

## GENERAL TERMS AND CONDITIONS FOR PURCHASE

### Purchase Order No:

#### Article 1 DEFINITIONS AND INTERPRETATION

- 1.1 In this GENERAL TERMS AND CONDITIONS FOR PURCHASE (as hereinafter defined) the following words and expressions shall have the meanings hereby assigned to them, except where the context otherwise requires:
- 1.1.1 (a) "CONTRACTOR/PURCHASER" means Kovoprojekta Brno a.s., Brno, The Czech Republic, or such other party which shall be named as PURCHASER in the PURCHASE ORDER.
- (b) "OWNER" means PURCHASER's direct employer and/or the company operating the plant and/or facilities for which the MATERIALS will be used.
- (c) "SELLER" means the person, firm, corporation or entity with whom the PURCHASE ORDER is formed.
- (d) "SUB-VENDOR" means any supplier or subcontractor of SELLER to whom SELLER has issued a SUB-ORDER.
- 1.1.2 (a) "ORDER" or "PURCHASE ORDER" means the body of rights and obligations between SELLER and PURCHASER consisting of but not limited to the provisions of the PURCHASE ORDER document, the General Terms and Conditions for Purchase and all attachments, exhibits and documents referenced therein and all requirements thereof, together with any subsequent modifications thereto. However, only to the extent explicitly agreed and expressly so stated in the ORDER, the offer or proposal made by the SELLER shall be part of the ORDER.
- (b) "PROTOCOL" means the minutes of the pre-award meeting held prior to the issuance of the PURCHASE ORDER.
- (c) "MAIN CONTRACT" means the Contract between PURCHASER and OWNER.
- (d) "SUB-ORDER" means any form of order between SELLER and a SUB-VENDOR for the performance of any part of the ORDER.
- (e) "INCOTERMS" means the international rules for the interpretation of trade terms as published by the International Chamber of Commerce in the version current at the time of execution of the ORDER. All delivery terms used in the ORDER are to be interpreted in accordance with INCOTERMS.
- (f) "ORDER AMENDMENT" means a modification of the ORDER issued by PURCHASER to SELLER modifying the ORDER, including a modification processed by the SELLER through a deviation/disposition request form approved by PURCHASER.
- 1.1.3 (a) "MATERIALS" means any materials, machinery, equipment, article, item, services, work or any other subject matter to be provided for by SELLER according to the ORDER, including any documents, drawings, data, manuals and the like, relating thereto.
- (b) "SITE" means any destination as defined in the ORDER where the MATERIALS are to be delivered and/or installed or any other places as may be specifically designated in the ORDER.

- 1.1.4 (a) "EFFECTIVE DATE OF ORDER (EDO)" or "EFFECTIVE DATE OF CONTRACT" (EDC) means such date as may be specified in the ORDER.
- (b) "DELIVERY DATE" means the date for completing the execution of the ORDER and/or the delivering of the MATERIALS.
- 1.1.5 (a) "DAY" means a calendar day.
- (b) "WORKING DAY" means any DAY, unless it coincides with a public holiday or a DAY recognised as a holiday at the place of manufacturing of the MATERIALS or at SITE, or a DAY designated by the Government as a DAY of rest or celebration or other non-individual holiday.
- 1.1.6 (a) "FORCE MAJEURE" means such circumstance as defined in the PURCHASE ORDER.
- 1.2 The headings in these Terms and Conditions shall not be deemed part thereof or be taken into consideration in the interpretation or construction of the ORDER.
- 1.3 Words indicating persons or parties shall include firms and corporations and any organisation having legal capacity.
- 1.4 Words including the singular only also include the plural and vice versa where the context so requires.
- 1.5 Wherever in the ORDER provision is made for giving or issuing of any notice, consent, review, approval, certificate or determination by any person, unless otherwise specified, this shall be in writing and shall be submitted by courier, registered mail, facsimile, or such other method which is adequate under the circumstances, and any such notice, consent, review, approval, certificate or determination shall not unreasonably be withheld or delayed.
- 1.6 If in the documents constituting the ORDER, words or expressions are used which are synonyms to the words and expressions defined above or which are spelled or written in a different fashion than indicated above, such words and expressions shall be deemed to have the same meaning as described above, except where the context otherwise requires.
- 1.7 Whenever the context of the ORDER so requires, the ORDER shall be deemed to include the performance of civil, mechanical, electrical, instrumentation and other works and engineering, all as necessary to achieve the purpose of the ORDER, notwithstanding the use of the words "PURCHASE", "PURCHASER" and "SELLER" and the like.

## **Article 2 FORMATION OF PURCHASE ORDER**

SELLER shall confirm the proposal of the PURCHASE ORDER submitted by the PURCHASER within the date stated therein. Providing the date is not stated therein, then within 10 days after receiving the PURCHASE ORDER. Any modifications made by SELLER in the submitted proposal do not create the formation of the PURCHASE ORDER. In that case this is considered a draft of PURCHASE ORDER submitted by SELLER and PURCHASE ORDER originates only on the day of obtaining the approval from the PURCHASER.

## **Article 3 FORM OF THE PURCHASE ORDER**

The PURCHASE ORDER is always made in writing.

## **Article 4 DELIVERY DATE**

- 4.1 The Delivery Date shall be stated in the relevant PURCHASE ORDER.
- 4.2 SELLER shall have the full responsibility for observing the agreed-upon Delivery Date. The Delivery Date is the essence of the order - no delay can be accepted. PURCHASER's approval is required before the dispatching - which means Certificate of Release, issued by an inspector of PURCHASER. This Certificate of

Release is a basic document for payment, and it shall be dispatched together with the equipment to the place of destination whilst one copy shall be dispatched to PURCHASER.

- 4.3 Partial shipments are not allowed unless authorised by the PURCHASER in writing in advance.
- 4.4 The DELIVERY DATE(S) is (are) of the essence of the ORDER.
- 4.5 If, at any time, it appears that the MATERIALS will not be delivered in accordance with the DELIVERY DATE(S), SELLER shall forthwith, but in no event later than 5 DAYS after being aware of the delay or the possibility of a delay, notify PURCHASER in writing indicating the best DELIVERY DATE(S) possible.
- 4.6 PURCHASER may in such case if it deems necessary and without prejudice to any other rights which it may have, cancel the ORDER and make such other arrangements as PURCHASER may consider necessary or desirable in the circumstances. Any additional expenditure incurred by PURCHASER in connection therewith shall be reimbursed by SELLER on demand. The foregoing does not apply if late delivery is an immediate result of FORCE MAJEURE or is due to a cause attributable to PURCHASER, provided that such circumstance has been communicated by SELLER to PURCHASER by written advice within aforesaid 5 DAYS. Any such advice must be accompanied by supporting documentation acceptable to PURCHASER. In the event that delay is due to FORCE MAJEURE, then the parties shall agree upon an appropriate course of action.
- 4.7 In the event of a delay or the likelihood of a delay, PURCHASER has the right to instruct SELLER to recover the time lost due to the delay and SELLER shall immediately take such actions as are necessary to recover the time lost due to the delay, including but not limited to the provision of special forms of transport.
- 4.8 Failure to comply with the instruction referred to in clause 4.4 will be deemed to constitute a breach of the ORDER and the provisions of clause 7 will apply. In addition, PURCHASER shall be entitled to take such measures at SELLER's expense as PURCHASER deems appropriate to ensure expeditious completion and delivery of the MATERIALS, including special transport, without prejudice to PURCHASER's rights at law. If PURCHASER takes measures for the benefit of the completion of the MATERIALS or employs others to complete the MATERIALS, PURCHASER shall be entitled for that purpose to use or to have others use all such auxiliary plant and equipment as are available to PURCHASER, including those of SELLER.
- 4.9 Without prejudice to the foregoing, SELLER shall be liable for any additional costs incurred by PURCHASER and/or OWNER and resulting from SELLER's failure to comply with any provision of the ORDER including but not limited to the obligation to provide documents, drawings, data, manuals and the like as specified.

## **Article 5 PRICE**

The price settled in the PURCHASE ORDER is fixed. If not otherwise settled, the price is understood including packing, shipment to destination and insurance.

## **Article 6 PAYMENT CONDITIONS**

- 6.1
  - (a) The invoice is approved to be mature within 45 days from the date of delivery of the invoice, if it is not stated otherwise.
  - (b) The right to issue an invoice arises on the day of completing the subject of PURCHASE ORDER, which must be documented by the Release Certificate or hand-over certificate and the certificate of acceptance confirmed by the representatives of PURCHASE ORDER parties.
- 6.2 The parties agreed that the invoice must include the following requirements as the minimum:

- invoice number
  - identification:
    - of PURCHASE ORDER parties
    - their office and place of business
    - corresponding department (division) of PURCHASER
    - PURCHASE ORDER number
    - job number
    - the amount of the invoiced sum without VAT
    - tax rate
    - total amount of the invoiced sum
  - bank connection of the parties
  - date of invoice issue, date of invoice shipping
  - date of invoice maturity
- 6.3 (a) PURCHASER shall have, before the day of maturity, the right to return without payment any invoice, which does not contain any of the above mentioned requirements or if the data are completed inappropriately or is not accompanied by the respective documents.
- (b) SELLER is obliged to correct the invoice or issue a new one depending on the nature of the inappropriateness. The original date of maturity ceases to be due by the act of returning of the respective invoice. The whole date of maturity starts running on the day of delivery of the corrected or newly issued invoice.
- 6.4 The penalty interest rate in case of delay in payment the invoice is agreed in the amount of 0.05% of the outstanding amount for each day of the delay, the maximum amount, however shall not exceed 10% of the outstanding amount.
- 6.5 PURCHASER has the right to withhold the payment of the sum to SELLER in the amount of 10% of the price of the subject of PURCHASE ORDER (as retention money) and to pay it only based on the Release Certificate or Hand-over Certificate and acceptance of the materials and according to the agreed terms of payment.
- 6.6 PURCHASER has the right to require from the SELLER to provide bank guarantees or other security instruments in case of granting financial fulfilment to Seller, without the subject of PURCHASE ORDER being fulfilled from the part of Seller. Shall SELLER not provide the aforesaid securities properly and in time, then Seller, unless otherwise agreed by the parties, has the right to claim the payment for the subject of this PURCHASE ORDER only after its being fulfilled.
- 6.7 In case of a foreign entity being SELLER and delivery of software, licence, consulting, technical or any other service being the subject of CONTRACT, the former is then obliged to submit a certificate of the tax domicile of his company to PURCHASER. If the regulations valid in the Czech Republic related to the performance of Contract impose paying the income tax of SELLER to local authorities, SELLER shall perform these duties, resulting of the above-mentioned regulations.
- 6.8 PURCHASER has the right to compensate the amount of the penalty invoice against an unpaid invoice.
- 6.9 Payments executed via bank transfer are fulfilled by deducting the amount paid from the PURCHASER 's account.
- 6.10 SELLER is not allowed to transfer, partly or fully, any claims or trade receivables which SELLER has against PURCHASER to any third person without prior written consent of PURCHASER. If SELLER is in breach of the

obligation stipulated in the previous sentence, PURCHASER has the right to require payment of agreed penalty in the amount of 100 % of value of the transferred claim or trade receivable. This does not affect the PURCHASER's right to indemnification for damages and loss of profit. The payment of the abovementioned penalty shall be matured within 30 days from the date of delivery of a written claim for payment to SELLER.

- 6.11 In case of delay of OWNER with payment of its obligations to PURCHASER SELLER agrees with prolongation of the maturity period of invoices issued by SELLER up to expiration of 5-working day period starting at the day when PURCHASER receives the payment from OWNER.

#### **Article 7 GENERAL OBLIGATIONS OF SELLER**

- 7.1 SELLER shall, in accordance with the ORDER, with due care and diligence, design, engineer, manufacture, inspect, test and deliver to the SITE, the MATERIALS on or before the DELIVERY DATE and shall perform all such other activities as may be required for the proper carrying out of the ORDER.
- 7.2 If it appears that certain services, materials or (auxiliary) equipment not expressly included in the MATERIALS, are necessary for the proper carrying out of the ORDER, SELLER shall provide same at no extra cost to PURCHASER.
- 7.3 Review or approval by PURCHASER and/or OWNER of drawings and other documents supplied by SELLER and PURCHASER's and/or OWNER's comments thereon do not relieve SELLER from any of its responsibilities or liabilities under the ORDER. No review is to be construed as an approval, nor should active effort in performance of the ORDER be delayed while awaiting such review. Under no circumstances may any comments by PURCHASER and/or OWNER be interpreted as an authorisation of an ORDER AMENDMENT or an acceptance thereof by PURCHASER and/or OWNER.

#### **Article 8 EXPEDITING**

PURCHASER reserves the right to perform expediting (i.e. inspection of the course of the completion of the work/services) at SELLER's. SELLER shall submit to PURCHASER's representatives materials and information stated in the Schedule of Required Technical Documentation, especially the following:

- Report on Procurement of Material
- State of completion of required technical documentation
- Production schedule with presenting the stages of assuring the construction and purchase of material

#### **Article 9 INSPECTION REQUIREMENTS**

- 9.1 This PURCHASE ORDER is subject to inspection by the PURCHASER and/or its nominee. The Release Certificate issued by the PURCHASER's inspector is required prior to delivery of goods.
- 9.2 For regular inspections a reference is made to the enclosed Material Requisition forming a part of this PURCHASE ORDER.

#### **Article 10 QUALITY ASSURANCE (QA) REQUIREMENTS**

- 10.1 Details on QA requirements shall be stated in the material requisition(s) forming a part of the PURCHASE ORDER.
- 10.2 All costs associated with QA requirements are included in SELLER's price.

#### **Article 11 FULFILLMENT OF THE PURCHASE ORDER**

If not agreed otherwise between the parties, the SELLER is obliged to fulfil the subject of the PURCHASE ORDER at the SITE. The subject of the PURCHASE ORDER is fulfilled by signature of the Release Certificate or Handing over Protocol by both parties or by taking over of the subject of PURCHASE ORDER, incl. delivery of required technical documentation. All documents relating to the subject of the PURCHASE ORDER and necessary for its taking over and use form an integral part of the SELLER's scope. In case, it is deemed reasonable, the SELLER is obliged to keep Site Book and to enter information/facts about progress of the work as per the agreed upon time schedule therein and to enable the PURCHASER to check all entries contained therein. Into the Site Book the PURCHASER is entitled to enter individual particular instruction and claims for fulfilment of the PURCHASE ORDER and the SELLER shall continuously confirm fulfilment of such.

#### **Article 12 DELAY OF THE SELLER**

- 12.1 If the SELLER is delayed with the fulfilment of CONTRACT, PURCHASER has then the right to require payment of agreed penalty in the amount of 0,1 % of the agreed price of the subject of PURCHASE ORDER for each day of the delay, maximum amount, however, shall be 10 % of the price of the subject of fulfilment. This does not affect the PURCHASER's right to indemnification for damages and loss of profit.
- 12.2 If SELLER is not able to fulfil his obligation on time, he shall notify PURCHASER immediately. At the same time he shall announce the subsequent Delivery Date. PURCHASER is not bond by such date and has the right to repudiate the PURCHASE ORDER without breaking PURCHASER's rights to indemnification for damages and loss of profit.
- 12.3 PURCHASER shall have the right to deduct from payments being made to SELLER all extra costs, which SELLER shall owe to PURCHASER from the reason when subject of this PURCHASE ORDER (or its part) is delivered on the place at discrepancy with the provisions of the PURCHASE ORDER.

#### **Article 13 DEFECT LIABILITY PERIOD**

- 13.1 All MATERIALS furnished by SELLER (irrespective of whether engineering design, data or information has been incorporated in the ORDER or has been furnished reviewed or approved by PURCHASER) are guaranteed by SELLER to be new, of the best quality and workmanship of their respective kinds unless otherwise authorised in writing by PURCHASER, shall be free from faulty design, shall be of sufficient size and capacity and of proper material so as to fulfil in all respects such operating conditions, if any, as may be specified by PURCHASER. SELLER shall ensure that all SUB-ORDERS have appropriate provisions giving effect to the foregoing.
- 13.2 The SELLER shall provide for the WORK the defect liability period 24 months from start-up of the subject of the CONTRACT, 36 months from the date of delivery at maximum.
- 13.3 In case, when defects appear within the defect liability period, the SELLER is obliged – without any delay after written information from the PURCHASER - to take necessary measures to remedy the defects. The rectification of the defects shall be executed within a technically reasonable period. Should this period of remedy be not adequate – this means than remedy work lasts longer than 15 days, the PURCHASER is entitled - in urgent cases - by himself and on SELLER's account to get the replacement and/or to have the repair made by a third party on SELLER's account. SELLER is obliged to pay the invoiced costs within 14 days from the invoice date.
- 13.4 The PURCHASER is entitled to charge the SELLER with penalty for delay of the remedy the defect in the amount of 1 % of the PURCHASE ORDER PRICE for each defect, but 5 % of the PURCHASE ORDER PRICE at maximum. The right of the PURCHASER to claim liquidated damages and/or lost profit remains untouched by the aforementioned.

#### **Article 14 LEGAL DEFECTS**

The SELLER hereby warrants that no third party rights are breached by the execution of the subject of the PURCHASE ORDER and/or by use of the materials and/or by procedures used. Furthermore, the SELLER warrants that all patent rights are properly settled. In case of any claims from the third parties because of breach of the third party and/or patent rights the SELLER shall support the PURCHASER in all aspects and shall reimburse the PURCHASER for all costs and claims successfully raised by the third parties against the PURCHASER.

#### **Article 15      TRANSPORTATION INSTRUCTIONS, PACKING AND IDENTIFICATION OF GOODS**

- 15.1 SELLER is obliged to dispatch the materials in a packaging which ensures satisfactory protection from damage in the course of transportation and eventual storage in corresponding area of PURCHASER. PURCHASER shall notify SELLER of the Transportation conditions within 15 days before the term of PURCHASE ORDER fulfilment, unless otherwise specifically stated. Material which is to be transported by SELLER to the destination, appointed by PURCHASER as the place of fulfilment of the subject of CONTRACT, must be confirmed by the staff of PURCHASER. So must be the removed material, tools, building machines, which SELLER had used for fulfilment of CONTRACT, listed and confirmed by a respective staff member of PURCHASER. The aforesaid confirmed documents constitute an integral part of the invoice.
- 15.2 Marking of the goods- will be specified before dispatch the goods after receiving notification of SELLER about readiness of goods for dispatch.
- 15.3 All correspondence will be send to the address:  
Kovoprojekta Brno a.s.

Name of responsible representative

Šumavská 416/15

602 00 Brno

Czech Republic

#### **Article 16      OWNERSHIP AND TRANSFER OF RISK**

- 16.1 Ownership of the subject of the PURCHASE ORDER shall pass to PURCHASER on the moment of taking over of the subject of PURCHASE ORDER.
- 16.2 The parties have right to agreed in writing, that PURCHASER shall pass of ownership of the subject of the PURCHASE ORDER later, than is mentioned in the Art. 16.1. Shall no other meaning result of the contents of this exclusion of the ownership it is assumed that the ownership passes onto the PURCHASER only by means of payment the PURCHASE PRICE completely.
- 16.3 Ownership to the documentation elaborated and handed over as a part of the scope of work shall pass onto the PURCHASER on the day of its taking over.

#### **Article 17      FORCE MAJEURE**

Such circumstances (e.g. legal strike, natural catastrophe, changes in regulations, etc.) are considered to be cases of „Force majeure“ which prevent temporarily or permanently from fulfilling the duties agreed upon in CONTRACT, which emerge after entering thereof in force and into effect, and which could not have been foreseen or averted by any of PURCHASE ORDER parties. The party, which is thus prevented from fulfilling its duties, shall notify the other party immediately of such circumstances appearing and shall submit documents or contingent information of such circumstances affecting substantially the fulfilment of PURCHASE ORDER duties. Provided the Force

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majeure circumstances last for more than 90 days, both PURCHASE ORDER parties are obliged to discuss modification of CONTRACT.

#### **Article 18      TERMINATION OF CONTRACT**

In case of the breach of any duty resulting from PURCHASE ORDER from the part of SELLER, PURCHASER is entitled to terminate CONTRACT, with immediate effect. This shall not constitute any prejudice to his rights for indemnification for damages respectively loss of profit.

#### **Article 19      SELLER´S CONFIRMATION**

- 19.1 The SELLER is deemed to have checked all conditions, legal requirements, time schedules, drawings and to have gained at his own responsibility all information and details necessary for fulfilment of the CONTRACT, as e.g. conditions on Site, its accessibility, conditions of storage, lifting equipment, accommodations and regulations necessary for proper fulfilment of the CONTRACT. The PURCHASER shall not be responsible for costs incurred as result of mistakes and/or for costs due to the fact that the PURCHASER has not learned such information.
- 19.2 The SELLER hereby confirms that the subject of the PURCHASE ORDER complies with the requirements and conditions contained in the Act no. 22/1997 Coll. in the valid wording and Act no. 90/2016 Coll. in the valid wording.
- 19.3 In case when the SELLER has not its Quality system qualified the PURCHASER has the right to make an inspection of the quality system at SELLER´S facilities.

#### **Article 20      SAFETY**

If SELLER performs PURCHASE ORDER on the premises of PURCHASER or on location determined by PURCHASER, he is obliged to perform the aforesaid subject of PURCHASE ORDER in compliance with Integrated Management System Policy available to [www.kovoprojekta.cz](http://www.kovoprojekta.cz), legal regulations concerning occupational safety and health protection, fire protection and all respective standards. PURCHASER shall inform SELLER of the internal safety regulations on location of performance of the WORK, and SELLER shall, at the same time, ensure observing the aforesaid regulations from the part of his own staff. SELLER is obliged to observe the duties stated in the Operation Rules of PURCHASER and/or all respective standards on location of performance of the WORK. In case of breach of the aforesaid duties by any staff member of SELLER, PURCHASER is then entitled to terminate PURCHASE ORDER. PURCHASER´S right for indemnification of damages and loss of profit shall not be affected therewith.

#### **Article 21      ECOLOGY**

If SELLER performs PURCHASE ORDER on the premises of PURCHASER or on location determined by PURCHASER, he is obliged to perform the aforesaid subject of PURCHASE ORDER in compliance with Integrated Management System Policy available to [www.kovoprojekta.cz](http://www.kovoprojekta.cz), legal regulations in the sphere of environmental protection,. SELLER is obliged to observe all respective legal standards concerning handling any defect materials and materials harmful to water. In the course of PURCHASE ORDER subject performance, the area determined thereby shall be kept clean. SELLER is liable for eventual damage arisen in respect to the performance of PURCHASE ORDER within the frame of environmental protection.

#### **Article 22      STORAGE AND OPERATION AREAS**

If SELLER performs PURCHASE ORDER on the premises of PURCHASER or on location determined by PURCHASER, he is obliged to move only within the areas or operation areas determined to him by PURCHASER. Objects, means, or contingent things which either serve for performance of the subject of the PURCHASE ORDER or shall become a part thereof, must be properly stored by SELLER in areas limited by PURCHASER for this purpose. SELLER must secure the aforesaid items from being stolen, as well as keep them in regular, well-ordered state. After PURCHASE



ORDER has been fulfilled, SELLER is obliged to return the respective areas into original state or state agreed thereupon, and hand them over to PURCHASER by the means of a Certificate in writing within the term set beforehand.

#### **Article 23 SUB-ORDERS**

- 23.1 If not agreed otherwise the SELLER shall submit to the PURCHASER– prior to the signature of the PURCHASE ORDER his Vendor List for PURCHASER´s confirmation. In case of any claim for changes of the Vendor List after PURCHASE ORDER signature such change and/or modification are valid only if agreed by the PURCHASER in writing in advance.
- 23.2 SELLER shall not sub-order or subcontract the whole or parts of the ORDER without the prior written consent of PURCHASER. Any such consent shall not relieve SELLER from any liability or obligation under the ORDER and SELLER shall be responsible for the acts, defaults, and neglects of any SUB-VENDOR, its agents, servants or workmen as fully as if they were the acts, defaults or neglects of SELLER and its agents, servants or workmen.
- 23.3 Each SUB-ORDER shall contain a provision entitling SELLER to assign such SUB-ORDER to PURCHASER or OWNER as of right and without further notice to SUB-VENDOR. PURCHASER shall upon request be entitled to receive an unpriced copy of any SUB-ORDER from SELLER.

#### **Article 24 EFFECTIVE DATE**

The PURCHASE ORDER comes in force upon day of its signature by both parties.

#### **Article 25 GOVERNING LAW AND ARBITRATION CLAUSE**

- 25.1 All legal relations resulting from this PURCHASE ORDER are subject to the Law of the Czech republic.
- 25.2 All disputes arising out of or in connection with this Contract, which have not been amicably settled between the parties within a reasonable period, shall be referred to and finally resolved by arbitration at Arbitration Court of the Czech Commerce Chamber and the Czech Agrarian Chamber in Prague by one (or two/three) arbitrators appointed under rules of the above mentioned institutions. This contract shall be written in accordance with the Czech Law and shall be interpreted in accordance with the above mentioned Law.

#### **Article 26 CONFIDENTIAL NATURE OF INFORMATION AND DRAWINGS**

- 26.1 All drawings, blueprints, designs, sketches and technical data provided by PURCHASER and/or OWNER to SELLER hereunder are to be maintained in strict confidence and used solely for the purposes of the ORDER. Any disclosures of aforesaid documents or data to third parties shall be made in confidence and with similar limitations on use. Aforesaid documents or data shall remain the property of PURCHASER and/or OWNER and SELLER shall return all such documents and data upon demand. This obligation does not apply to information which at the time of disclosure is in the public domain or is in SELLER's lawful possession without restriction on disclosure.
- 26.2 Title to and copyright in all drawings, requisitions, specifications, calculations and other documents prepared by SELLER in connection with the ORDER shall vest in PURCHASER and PURCHASER shall have the right to use these drawings, requisitions, specifications, calculations and other documents for any purpose whatsoever without any obligation of any kind to SELLER.
- 26.3 However, where SELLER can demonstrate that such drawings, specifications, calculations and other documents contain specific know-how of SELLER and that they (i) have been accepted as such by PURCHASER, and (ii) have been identified as such by SELLER prior to the ORDER, such specified know-how shall only be used by PURCHASER for the construction, reconstruction, operations, maintenance and repair of, or additions to, or alterations to the project.

- 26.4 Specifications, drawings and/or documents shall be reviewed by PURCHASER and/or OWNER to ascertain engineering information only. SELLER is held responsible for any costs caused by errors in its dimensional drawings, sketches or other documents.
- 26.5 No cancellation or termination of the ORDER for whatever reason shall affect the validity of these provisions.

## **Article 27 PATENTS**

- 27.1 SELLER hereby warrants that the use or sale of the MATERIALS delivered hereunder will not infringe any industrial property rights related to such MATERIALS and SELLER shall indemnify PURCHASER and/or OWNER, its successors, assignees, vendees, and users of the MATERIALS, against any action, claim or demand, costs and expenses, arising from or incurred by reason of any infringement or alleged infringement of any patent rights, registered design (to the extent that the design for such MATERIALS is not furnished by PURCHASER), trade mark or name, copyright or any other protected rights in respect of any MATERIALS supplied or any arrangement, system or method of using, fixing or working used by SELLER or by PURCHASER or OWNER on the recommendation of SELLER.
- 27.2 In the event of any claim or demand being made or action being brought against PURCHASER or OWNER or any of their successors, assignees, vendees, and users in respect of any of the aforesaid matters, SELLER shall be notified thereof immediately and SELLER shall, at the request of OWNER and/or PURCHASER, conduct at its own expense all negotiations for the settlement of same and/or litigation which may arise therefrom.

If PURCHASER or OWNER decides to conduct such negotiations or litigation itself, SELLER shall, at its own expense, render all required assistance. SELLER shall in such event have the right to be represented by advisory counsel of its own selection.

- 27.3 Whenever any invention or discovery is made or conceived by SELLER or its employees in the course of any work under the ORDER, SELLER shall furnish PURCHASER with complete information thereon, and where the invention has specific application to reactions in the plant for which the MATERIALS are purchased or to apparatus and equipment specifically designed for, and uniquely applicable to, the use of such reactions PURCHASER shall have the sole power to determine whether or not and where a patent application shall be filed (which filing shall be at PURCHASER's expense) and to determine the disposition of the title to and the rights under any application or patent that may result. Where such invention has usage outside of such plant reactions or such apparatus or equipment specifically designed for, and uniquely applicable to, the use of such reactions and the patent rights have been applied for by SELLER, PURCHASER and/or OWNER shall have a royalty-free licence under any resulting patent applications or patents, and SELLER shall be free to use and license others under such patents.
- 27.4 Except as otherwise agreed, SELLER shall, in order to put into effect the provisions of clause 27.3 above, obtain a suitable form of assignment of any actual or prospective patent rights from all persons who perform any part of the ORDER, except such clerical or manual labour personnel as shall not have access to technical data.

## **Article 28 PUBLICITY**

SELLER shall not publish or make public any reference to the order or to the Owner, PURCHASER or to any other company affiliated to the Owner or PURCHASER in relation to the subject of the order without prior written permission of PURCHASER.

## **Article 29 INSURANCE**

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- 29.1 SELLER shall insure against liability to third parties for any death or personal injuries and loss of or damage to any physical property arising out of the performance of the ORDER and occurring before the delivery and/or the taking-over of the MATERIALS, whichever occurs the latest.
- 29.2 The SELLER hereby confirms that he keeps a standard insurance within its organisation; this to cover all damage that might occur in connection with delivery and erection/installation work provided by the SELLER under this Purchase order.

Total insurance amount shall be equal or above the total contract price.

### **Article 30 REQUIREMENTS OF ADMINISTRATION AND OTHER AUTHORITIES**

SELLER guarantees that the design documentation, construction and quality of the subjects of the delivery shall be in compliance in all aspects with all respective requirements of any administration body or regulation or any other generally applicable obligatory instruments, related to production, and, where applicable, to any consecutive activity concerning the subjects of delivery, including applicable regulations, rules, acts and standards, related to safety of labour and health protection.

For PURCHASER:

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