Kovokon Purchasing Terms and Conditions

General Terms

These purchasing terms and conditions are an integral part of purchase agreements concluded for the purpose of purchasing goods by Kovokon Popovice s.r.o., with registered address at Na Záhonech 1072, 686 04 Kunovice, as the Buyer on the one hand, and the Seller on the other hand. Sales, commercial, or other terms and conditions of the Seller not approved by the Buyer do not apply to contractual relationships agreed between the contractual parties.

Unless the purchase agreement provides otherwise, these purchasing terms and conditions apply. Deviations from these purchasing terms and conditions are only possible in written form in the respective purchase agreement.

The Buyer reserves the right to refuse delivery or to withhold payment of invoices until the proper fulfillment of the purchasing terms and conditions.

Purchase Agreement

A purchase agreement is concluded based on a written order of the Buyer by written and unconditional confirmation of the order by the Seller, delivered to the Buyer within 2 working days. If the Buyer's written order is not confirmed by the Seller within 2 working days, such order shall automatically be considered confirmed by the Seller.

Any modifications made by the Seller in the Buyer's order do not constitute a purchase agreement. In such a case, it is deemed a proposal to conclude a purchase agreement submitted by the Seller to the Buyer, and the agreement is formed only upon the delivery of the Buyer's consent to such proposal to the Seller.

The contracting parties exclude the application of Section 1740(3) and Section 1751(2) of the Civil Code, which provide that a purchase agreement is concluded even when there is no complete agreement on the expressions of will of the parties.

The parties are obliged to indicate the order number on all correspondence, invoices, delivery notes, and all other documents relating to the order.

The Buyer shall include in the order at least the following information, which constitute essential elements of the purchase agreement:

- Identification of the Buyer and the Seller, including company name, registered office, and company ID,
- Specification of the required goods,
- Required quantity,
- Unit or total purchase price.

Until the Buyer receives written confirmation of the order, the Buyer may withdraw the order without any claim by the Seller for damages, either in writing or by phone with subsequent written confirmation.

Deviations and additions by the Seller contained in a confirmed order are valid only if the Buyer subsequently expresses written consent. Acceptance of delivery or payment of goods by the Buyer does not mean acceptance of any sales conditions or other contractual terms of the Seller not approved by the Buyer.

Amendments to the purchase agreement after its conclusion are only possible by written agreement of both parties.

Written orders or confirmations also include documents sent by email.

Purchase Price

The agreed purchase price is fixed and exclusive of VAT. VAT shall be added to the agreed price at the rate established by applicable legislation.

Delivery Terms

If no delivery period is stated in the confirmed order, the agreed delivery period shall be 7 working days from the delivery of the order confirmation to the Buyer. Early deliveries or partial deliveries can only be made with the Buyer's consent. Premature deliveries not approved by the Buyer shall be refused or stored at the Buyer's premises at the Seller's expense. The Seller is obliged, at its own expense, to take all measures to meet the delivery period and quality.

The Seller is obliged to deliver the goods to the place specified in the order with an appropriate delivery note. If no delivery place is stated in the order, the agreed delivery term shall be DAP Buyer's plant under INCOTERMS 2010.

For each delivery, the Seller shall issue a shipping note containing at least:

- Identification of the Seller and Buyer,
- Number of the Delivery note,
- Order number,
- Quantity and type of goods,
- Delivery date,
- Seller's signature.

The Seller is obliged to package the goods in such a way that complies with applicable legal regulations, particularly Act No. 477/2001 Coll. on packaging, as amended, ensuring adequate protection of the goods against damage until their destination, regardless of the agreed delivery condition, while allowing handling by standard means. If the Seller places packaging on the market, they are obliged to provide the Buyer in writing with confirmation whether they are

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registered in the EKO-KOM system and pay fees for placing packaging on the market ("Declaration of compliance with packaging placement obligations"). If the Seller fails to comply with waste legislation obligations, they shall compensate the Buyer for any damage arising in connection with packaging disposal.

For the delivery of chemical substances or preparations, the Seller must provide all required documentation under applicable legislation (valid safety data sheet, labeling on packaging) and attach it to the shipment.

In the event of delay in delivery, the Buyer has the right to charge the Seller a contractual penalty of 0.05% of the purchase price of the undelivered goods (excluding VAT) for each day of delay. This provision does not affect the Buyer's right to compensation for damage caused by non-delivery. A delay of more than 30 calendar days is considered a material breach of contract. The penalty does not deprive the Buyer of the right to reimbursement of additional costs, e.g., debt recovery expenses, incurred because of the delay. The contractual penalty is charged quarterly and is payable within 30 days of delivery of the statement to the Seller. If agreed, the Buyer may set off the contractual penalty against the Seller's receivable for the purchase price. The Buyer may, at their discretion, choose not to charge or to reduce the penalty. The penalty applies only if the total penalties in the quarter exceed CZK 500.

The Buyer is entitled not to accept goods if not delivered properly and on time. The Buyer may accept such delivery in whole, in part, or refuse it entirely, with related costs borne by the Seller.

The agreed or Buyer-specified method of transport must be followed by the Seller. Delivery must take place at the agreed time to the agreed location. The Seller must insure the goods during transportation, including possible storage, until delivery to the Buyer. Returnable packaging will not be paid by the Buyer but will be returned free of charge unless otherwise agreed. Damage during transport due to insufficient packaging shall be the responsibility of the Seller, even if the Buyer accepts the goods.

Payment Terms

The purchase price shall be invoiced after acceptance of each delivery by the Buyer, with invoices due within 60 days from the invoice date, unless otherwise agreed. Invoices must include all statutory requirements and be delivered to the Buyer within 3 calendar days of issuance.

The Seller may transfer rights or obligations arising from the agreement to a third party only with prior written consent of the Buyer.

Documentation and Materials

Drawings, calculations, models, dies, molds, samples, and all other documents provided to the Seller remain the property of the Buyer and must be returned upon request. Without the Buyer's written consent, they may not be shared with third parties or used by the Seller for other purposes than supplying goods to the Buyer.

Warranty and Claims

The Seller provides a warranty of 24 months from delivery of the goods to the Buyer. The warranty period starts the day after delivery. The warranty means that during the warranty period, the goods will be fit for use for the agreed or usual purpose and retain the agreed or usual properties. For parts intended for installation in final products, the Seller provides a warranty of 24 months from acceptance of the final product by the Buyer, provided conditions of use and instructions are followed, but not longer than 4 years from delivery of the goods to the Buyer.

Unless otherwise agreed, the Supplier is obliged to follow the Supplier Quality Manual SQM-001, available at www.kovokon.cz. If the Buyer discovers nonconformity, they must notify the Seller in writing without undue delay. Defects identified upon delivery inspection must be reported immediately.

Hidden defects must be reported in writing without undue delay after discovery, but no later than within the warranty period.

The Seller must, within 5 working days of receiving defect notification, propose corrective action. The Seller must resolve defects without delay, no later than 14 days after notification, unless otherwise agreed. The Buyer's assessment is decisive. For delay, the Buyer may charge a penalty of 0.05% of the defective goods' price per day.

The Buyer reserves the right to reject the entire delivery if it fails statistical inspection methods. For repaired or replaced goods, the warranty period restarts. Recognition of a claim entitles the Buyer to reimbursement of related costs.

If the Seller fails to propose corrective action within 14 days, the Buyer may withdraw from the contract. Return costs are borne by the Seller.

If defect elimination (repair, replacement, or completion) exceeds 60 days, the Buyer may withdraw from the contract in whole or in part. The Seller must issue a credit note.

The Buyer has the right to:

- Request acceptance of the claim, issue of a credit note, and permission to scrap defective goods.
- Require the Seller to collect defective goods (available within 1 day of claim, stored for max. 28 days).
- Provide reasons for rejecting the claim.

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- Allow conditional use of nonconforming goods upon deviation approval.

In case of conditional use, the Buyer may claim a price reduction.

If an 8D report is required in the claim, the Seller must complete it and send it without delay. Failure affects supplier evaluation.

If defects are discovered by Kovokon customers, this is stated in the claim.

All inquiries must state the claim number (D-RRRRMM/XXXX).

If Kovokon incurs extra costs due to defects, these shall be re-invoiced to the Seller.

For recurring defective deliveries, Kovokon may require measurement reports with every subsequent delivery until further notice.

For machining defects, Kovokon may claim additional costs equal to 100% of machining costs unless otherwise agreed.

The Seller is liable for damages caused by poor-quality products. The Seller must have a declaration of conformity (under Act No. 22/1997 Coll.) if required, and provide it with the goods. On request, documentation must be provided within 2 working days.

The Buyer or its customers may enter Seller's production premises for audits upon notice. Audits may be conducted by the Buyer, its representative, or third parties.

If specific tests are required in the order or agreement, the Seller must notify the Buyer and relevant authorities so they can attend.

All goods requiring certification must be accompanied by valid certificates. Goods must be clearly labeled with an identification number linking them to the certificate.

Industrial Rights

The Seller undertakes to indemnify the Buyer against any third-party claims for infringement of industrial rights, including subcontractor actions.

The only exception is where the Seller manufactures according to Buyer's drawings or samples, without knowledge of infringement.

The Seller must provide information on owned or licensed industrial rights upon request.

Both parties must cooperate to prevent infringements.

Final Provisions

If any provision is invalid or ineffective, it shall be replaced with a provision closest in meaning. Invalidity of one provision does not affect the others. Amendments require written form.

The Buyer may unilaterally change these purchasing terms to the necessary extent. The new version will be sent to the Seller with the order. The Seller may reject changes by written notice and withdraw.

Rights and obligations arising under these terms are governed by Czech law.

Withdrawal does not affect the right to contractual penalties or default interest already due, nor claims for damages.

All disputes arising shall first be resolved by negotiation. If unsuccessful, the Arbitration Court at the Economic Chamber of the Czech Republic and Agricultural Chamber of the Czech Republic in Prague shall have final jurisdiction, in Czech language.

These purchasing terms are effective from July 1, 2021.