

General Business Conditions

Valid as of 17th October 2017.

1. Preamble

These General Business Conditions (further only referred to as "GBC") form an integral part of an offer of the company VAE CONTROLS, s.r.o. (further only referred to as "VAE CONTROLS") for supply of goods or for supply of works (further only referred to as "GOODS/WORKS"). In case that any provision of the GBC is contradictory to the offer, corresponding provision of the offer applies. This eventuality bears no effect on the validity of remaining provisions of the GBC.

By delivery of an order or an executed and signed instrument of the sales agreement or contract for work (further only referred to as "AGREEMENT") to VAE CONTROLS, by a takeover act of GOODS/WORKS, or even of its part thereof, the purchaser or the ordering party (further only referred to as "CUSTOMER") confirm that they agree with the GBC. In case that any provision of the GBC is contradictory to this hereto AGREEMENT, corresponding provisions of the AGREEMENT apply. This event bears no effect on the validity of the GBC remaining provisions.

Should any of the GBC conditions become invalid the remaining conditions shall not be affected by this; they stay in force.

Eventual changes of the business conditions must be agreed upon by both of the parties hereof and, the respective consensual change must be confirmed in writing.

2. Formation of business relationship

Business relationship commences when VAE CONTROLS as a seller or as a contract performer confirms reception and acceptance of an order or when both of the parties hereof receive original of the AGREEMENT signed by both of the parties. Orders are accepted both in printed and in electronic form.

Order or AGREEMENT must include the full name, address, telephone number, e-mail, business ID no., VAT No. and the CUSTOMER'S bank information. In addition, names of persons or of the individuals authorized to represent the company, an accurate description of performance, specific information for delivery and the identification of a related offer (if any).

3. Validity of offer and delivery times

Unless the offer defines to the contrary, it remains valid for a period of 60 days from the date of its confirmed submission.

In case that total price of offered GOODS/WORKS does not correspond with the sum of individual items or subtotals, the prices of individual items are considered as binding. In that case VAE CONTROLS reserves the right to revise the price of the offer even during the offer validity period.

The quotation does not include any other products or services than explicitly named in the quotation, especially:

- Design or delivery of connecting cabling, pipes or any other equipment outside the scope of supply of GOODS/WORKS (battery limits) defined in quotation;
- Training, design support or other technical support;
- Cost of CUSTOMER or third party related to presence on tests and training;
- Cost of secure financial tolls, e.g. Letter of credit, bank guarantee, insurance etc.

All information published in marketing and promotional materials (leaflets, brochures, presentations, drawings, web, etc.) shall be considered as informative only and VAE CONTROLS can modify them without further notice. They cannot be considered as binding technical specifications and VAE CONTROLS is not liable for any consequences resulting from their usage.

Delivery times quoted are based on the currently available materials and production capacity. Exact delivery times can and will only be confirmed at time of receipt of the order.

The delivery time begins from the day of business relationship formation and after fulfilling following conditions:

- handover of requested documentation;
- fulfilling of all requested formalities;
- settlement of all required payments to the bank account of VAE CONTROLS;
- handover of requested guarantees;
- fulfilling of all other conditions stated in the AGREEMENT;

During the following periods of national holidays as defined by employment law within the Czech Republic the following conditions shall apply to any contracted works:

- Christmas Period: between 23rd December until 6th January, works shall be duly extended for this period.
- If delivery schedule is over the months of July and August, the contracted works shall be extended by 10 working days

In case the supply from any of the subcontractors is delayed, corresponding delay in delivery may occur. In such case VAE CONTROLS must inform CUSTOMER about this fact in due time.

Partial supply/performance of GOODS/WORKS is permitted.

In case the CUSTOMER is in delay with fulfilling his financial obligations or when CUSTOMER does not perform necessary co-operation VAE CONTROLS is entitled to discontinue further supply/performance. This fact has no effect on the obligation of the CUSTOMER to fulfil his existing liabilities with respect to VAE CONTROLS.

4. CUSTOMER'S co-operation

In accordance with the nature of GOODS/WORKS, the CUSTOMER must provide on his cost:

- Technical background documentation, engineering documentation and information about assumed operating conditions;

- Readiness of the affected objects and equipment (civil, technological, electrical, instrumentation, control system, etc.);
- Presence of fire brigade for the WORKS whose character requires it;
- Instruments, equipment and mediums necessary for the purposes of testing and calibration including their appropriate liquidation (for example testing medium, tanktruck, etc.);
- Individual person responsible for the acceptance of GOODS/WORKS.

CUSTOMER is obliged to provide free of charge to approved workers of VAE CONTROLS and its sub suppliers:

- Entry (including necessary mobile devices like cars, trucks, etc.) to the place of GOODS/WORKS performance;
- Possibility to work overtime, at night, during non-working days and on national holidays;
- Use of at least basic hygiene equipment (toilets, washrooms);

Should the CUSTOMER be late or fails to fulfil with the provision of the co-operation the delivery time may have to be extended accordingly and VAE CONTROLS is entitled to be paid for extra costs by CUSTOMER.

CUSTOMER is obliged to provide the co-operation in compliance to valid regulations and standards.

CUSTOMER not entitled to require delivery of the GOODS/WORKS in contradiction with valid regulations and standards.

5. Price and payment conditions

Unless the offer defines to the contrary it is understood that the prices are firm and do not include packaging, loading/unloading, transport, insurance and VAT. Unless the offer defines to the contrary, delivery term EXW Ostrava is applied (Incoterms 2010).

All the information and data published in the general documentation of the products or services (for example, leaflets, brochures etc.) are binding only in case that some provision of AGREEMENT or order explicitly refers to it.

Price for WORKS is calculated with assumption that it will be executed during 8 working hours during daytime and during normal working days. In case of request for works execution overtime, at night and during non-working days VAE CONTROLS reserves a right to increase the price of WORKS.

Eventual discounts must be agreed upon in writing in advance.

In case of contracts realized during longer time period or contracts which include significant participation of third parties products, payments shall be effected in accordance with the time schedule reflecting agreed upon partial phase payments if applicable.

VAT according to valid laws will be added to the price for GOODS/WORKS.

Payment terms shall adhere to conditions defined by an independent evaluation (Coface Intercredit). Evaluation of

CUSTOMER shall be carried out by VAE CONTROLS at its expense.

Invoices are due within 14 days from the date of their reception by the CUSTOMER.

VAE CONTROLS can arrange (if explicitly requested) bank guarantees for individual advance payments. CUSTOMER must ask for bank guarantees in advance.

Should any payment, whether partial or in full, be not effected in agreed upon time, the CUSTOMER shall be obliged to pay the owing sum including interest of 0,15% from the debt per day.

VAE CONTROLS is authorised to cede any debts towards CUSTOMER arising from AGREEMENT or order which are after due more than 20 days according to provisions of Civil code of the Czech Republic in force, namely even without further agreement with CUSTOMER.

If VAE CONTROLS finds out (no matter whether before or after business relationship formation) that CUSTOMER is registered as "unreliable VAT payer" (in Czech: "nespolehlivý plátce") according to valid Czech Tax Law (in Czech: "Zákon o DPH"), then VAE CONTROLS is allowed to require immediate advance payment of 100% of the GOODS/WORKS price including VAT, even in the case that originally were agreed different payment terms. Delivery time is automatically extended until the day of reception of the mentioned payment. If the CUSTOMER does not pay the advance payment until 14 days of the requirement, VAE CONTROLS is allowed to terminate the contract and to receive from the customer payment of all costs and adequate profit related to the business relationship. This paragraph is valid only for business relationship executed according to the law of the Czech Republic.

6. Handover and takeover

Handover and takeover of GOODS

VAE CONTROLS fulfils its obligation to deliver GOODS, or any of its part designated for individual delivery, by its delivery under agreed upon conditions. In case, the VAE CONTROLS does not have obligation to arrange for loading/unloading or transportation, VAE CONTROLS will complete its obligation by providing the GOODS on agreed place and reporting this fact in writing to the CUSTOMER.

CUSTOMER is obliged to take over the GOODS and pay the negotiated purchase price. In case that VAE CONTROLS has not an obligation to arrange for loading or transportation, the CUSTOMER entirely responsible for that.

Handover and takeover of WORKS

VAE CONTROLS fulfils its obligation to carry out WORKS, or any of its part designated for individual handover respectively, by handing over the properly executed WORKS, including predefined and agreed upon documentation.

VAE CONTROLS shall report to CUSTOMER the estimated date of completion of WORKS, or any of its part designated for individual hand over respectively, by a record in construction journal or in other written form concurrently handed over with the accompanying documentation to the CUSTOMER.

Upon receipt of the report, the parties hereof shall perform an overall inspection of the WORKS, they shall elaborate and sign the "Protocol about handover and takeover", including a list of eventual defects and unfinished parts with periods for their rectification.

CUSTOMER is obliged to take over and pay for the WORKS including eventual defects and unfinished parts, which individually or altogether do not impede a proper and safe use of the WORKS. In case the WORKS was already used before, this condition is considered to be fulfilled.

CUSTOMER is not entitled to return of GOODS/WORKS, in full or in part, unless it was agreed otherwise in advance.

7. Warranty and liability for damages

VAE CONTROLS provides warranty of 12 months from the handing over or activation of GOODS/WORKS but maximum 15 months from the delivery. For GOODS/WORKS of the third party manufacturers and suppliers, the warranty periods and conditions of the original suppliers and manufacturers apply.

VAE CONTROLS guarantees that GOODS/WORKS shall not be in defect in design, manufacturing and material, provided it is used in a proper way. Warranty is limited to repair or replacement of defective parts of GOODS/WORKS.

VAE CONTROLS shall not be liable with respect of eventual direct or indirect damages occurred by faulty function, defect or non-functionality of GOODS/WORKS, in part or as a whole.

Warranty does not apply to parts with defects for which a lower price was negotiated. In addition it does not apply to defects caused by such use or installation that is in contradiction with the Instructions for use or conditions for handling of GOODS/WORKS or with general rules; further, it does not apply to defects caused by violating the maintenance instructions, instructions for operation or servicing of GOODS/WORKS, nor to defects caused by disobeying regulations, directives and other general standards. The warranty is also invalidated by the defects caused by improper transportation or storage, unprofessional or inappropriate handling, exposure to unfavourable atmospheric conditions, operation under different conditions than those defined by the manufacturer or seller, or forced to operate under extraordinary conditions. Warranty does not apply to defects caused by physical damage, inevitable event (fire, flood, earthquake, war conflict, etc.), atmospheric effects, damages caused by lightning or electrostatic discharge, excessive mechanical wear, to defects caused by using improper or faulty software, by the use of different consumables or accessories than those expressly recommended by the manufacturer. Warranty does not apply to defects caused by computer viruses, by installation of software not supplied by the company VAE CONTROLS, by unprofessional installation of software or hardware accessories or by not fulfilling minimum system requirements.

If the subject of performance is software for personal computers the warranty of VAE CONTROLS applies solely to the physical readability of media. Upon the take-over of the software or by removal of protection elements (foil, seals, by opening the envelope, etc.) the CUSTOMER

becomes an authorized licensed user of the software product and accepts the license agreement of the copyright owner or software producer. In case of a computer defect, for which VAE CONTROLS company warranty applies, and which results in a loss of installed software, VAE CONTROLS ensures restoration free of charge, of the computer into condition, in which it was handed over (sold) to the CUSTOMER - including the software installed by VAE CONTROLS or by original manufacturer. Warranty does not cover non-functionality of original software caused by intervention of someone else, or caused by changes in settings respectively. As a change of settings shall be understood as any change of system settings of software installed by original manufacturer or by VAE CONTROLS, installation of additional software, eventually an installation of drivers carried out by a CUSTOMER or any third party.

The subject of performance with respect to the warranty is not the regular maintenance, cleaning and necessary activities specified by the producer in the Instructions for use.

The warranty does not apply to the wear of parts, for which the manufacturer limited their life cycle and that has already expired, and to natural wear of parts during manufacturer recommended use (i.e. seals, fillings of filters, natural decrease of accumulators' capacity, etc.).

VAE CONTROLS is obliged to fulfil its obligations resulting from warranty only in case, when a CUSTOMER is not in delay with payment for already delivered GOODS/WORKS.

When claiming the rights resulting from warranty, it is necessary to specify the defect and its symptoms. Claim must always be in a written form to VAE CONTROLS registered address or by e-mail to info@vaecontrols.cz and it must include the following information:

- full name and address of claimant;
- name, position, telephone, e-mail of a person responsible for the claim on the side of the claimant;
- brief description of the defect and all known information about its inception;
- Agreement No., or order No/, upon which the GOODS/WORKS was delivered or manufactured

Claim must be reported at the latest within 1 calendar week from the delivery of GOODS/WORKS. In case of a hidden defect or defects that might be revealed later during warranty period, the actual claim must be reported at the latest within 1 calendar week from the discovery of the defect .

Warranty repair is carried out on the premises of VAE CONTROLS and eventual dismantling, assembly, packaging, transportation for repair and back is paid by CUSTOMER.

For payment of additional expenses related to a trip it is possible, on the basis of an order, to carry out a service activity in an agreed upon place. Prices for such a service are defined in conformance with the valid pricelist of VAE CONTROLS and they shall be disclosed upon request.

If the reported defect is not discovered during the repair or the defect is of a kind not acceptable under the warranty, CUSTOMER is obliged to pay the appropriate costs of the performed actions to VAE CONTROLS.

8. Ownership rights

GOODS/WORKS stay in the possession of VAE CONTROLS until purchase price is paid in full and until all obligations of CUSTOMER as specified in the AGREEMENT are fulfilled.

Risks related to possession of GOODS/WORKS are transferred onto CUSTOMER at the moment of handing them over to freight forwarder or during a personal takeover at the moment of handing it over to the CUSTOMER or by a Record of handover and takeover. Confirmation of this event must be in writing and signed.

CUSTOMER has a right to further sell GOODS/WORKS only under an assumption that all of his obligations with respect to VAE CONTROLS are fulfilled. In case of resale, CUSTOMER must use all received resources for the repayment of all of his liabilities to VAE CONTROLS.

Anytime from the moment the CUSTOMER delays with a payment CUSTOMER is obliged to provide upon request the list of customers to whom the GOODS/WORKS was further sold, including the details regarding invoiced amount and received payments. VAE CONTROLS is in case of delay in payments entitled to get in direct contact with CUSTOMER'S customers and request the payment from them.

In case the CUSTOMER is in delay with fulfilment of his financial obligations to VAE CONTROLS, VAE CONTROLS is entitled to taking back or dismantling the GOODS/WORKS and free manipulation with it. CUSTOMER is obliged to pay all the damages and additional costs which as a result of the above were occasioned to VAE CONTROLS.

9. Intellectual property, authorship, licensing

Delivered software and design documentation by VAE CONTROLS is protected by valid Authorship law of The Czech Republic. Supplied drawings, sketches and similar documents remain an intellectual property of VAE CONTROLS and cannot be copied, modified or disclosed to third parties without written consent of VAE CONTROLS. VAE CONTROLS will grant non-exclusive licence for delivered software and design documentation, based on full payment of the contract value and handover protocol of the GOODS/WORKS.

If to GOODS/WORKS, being the subject of a contract, are related any patents, licenses or other intellectual rights, VAE CONTROLS is obliged to reserve and transfer the necessary user rights onto a CUSTOMER. CUSTOMER is obliged to ensure that there will be no damage or misappropriation of intellectual rights of VAE CONTROLS or its subcontractors. 3rd party software is licensed by its producer and appropriate licence agreement must be kept by CUSTOMER.

Software is delivered to CUSTOMER in non-editable binary state or in the form of „runtime“ version, always without source code.

Any documents (e.g. design documentation) is delivered to CUSTOMER in paper or electronic form in non-editable format.

Customer is allowed to modify in delivered software or documents and distribute them to 3rd parties only after explicit consent of VAE CONTROLS.

10. Embargo

VAE CONTROLS takes no liability for execution of WORKS or delivery of GOODS in case that it is discovered anytime before or after formation of business relationship that the destination country or the CUSTOMER is embargoed by The Czech Republic, by the sub-supplier of VAE CONTROLS or by the country of the origin of the GOODS. Such a part of the GOODS/WORKS will be excluded from the scope of GOODS/WORKS delivery or VAE CONTROLS is entitled to cancel the contract without any obligations to pay to CUSTOMER any penalty to the CUSTOMER.

11. Confidential Information

Any and all information provided in an offer, AGREEMENT and other documents is solely designated for the use of the CUSTOMER and it is considered as business confidentiality. It is not permitted, without written consent of VAE CONTROLS, to disclose an them as a whole or any of their part to any third party.

Both parties hereof hereby agree to keep information, disclosed during business negotiations or during contract realization, confidential.

Against breaking or exposure of the right of commercial confidentiality of all parties involved in the delivery or performing of GOODS/WORKS are all parties protected by law the same way as against unfair competition.

12. Law and Jurisdiction

Eventual disputes are to be settled according to the Law of the Czech Republic in force.

Eventual disputes are to be settled by the Regional Court of Ostrava, Czech Republic.

VAE CONTROLS is also entitled to enforce its claims at the courts having jurisdiction over the CUSTOMER or in arbitration.