to violate (with respect to all known facts) its obligation under the Purchase Agreement due to Force Majeure shall immediately inform the other Party of such breach or event and to exert all possible effort to prevent such event or the consequences thereof and make good such negative impact thereof.

9. LIABILITY FOR "ILLEGAL EMPLOYMENT"

- 9.1 The Seller represents and agrees that it does not allow illegal work be performed for it and no illegal work will be performed by it as per the relevant provisions of Act No. 435/2004 Coll., on Employment, as amended (hereinafter "EA") and so all dependent work performed by natural persons for the Seller is and will be done within employment relationships.
- 9.2 In the event that work is performed for the Seller by a natural person-foreigner, the Seller undertakes and declares that no work will be exercised for the Seller in conflict with the issued work permit or without a permit if required by the EA or in conflict with the issued employee card or without it or in contrary to the blue card or without it or contrary to the long-term residence permit for the purpose of employment in special cases (hereinafter referred to as "Green Card") issued pursuant to special legal regulation or without a valid residence permit in the territory in the Czech Republic, if it is required under special legal regulation.
- 9.3 Any violation of Article 9.1 or 9.2 above shall be deemed a substantial breach of this Purchase Agreement by the Seller and the Buyer is 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 Article. 9.1 or 9.2 above or the Buyer will have to pay such a penalty, fine or levy based on its liability under the relevant provisions of the EA or the Buyer will be obligated to pay any such amounts to a third party because of liability arising under the relevant provisions of the EA (hereinafter referred to as the "levy"), the Seller will 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, the collateral thereof, changes and termination thereof shall be governed solely by Czech law, namely by Act No. 89/2012 Coll., the Civil Code, as amended (also referred to in these GPT as "NOZ").
- 10.2 The application of the UN Convention on Contracts for the International Sale of Goods dated 11 April 1980 and the norms of international private law is 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 jurisdiction of place determined by the seat of the Buyer.
- 12. SAFETY STANDARD**
- If the Seller enters the premises of the Buyer in fulfilling its obligations under the Purchase Agreement, it also undertakes to comply with the obligations under this Article 12 of these GPT:
- 12.1 Safety and protection of health and life at work, environment**
- 12.1.1 The Seller undertakes to read and comply the collection of internal policies of the company PREOL FOOD, a.s. and Lovochemie, a.s. to ensure the safety and protection of health and life at work, environment, fire protection and prevention of serious accidents located on the Internet site www.preolfood.cz (hereinafter referred to as 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.
- 12.1.2 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 and its subcontractors who have not been trained on the Safety Standard cannot exercise activities in the premises of the areal of Lovochemie, as.
- 12.1.3 The Buyer undertakes to provide training to employees and subcontractors of the Seller and their employees for the Safety Standard under standard conditions and the Seller undertakes to provide for the necessary cooperation.
- 12.1.4 The Buyer undertakes to inform without undue delay by e-mail about any changes to the Buyer's internal regulations or, Lovochemie, a.s. relating the Safety Standard. Seller undertakes to provide the Buyer a contact email to send information about the Safety Standard and inform the Buyer about any changes of the agreement via the email.
- 12.1.5 If substances harmful to water or hazardous chemicals and substances are used for the performance of the agreement in the area of Lovochemie, a.s., the Seller shall ensure that these substances be stored at designated places and used in a manner that minimizes the possibility of damage to health of employees and prevents soil, water and 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 in the premises of PREOL, a.s. or in the event that the Seller causes such a state by its activities, the Seller (see Emergencies) is obliged to report this fact without delay to corporate dispatching, tel. : 416 563 441.
- 12.1.6 The Seller shall not pollute and damage the roads and paved areas of the site, 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.
- 12.1.7 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 is obliged to secure movables against theft, damage. The Seller shall ensure immediate cleaning of roads and areas where contamination has occurred as a result of its activities.
- 12.1.8 The Seller shall immediately notify the Buyer of fires, incidents and accidents of its employees or employees of subcontractors in the area of Lovochemie, a.s. to the dispatching centre, tel.: **416 563 441, 416 562 403 or 736 507 221** (medical emergency **155**, reports of fires **150**).
- 12.1.9 The Seller shall inform the Customer / company PREOL FOOD, a.s./ company Lovochemie, a.s. of any occurrence of security breaches in the field of protection of property and persons (theft, damage to property, unauthorized persons moving at the site of, other security incidents) at the site protection dispatching center, telephone no.: **416 563 711 or 720 068 593** (Head of the security department) and by informing enterprise security guards, and, if necessary, provide appropriate co-operation in the investigation of these events.
- 12.1.10 The Seller shall manipulate with all resulting waste consistent with the with the internal regulations of the company (Waste Management, Secondary Raw Materials and Metal Waste Management in PREOL, a.s.) and in accordance with valid legislation, in particular with Act No. 185/2001 Coll., on Waste and amending certain other laws, in the effective wording. When the Seller institutes his own collection point, he must notify environment department of place, type of waste and sufficient security. The Seller is not entitled to dispose of waste generated the Seller into the waste boxes of PREOL, a.s., unless otherwise agreed in the contract.
- 12.1.11 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 Coll., on Railways, as amended, and related legal regulations.
- 12.1.12 If the Seller or its employees or employees of its subcontractors enter the railway yard for work-related purposes, they shall ensure compliance with the local regulation - Railway Yard Operating Rules of PREOL FOOD, a.s.
- 12.1.13 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 in Lovochemie, a.s. area only for the time strictly necessary for the performance of their contractual obligations or in accordance with the purpose of their stay in Lovochemie, a.s. area.
- 12.1.14 The Buyer is entitled to check the compliance with the Safety Standard by:
- Line managers at all levels
 - Health and safety specialist
 - Members of the fire brigade at the factory
 - The specialist for the environment.
- 12.1.15 In case of infringements of the Safety Standard by its employee or employees of its subcontractors, the Seller commits to pay the Buyer a contractual penalty for each breach of the provisions of the Security Standard as follows:
- For violations of the provisions prohibiting smoking and entry into the company premises of PREOL, a.s. under the influence of alcohol or other addictive substances, contractual penalty of up to CZK 50,000;
 - For violations of the provisions of the Safety Standard to ensure continuity of traffic and road safety in the premises of PREOL, a.s., contractual penalty of CZK 10,000;
 - For performance of activities without properly issued permits to work, a contractual penalty of up to CZK 20,000;
 - For each breach of the obligations under Art. 12.1.5, a contractual penalty of up to CZK 10,000, whereas in this case, it shall pay the contractual penalty in addition to damages caused to the Buyer by the breach of its obligations, including costs of making good the incurred damages.
 - For violations of the Safety Standard not mentioned in letters a., b., c., and d. above, a contractual penalty of up to CZK 10,000.
- 12.1.16 Apart from payment of any penalties under the above provisions, the Buyer is entitled:
- also to require compensation for damage arising to the Buyer;
 - prohibit employees of the Seller who have committed the breach of the Safety Standard from entering the premises of the Buyer;
 - immediately stop the work and activities that lead to abuses / violations of the Safety Standard.

- 12.1.17 The Seller agrees that the Buyer will make appropriate documentation of each possible violation of the Safety Standard.
- 12.1.18 The Buyer commits to discuss each detected violation of the Safety Standard with a representative of the Seller in contractual matters and ask him/her to remedy the situation.
- 12.2 Enter to the areal of Lovochemie, a.s.**
- 12.2.1 Before the start of the performance of the agreement, the Seller shall hand over to the security department of the Customer/company Lovochemie, a.s. a list of all employees (including employees of its subcontractors) who will participate in the implementation of the obligations of the Seller in the premises of the Buyer, including a list of vehicles and equipment that will be driven into the campus of the Buyer for the purpose of implementation of the subject matter of the agreement with the following information:
- Natural persons - name and surname, ID card,
 - Vehicle – brand and model of the vehicle, the RZ (registration number), RZ for road trains or towed trailers, the driver's name.
- 12.2.2 In the list, the Contractor shall designate the vehicles that regularly drive into the customer's premises/company Lovochemie, a.s. Such vehicles will be charged by the customer a lump sum of 500.- CZK (including VAT) per vehicle per month. The Contractor is entitled to drive other vehicles not mentioned in the list that are not intended for regular entrance into the premises; the one-time entry will be charged by customer at 100.- CZK (including VAT) per car per day for the length of presence in the premises of the customer exceeding three hours. The sum of lump sums and amounts for one-off entries will be invoiced to the contractor/transporter once a month retroactively for the past calendar month, the invoice maturity is 14 days from the date of delivery to the contractor. In case of delay of the contractor with payment of the invoice issued, the Client is entitled to charge default interest in the amount of 0.03% of the invoiced amount for each day of commencement of delay.
- 12.2.3 The Buyer shall provide smart cards for the Seller (or for its subcontractors) allowing entrance of his employees or its subcontractors who will participate in the implementation of the agreement into the premises of the Buyer and shall issue smart cards for motor vehicles and other equipment to enter the premises of the Buyer. The Buyer will hand to the Seller smart cards for transit and passage thru the gatehouse of the Buyer including a list of numbers of the cards indicating their validity period prior to starting the implementation of the subject matter of the agreement and after completion of the initial training. Persons and vehicles not mentioned in the list will not obtain any smart cards of the Buyer.
- 12.2.4 The employees and drivers of vehicles of the Seller (or 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.
- 12.2.5 In case of loss or damage of a smart card, the employee of the Seller (subcontractor) shall report this fact to the Buyer within 2 working days from the date when the loss occurred. In this case, the Buyer will charge the Seller 300.- CZK (excluding VAT) for each lost or damaged smart card, the invoice due date is 14 days from the date of receipt thereof by the Contractor. In case of default in payment of the invoice issued by the customer, the customer is entitled to charge default interest of 0.03% of the invoiced amount for each day of delay.
- 12.2.6 In the event of termination of validity of the smart card, termination of employment of the employee of the Seller (subcontractor) or removal of the vehicle from the property of the Seller (subcontractor), the Seller (subcontractor) shall return the smart card of the employee or of the vehicle. Failure to return the smart card to the Buyer within 2 working days will be assessed as the loss thereof.
- 12.2.7 The Seller shall ensure that the employees of the Seller (subcontractor) only move in areas designated for the given purpose (sanitary facilities, catering, communication paths, arrival, departure and storing material, etc.) and for the time strictly necessary to fulfill the given purpose (eg fulfillment of obligations in the performance of the work).
- 12.2.8 When passing (driving) thru the gatehouse, the employees of the Seller (subcontractor) and its subcontractors are obliged to undergo security checks on request of their personal luggage (vehicle) or to undergo inspection pursuant to the relevant internal regulation Propustkový řád (Pass Regulation).
- 12.2.9 All photography and filming is prohibited in the areal of Lovochemie, a.s. The appropriate employee of the Buyer may permit photography and filming according the Pass Regulation.
- 12.2.10 More detailed conditions for entry and movement around the premises of the company Lovochemie, a.s. area are set in the Pass Regulation.
- 13. SPECIAL PROVISIONS FOR THE PURCHASE OF INDIVIDUALLY IDENTIFIED CHATELS**
- If an individually identified thing is being purchased under this Purchase Agreement, the following provisions also apply to the rights and obligations the Seller:
- 13.1 If the Seller is in default regarding handover 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 handing over the purchased item 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 object of purchase and its use will not result in any infringement of intellectual property rights of third parties (especially industrial property rights, copyright etc.). If the use of the purchased item 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 will ensure the undisturbed exercise by the Buyer of property rights to the object of purchase, especially the undisturbed use thereof.
- 13.5 The Seller agrees and warrants that the purchased item will be delivered in quality and design which is suitable for the purpose specified in the Purchase Agreement and that it will comply with all applicable permits, licenses, legislation, CSN 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 the purchase of all or part thereof will 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 provides a guarantee for the quality of the object of purchase in the duration of twenty four (24) months starting from the day immediately following the handover of the purchased item by the Seller to the Buyer.
- 13.8 If the Buyer finds any defect of the object of purchase, the Seller shall (immediately upon a written notice of the Buyer promptly initiate corrective action and carry out with due diligence and will complete the correction of the defect or discrepancy according to a written election of the Buyer (contained the notice of defects by the Buyer):
- remove the faulty part of the purchased item by supplying replacement goods, deliver the missing goods, remove legal defects;
 - repairs such a defective part and puts it into conformity with the documentation; or
 - provides the Buyer a discount off the purchase price which will correspond to the difference between the value that the object of purchase had when it was free of defects and the value of the defective object of purchase. Providing defective goods by the Seller is considered a significant breach of agreement and the Buyer is therefore entitled to rescind the agreement.
- 13.9 The Seller will endeavor to ensure remedying these faults and shortcomings so that such remedies are achieved with minimal interference into the operation or maintenance of the object of purchase. The defect will be made good at the latest within 48 hours of

its discovery or notification, unless agreed otherwise between the Parties due to the nature of the defect or deficiency of the item.

13.10 Should the Seller not commence promptly the rectification of the irregularity or not complete with the necessary due diligence the appropriate new design, repair, replacement or re-examination, the

13.11 Buyer is entitled to carry out these activities or to 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 fulfillment of obligations under the agreement (hereinafter referred to as the "duty of confidentiality").

14.1.1 In the event of a breach of the duty of confidentiality committed by the Seller, the Seller shall pay the Buyer a contractual penalty in the amount of 100000.- CZK for each breach.

14.1.2 The duty of confidentiality does not apply in respect of information,

- which the Seller obtained before the date of the agreement without breaching any legal obligation,
- which the Buyer itself granted to third parties or published prior to the date of the agreement or during the validity thereof,
- that has become generally available before the date of the agreement or during its validity without violating a duty of confidentiality of any of the Parties,
- that will be specifically designated by the Buyer in writing as information to which the duty of confidentiality does not apply when they are provided or made available, and
- the disclosure of which is necessary for the performance of the agreement, but only to provide such information to approved subcontractors of the Seller and provided that such subcontractor will be obliged to protect the information at least to the same extent as the Seller is obliged to protect it.

14.2 The Purchase Agreement may only be amended by written amendments which will be numbered in ascending order and signed by the authorized representatives of the Parties. The Parties 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 without the written permission of the Buyer assign its rights and obligations under the Purchase Agreement to a third party. The Buyer is entitled to assign its rights and obligations under the agreement to any third party.

14.4 Nothing in the Purchase Agreement or in these GPT 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 immediately notify the Buyer of any change in the staffing of their statutory 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 when the change occurs. In case of violation of this obligation, a claim for damages arises to the Buyer for damages occurring directly or indirectly as a result of a breach of this obligation by the Seller.

14.6 The Buyer reserves the right to withdraw from the agreement in writing in the event that a change in the staffing of the statutory body of the Seller or of its controlling entity is assessed by the Buyer as high risk. The withdrawal is effective upon receipt of the notice of withdrawal by the Seller.

14.7 The Parties accept the danger of changing circumstances within the meaning of the provision of Art. 1765 Sec. 2 of the NOZ.

14.8 The Parties agree to exclude the application of Art. 1798 to 1801 of the NOZ.

14.9 The Parties declare and confirm by their respective signatures that none of them feels and is not considered the weaker party in comparison with the other Party and that both had the opportunity to familiarize themselves with the text and content of the agreement, they understand it and that they want to be bound by the contract arrangements that have been mutually sufficiently discussed.

14.10 PREOL FOOD, a.s. as a personal data controller, shall inform the other Contracting party whose personal data are processed, about the manner and extent of the personal data processing by controller, including the scope of the rights of the subjects, related to the

processing of their personal data. Information on the processing of personal data is available at www.preolfood.cz.

14.11 These GPT apply to all purchases of goods by the Buyer. Any delivery or sales terms and conditions of the Seller that do not comply with these GPT do not apply to the contractual relationship established by this Agreement.