

PURCHASE TERMS AND CONDITIONS
of the Trading Company ŽDB DRÁTOVNA a.s.
Registered office: Jeremenkova 66, Pudlov, 753 51 Bohumín
Id. No.: 294 000 66

Entered in the Commercial Register Kept by the Regional Court in Ostrava
Section B, Inset 4510

Recitals

1. The present Purchase Terms and Conditions of the trading company ŽDB DRÁTOVNA a.s. (hereinafter just the "Terms and Conditions") are sales terms and conditions in the meaning of provisions of § 1751 and foll. of the Act No. 89/2012 Coll., Civil Code, as amended, and they govern legal relations based on the agreement between and by the Purchaser/Customer that is the trading company ŽDB DRÁTOVNA a.s. (hereinafter just the "Customer"), and Seller/Contractor – legal entity or natural person (entrepreneur) that supplies the goods or provides services to the Customer (hereinafter just the "Contractor"), provided they are referred to in the Agreement, or provided they are attached to the Agreement. If not agreed upon otherwise, the present terms and conditions shall be applied.

2. The Agreement shall be entered into exclusively in a written form, and Customer shall not be bound by the Agreement provided the written form is not used. Also a written confirmation of a written order (Agreement draft proposal) of the Customer by the Contractor shall be deemed to be a written agreement execution. An order (Agreement draft proposal) should contain at least data as follows:

Performance description;

Performance price,

Performance execution deadline;

Performance providing place;

Reference to the Terms and Conditions,;

A term which the Customer is bound by its order for (a term for the Agreement draft proposal acceptance).

3. The Agreement is deemed to be entered by a due order confirmation (Agreement draft proposal acceptance) by the Contractor, made in a written form, without any additions, reservations, restrictions, or any other amendments, even substantially not amending the order (draft proposal) terms and conditions. The Customer shall not be bound by the Agreement if it is established by any other, even legally supposed way, unless it expressly and in writing confirms it's binding by such concluded Agreement to the Contractor. Any previous covenants and correspondences related to the Agreement content become null and void upon the Agreement conclusion. Additions and amendments to the Agreement are only effective provided they are made in a written form.

4. The Contractor and Customer are entitled to sign and designate in electronic way any documents related to the Agreements conclusion, amendments and additions to them, or their cancellation. Communication made in electronic means enabling legal negotiations content and legal act performing person identification is deemed to be a written form.

Price and Payment Terms and Conditions

5. A performance price is a fixed price comprising any and all Contractor's costs related to its Agreement obligations performance taking into account the agreed upon performance place, including packaging cost, cost for transport to the performance place, and any other cost for contractual auxiliary activities performed by the Contractor in relation to the goods performance providing. The price excludes a Value Added Tax (VAT).

6. A vital precondition for the price payment is the complete Agreement performance by the Contractor and delivery of a tax document – invoice containing its charging, to the Customer. The invoice must contain any and all particulars required in a respective legal regulation. Each invoice must be delivered to the Customer always in original to the address

TŘINECKÉ ŽELEZÁRNY, a. s.

Účtárna dodavatelských faktur

Průmyslová 1000

739 61 Třinec, Staré Město,

or in the electronic way in case it is provided by an electronic signature pursuant to a special legal regulation. A copy of a document proving the Agreement performance by the Customer shall form an annex to each invoice. If any invoice fails to contain the required particulars, the Customer shall be entitled to return it to the Contractor immediately, however, at the last day of its maturity at the latest, in order to be corrected, while a new maturity term of the former term shall apply from a day of the corrected invoice delivery to the Customer.

7. A price charged in the invoice shall be due and payable in 60 days from a day of the invoice delivery to the Customer. However, the Customer is entitled to retain the price provided that at time of its maturity the Contractor is in any delay in performance providing based on any other agreement entered into with the Customer, or in any delay in meeting its obligations due to its liability for defects of any other performance provided by the Contractor for such delay term.

8. The Contractor is obliged to describe a bank account in each invoice (tax document) which the price should be paid into by the Customer, and the Contractor's bank account shall be a bank account published by the tax administrator in a remote access enabling way. The Customer is obliged to pay a price by a bank transfer into such account published by the Contractor. If a bank account described in the invoice is not a published account, the Customer shall be entitled to return the invoice immediately, however, at the last invoice maturity term at the latest, to the Contractor to correction – published account completion, and a new maturity term of the former term shall commence to run upon a corrected invoice delivery to the Customer, stating a respective published account.

9. In case a VAT is charged to the price, and

a/ the bank account of the Contractor stated in the invoice is not a published account at the moment of the payment execution; or

b/ a fact is published by the tax administrator at the moment of the taxable supply performance in a way enabling a remote access that the Contractor is a not reliable payer, the Customer shall only be entitled to cover the price in its amount excluding VAT related to the payment for the Contractor in form of a so-called special tax providing method..

10. Without a prior written consent by the Customer, the Contractor shall be entitled neither to assign any receivables due to the Agreement performance or in relation to the Agreement, nor to pledge the receivables in order to guarantee its own obligations performance or performance of any third persons. In case of this obligation breach, the Contractor shall be obliged to cover the Customer a contractual fine in the amount of 20% from a nominal value of such unjustified assigned or pledged receivable.

11. In case of any delay by the Contractor in a properly charged price covering, as well as in case of any delay in any other financial obligation accepted within the Agreement or following from it in any other way, a default interest shall equal 0.025% from a due amount for each, even commenced, day of delay.

Performance Preconditions

12. The Contractor is obliged to provide the Customer with a performance in compliance with agreed upon delivery terms and conditions, and within the agreed upon term, The Contractor is not entitled to suspend the performance providing due to existence of any its due and payable receivables not paid by the Customer. The Agreement performance shall be confirmed by the Customer on a shipping document or any other analogous document.

13. If a performance means to supply the goods, the goods shall be delivered packed and secured in order to be protected against any damage, devaluation or theft in course of the goods transport. Packaging means shall be chosen by the Contractor so as to allow long-term and safe goods storage not impacting the quality of the goods. If the package is designated by the Contractor as returnable or repeatedly usable, the Contractor shall be obliged to pick up such designated packages at the goods delivery place at its own cost upon a written advice by the Customer.

14. If a performance means to supply the goods, the Contractor shall be obliged to notify the Customer of each partial supply in a written form (advice) sent to the address of the agreed upon delivery place a day (1) in advance as minimum. Any and all supplies (item parcels, postal, railway, etc. consignments) shall be always designated by the Contractor stating a complete address of the delivery destination and particular order (Agreement draft proposal) or Agreement number on the outer package side. The same applies for any and all written documents related to the Agreement performance and shipping documents (consignment notes, parcel bills, delivery notes, etc.). If the Contractor sends several goods jointly in the same shipment of the goods being delivered based on several agreements, the Contractor shall be obliged to advise each shipment separately and charge it, if not agreed upon otherwise, in separate invoices. The Contractor shall hand over the Customer any and all documents needed to proper delivered goods takeover (letter of advice, delivery note, packaging list, waybill, etc.) as well as documents needed for proper goods use (certificate of compliance, operation and maintenance manuals, guarantee notes, etc.) upon the goods delivery at the latest.

15. If the Contractor fails to meet a contractual performance term, the Contractor shall be obliged to pay the Customer a contractual fine in the amount of 0.10 % from a price of the not provided performance, excluding VAT, for each, even commenced, day of delay. If the delay by the Contractor in performance providing exceeds 7 days, such fact establishes a right to the Customer to withdraw from the Agreement.

16. If a part of the Contractor's contractual obligation is a service or another activity providing at the area of the trading plant of the Customer, the Contractor undertakes to follow the **General Terms and Conditions of ŽDB DRÁTOVNA a.s. to provide occupational safety and health protection, fire protection and wastes disposal in course of activities and/or acting by legal entities or natural persons at the area of ŽDB DRÁTOVNA a.s. (VPBOZPPONsOZDB)**, in the wording effective as to the date of the Agreement execution, available on the introductory web side of the Customer: www.zdb.cz, and fully observe related following rights and obligations, including the obligation to perform or suffer imposed sanctions set in case of their breach, for the whole term of its activity performance.

Rights Due to Defective Performance

17. The Contractor is liable to the Customer to provide performance without any defects in volume, quality and workmanship defined in the Agreement. If a performance subject is the goods delivery, the Contractor is simultaneously liable to the Customer that the delivered Customer's goods or equipment the Contractor's activity was made on are suitable to be used for a purpose defined in the Agreement (otherwise to a usual purpose) as well as that the delivered goods or equipment of the Customer the activity was made on by the Contractor meet requirements of the Act No. 22/1997 Coll., on technical requirements for products, in the wording of amended regulations, and the provided performance shall meet any and all technical and safety requirements imposed on it in respective legal regulations and technical standards.

18. The Contractor grants the Customer a guarantee for the provided performance quality. A guarantee term equals 12 months and starts to run on a day of the performance handover. A guarantee term does not include a period during which the Customer cannot use the goods due to defects of the goods.

19. The Customer is obliged to exercise its rights due to defective performance at the Contractor in form of a written claim without any unreasonable delay subject to any

performance defects detection. The claim should describe defects and their manifestation (defect preventing - not preventing from proper goods use).

20. In seven (7) days at the latest following a claim receipt in case of a right exercise due to a defective performance, the Contractor is obliged to acknowledge the Customer a term of the right exercise due to a defective performance and notify the Customer whether the Contractor finds the claim to be justified and accepts the claim, or the Contractor shall define reasons for which it refuses its liability for defects. If the Contractor recognizes and accepts its liability for defects, the Contractor shall simultaneously notify the Customer whether the defect is removable or not removable, a way the Contractor suggests to make remedy, and what term it proposes for the defect removal. In case of defects preventing from proper goods use, a term for the defect removal shall not exceed ten (10) days from a day the Customer notified the Contractor of the option to exercise a right due to the defective performance.

21. The Customer is entitled at its own option to exercise a right due to defective performance which the Customer is obliged to notify of the Contractor in writing in seven (7) days at the latest from a day of delivery of a Contractor's standpoint to the claim. The Customer is entitled at its own option to exercise a right due to defective performance regardless the Contractor's standpoint to the claim while the supplied goods or equipment of the Customer the Contractor's activity was performed on are not suitable to proper use due to its defect, or if the performance defect is characterized by the Contractor as not removable, which is always deemed to be a substantial Agreement breach.

22. The Customer is obliged to remove defects of the provided performance itself to the account of the Contractor without any prejudice to the quality guarantee provided

- the defects prevent from proper use of the supplied goods or equipment of the Customer the Contractor's activity was made on; and
- the defect remedy is made by simple replacement of the defective component by a functional component of identical technical parameters,

as well as in a case the Contractor fails to make remedy of the provided performance properly and timely.

23. Any defective performance defect remedy shall be always confirmed between and by the Contracting Parties in form of a written record. In case of defects preventing from proper use of the supplied goods or equipment of the Customer the Contractor's activity was made on, always a full functionality of such goods or equipment and its faultless condition shall be presented in a suitable way prior to the record signing by the Customer.

24. In case of provided performance defects occurrence, the Customer shall be entitled to claim a contractual fine to be paid by the Contractor in the amount of 0.05% from a price of the defective performance excluding VAT. If the Contractor is in any delay in its obligations meeting pursuant to Item 20 herein, as well as in its delay to meet its obligation to make remedy of the provided performance, the Customer shall be entitled to claim a contractual fine to be paid by the Contractor in the amount of 0.1% from a price of the defective performance excluding VAT. Any other rights of the Customer following from the Contractor's obligations breach, related to its liability for defects of the provided performance, particularly a Customer's right for compensation of any and all reasonable expenses in relation to exercising the rights due to defective performance, as well as for any other detriment compensation, shall not be prejudiced.

25. If any defective products have been already integrated in final Customer's products, or if such final products have been already delivered to consumers of the Customer, the Customer shall be entitled within the claim for incurred detriment compensation to claim compensation from the Contractor for any and all reasonably incurred expenses in relation to the final products withdrawal from the market, or in relation to adoption of any other measures mitigating the defective final products distribution, as well as any cost related to the final product defects remedy or sanctions imposed from the side of consumers of the Customer.

Other Provisions

26. The aggrieved Contracting Party is entitled to seek compensation for material and non material detriment independently and in addition to a contractual fine agreed upon within the Agreement or set forth herein in connection with the same contractual obligation breach due to which the detriment occurred.

27. Any and all documents, data materials and information revealed by the Contractor /Customer in relation to the Agreement performance, as well as the Agreement content itself, may only be made available to third persons subject to a prior written consent by the other Contracting Party. Any and all such facts have a character of a business secret of the Contractor/Customer while the will of the Contractor/Customer is to protect and keep such business secret as confidential. The aforesaid shall not apply in case of any revealing in order to observe the law, or in case of the obligation imposed pursuant to the law, or in case of availability providing due to a proper law exercising.

28. The Agreement may only be withdrawn in case of a substantial Agreement breach, or due to reasons set forth herein. The Agreement may be withdrawn also if any bankruptcy resolution to either Contracting Party is issued. The Agreement can be withdrawn in form of a written notice of withdrawal from the Agreement delivered to the other Contracting Party without any unreasonable delay, in fifteen (15) days at the latest from a day the cancelling Contracting Party has got known or could get know the reasons justifying it to such withdrawal.

29. The Agreement withdrawal effects occur regarding the entire performance, unless the Customer notifies the Contractor in writing that already accepted partial performances have an economic importance for it. In a term of 15 days from the Agreement withdrawal notice delivery, the Contracting Parties shall be obliged to settle mutually provided performances, the settlement means to

- take over the performance to the Contractor at the performance place if the performance has been already provided at the moment of the withdrawal from the Agreement, and provided such performance takeover is practicable;

- return a performance price including related VAT into the Customer 's account provided the performance price or its part has been already paid at the moment of the Agreement withdrawal;

- pay a legal interest from the price to the Customer provided the Agreement withdrawal was caused by reasons on the side of the Contractor for a period of the price payment till its return to the Customer, as well as any and all costs related to the goods unloading, storage, handling, assembly, or commissioning, incurred in the period till the Agreement withdrawal, as well as costs related to following goods loading and the goods return back to the Contractor;

- issue of and delivery to the Customer a corrective tax document to the invoice provided the invoice charging the performance price has been already delivered to the Customer at the moment of the Agreement withdrawal.


The Customer has a right to set a precondition for the performance takeover to the Contractor by returning its price including accessories, payment of cost claimed in relation to withdrawal from the Agreement, and by settlement of any and all other due and payable financial claims against the Contractor following from the cancelled Agreement.


30. If the Contracting Parties fail to succeed to settle any and all disputes arising from the Agreement or hereof in form of amicable negotiations between and by the Contracting Parties, such disputes shall be resolved pursuant to Czech legal regulations by the appropriate competent court at a place with jurisdiction according to the Customer 's registered office address.

31. The Contractor assumes a risk of change of any circumstance occurred following the Agreement conclusion and affecting the cost for performance procurement and providing to the Customer, including any cost to meet obligations resulting from the Contractor 's liability for defects. Therefore, due to such circumstances change, the Contractor shall not be entitled to claim rights set forth in provisions of § 1765 Par. 1 of the Civil Code.

32. The Agreement or its part assignment is only permissible subject to a prior written consent by the assigned Party.

33. The present Terms and Conditions have been effective since 1.3.2016.


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Petr Adamek
vice chairman of the board


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Januš Szkuta
chairman of the board