

# GENERAL TERMS AND CONDITIONS

## Preamble

(a) Unless otherwise agreed in writing, all sales and deliveries by Tesil Fibres s.r.o., a limited liability company with its registered office at Průmyslová 451, 391 02 Planá nad Lužnicí, Czech Republic, ID No.: 28079761 (hereinafter referred to only as the “Seller”) to any of its customers (hereinafter referred to only as the “Buyer”) shall be exclusively governed by the following General Terms and Conditions of Sale and Delivery (hereinafter referred to only as “Terms and Conditions”). Other provisions, in particular the Buyers’ General Terms and Conditions shall not apply, even if the Seller has not explicitly rejected such conditions.

(b) In the event of a conflict between these Terms and Conditions and the purchase contract, the relevant provisions of the purchase contract shall prevail.

## 1. Orders

(a) The Buyer’s order concludes a purchase contract (hereinafter referred to only as the “Purchase Contract”) only after delivery of written confirmation of the relevant order by the Seller to the Buyer. The Parties agree that the originals of the Purchase Contracts that have been signed shall be also binding if send to the other Party scanned, by e-mail as well that Purchase Contracts may be sent in e-mail exchange between the representatives of the Parties and confirmed in response constitutes a binding agreement between the Parties. The Purchase Contract may also be concluded implicitly, by delivery of the goods in the quality, quantity and deadline specified in the Buyer’s order.

(b) In case of an offer made by the Seller, any act of the Buyer by which the Buyer accepts the Seller’s offer with any amendments or deviations from the offer, regardless whether it significantly changes the terms of the offer or not, is binding only upon written confirmation by the Seller.

(c) Sections 1799 and 1800 of the Act no. 89/2012 Coll., the Civil Code, as amended (hereinafter referred to only as the “Civil Code”) on adhesive contracts will not apply to the relationship between the parties.

(d) No order which has been accepted by the Seller may be changed or cancelled by the Buyer and no changes to the Purchase Contract may be made except with the prior agreement in writing of the Seller and on the terms that the Buyer shall indemnify the Seller in full against all loss (including loss of profit), costs (including the costs of all labor and material used), damages, charges and expenses incurred by the Seller as a result of the change or cancellation.

## 2. Delivery Terms

(a) Unless otherwise agreed in the Purchase Contract, the goods will be delivered ex works (EXW) from the premises of the Seller’s plant in Planá nad Lužnicí (Incoterms 2020).

(b) The Seller is not in default if the goods is not delivered within the binding period specified in the Purchase Contract if such default is due to (i) acts or omission of third parties (including contractual partners of the Seller) without the Seller’s fault; this includes also situations when the Seller is not able to fulfil his obligations due to the breach of obligations by a third party to deliver the relevant goods, materials or components to the Seller; or (ii) force majeure as defined in Article 9 of these Terms and Conditions; or (iii) breach of obligations or default of the Buyer including situations pursuant to Article 10 (b) of these Terms and Conditions. In such case the deadline of the Seller for fulfilment of his obligations will be postponed by the period, during which the Seller is not able to do so for the above described reasons. The Seller has no obligation in such case to obtain the goods from the third party or to provide the Buyer with any alternative performance. If such occurrence lasts for more than 3 months, the parties are entitled to withdraw from the Purchase Contract; the Buyer is not entitled to withdraw from

the Purchase Contract, however, in situation pursuant to point (iii) above. The Buyer is not entitled in such case to any damages or to any reimbursement of costs from the Seller.

(c) The Seller shall be entitled to make partial deliveries provided that the acceptance of such partial deliveries is reasonable for the Buyer and, in particular, if the delivery of the remaining goods ordered is ensured and no significant additional expenditure or additional costs arise for the Buyer as a result thereof (unless the Buyer agrees to bear such cost). Each partial delivery may be invoiced separately.

(d) The Seller shall supply the Buyer with the goods in the amount specified in the Purchase Contract; such specification is considered approximate (i.e. with +/- 10% permissible variation). If the Seller delivers more than 10% of the goods agreed, the Purchase Contract is considered to include such excess quantity, unless the Buyer promptly refuses it.

(e) The Buyer shall be in default of acceptance, if it fails to accept the goods on the bindingly agreed delivery date. In case of non-binding delivery terms or dates, the Seller may notify the Buyer when the goods are ready for collection within a period of four weeks. The Buyer shall be in default of acceptance, if it fails to collect the goods within that timeframe. In such cases the Seller shall be entitled to charge and the Buyer is obliged to pay direct costs of storage of goods and contractual penalty amounting to 0.1% of the amount invoiced for the stored goods per calendar day of storage. If the Buyer is in default with taking over the goods, the Seller becomes entitled to appropriately sell the goods on the account of the Buyer after previously notifying the Buyer and after the Buyer has been provided with an additional reasonable period for takeover. Notification is not required if the goods is subject to rapid deterioration and the Seller does not have enough time for such notification. The Seller is entitled in such case to set off any costs reasonably incurred in connection with storage of the goods and with its sale.

(f) In case of any damage to the goods occurred during or in connection with the transportation of such goods, the Buyer is obligated to claim such damage caused directly with the carrier; the Buyer shall provide the Seller with copy of such claim without undue delay.

### **3. Purchase Price**

(a) The Buyer shall pay the Seller the purchase price specified in the Seller's order confirmation or in the Seller's offer or the Buyer's order in case the Purchase Contract is concluded implicitly. The purchase price is agreed for delivery ex works (EXW) (Incoterms 2020) and excluding the VAT, unless agreed otherwise. The Seller shall invoice the VAT to the Buyer in accordance with relevant legal regulations; the Buyer agrees to pay such VAT.

(b) The Seller is entitled to unilaterally change the purchase price specified in the Seller's order confirmation after conclusion of the Purchase Contract until delivery of the relevant goods specified in such Purchase Contract in case of increase of costs in connection with the goods that is subject to delivery pursuant to the relevant Purchase Contract (particularly in case of change of raw material prices, contractors' prices and exchange rate fluctuations, etc.). The Seller shall inform the Buyer about such increase in purchase price and the Buyer may withdraw from the Purchase Contract within 14 days from the Seller's notice about the price increase.

### **4. Payments and default on payment**

(a) Unless otherwise confirmed in Seller's order confirmation, invoices shall be paid in the currency indicated on the invoice within 14 days of delivery and receipt of invoice without deduction and are payable via bank transfer into the account indicated on the invoice. The purchase price is considered paid on the day when the invoiced amount has been credited to the Seller's bank account. All bank fees shall be settled by the Buyer.

(b) In the event of delay in payment, the Seller shall be entitled to demand of the Buyer and the Buyer shall be obliged to pay punitive interest, the rate of punitive interest shall be determined in accordance with the Government Regulation No. 351/2013 Coll., which determines the rate of punitive interest pursuant to the Civil Code, or in accordance with the

respective legislation which in the future replaces the above-mentioned regulation in the affected scope. The payment of the punitive interest is without prejudice to the Seller's right to claim damages.

(c) If the Buyer finds itself in delay with payment of the purchase price or if the Buyer's financial worthiness becomes unsatisfactory to the Seller, then the Seller shall be entitled to (i) discontinue further deliveries of goods according to the Purchase Contract and to withdraw from the Purchase Contract, (ii) require immediate cash payment for further deliveries, or (iii) require satisfactory security before proceeding with further deliveries. Failure to perform deliveries in accordance with the previous sentence is not breach of the Purchase Contract and the Seller shall not be held liable for any possible damage caused by this.

(d) The Buyer shall not be entitled to request delivery of goods and the Seller shall not be obliged to deliver goods if the level of all debts of the Buyer registered by the Seller would be greater than the current credit limit determined by the Seller, i.e. maximum permitted status of open receivables determined by the Seller on the basis of assessment of the Buyer's credit risk. The Buyer shall be informed of the current credit limit upon Buyer's request.

(e) The Buyer is entitled to set off only undisputed or adjudicated claims against the claims of the Seller.

## **5. Retention of title, transfer of risk of damage**

(a) The Seller shall retain ownership of the goods delivered until the receipt of full payment of the purchase price. The risk of damage is, however, transferred to the Buyer, (i) in the case of the goods to be delivered at the Seller's premises at the time when the Seller notifies the Buyer that the goods are available for collection, or (ii) in the case of the goods to be delivered at a different location than at the Seller's premises at the time of takeover of the delivery, or (iii) if the Buyer wrongfully fails to take over the delivery of the goods at the time when the Seller tried to deliver the goods.

(b) The Seller is entitled to all benefits and revenues arising from the goods during the period from the time of the transfer of the risk of damage to the Buyer until the ownership title to the goods is transferred to the Buyer. If the Buyer processes goods before transfer of ownership to the Buyer, or before payment in full of the purchase price for these goods to the Seller, the Seller is entitled to compensation from the Buyer in the amount of the full purchase price for these goods. .

(c) Buyer shall have in the ordinary course of business free disposal of the goods owned by the Seller, provided that the Buyer meets its obligations under the Purchase Contract with the Seller in due time. In case the Buyer disposes of the goods delivered by the Seller before transfer of the ownership title to the goods to the Buyer, the Buyer shall assign all the receivables from such agreement to the Seller without undue delay, within 7 days from conclusion of such agreement at the latest, with a condition subsequent that is the full payment of the purchase price of such goods by the Buyer. The Buyer shall inform the debtor about the assignment of receivables without undue delay.

(d) At the Seller's request, the Buyer shall provide the Seller with the information about all the goods owned or co-owned by the Seller, and about the receivables assigned to the Seller. At the Seller's request, the Buyer must also designate the goods owned or co-owned by the Seller.

(e) If the Buyer is in default with payment of the purchase price or its part, the Seller may request return of the goods delivered to the Buyer based on the Purchase Contract, regardless whether the Seller withdraws from the Purchase Contract or not. Costs of return of such goods will be borne by the Buyer. The Seller is not obligated to provide the Buyer with any additional grace period.

## **6. Characteristics of goods and samples**

(a) Unless otherwise agreed in the Purchase Contract, the Seller shall deliver the goods with characteristics and in quality based exclusively on the description of the goods published by

the Seller and compliant for standard use of such goods. This applies also in situations when the use of goods is regulated by the Regulation of the European Parliament and of the Council concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and regardless whether the parties knew at the time of conclusion of the Purchase Contract about a specific intended use of the goods by the Buyer.

(b) All information provided by the Seller regarding use, application, processing or treatment of the goods are presented by the Seller to his best knowledge; such information does not, however, have any influence of the Buyer's obligation to examine the characteristics and quality of the goods supplied by the Seller and their potential non-conformities. The Buyer should be solely responsible for verifying that the goods are suitable for the desired purposes.

(c) The Seller provides guarantee for quality of the goods only if (i) expressly stated in the offer of the Seller or in the Seller's confirmation of the offer, (ii) such guarantee is expressly referred to as "guarantee", and (iii) the guarantee expressly sets forth the obligations of the Seller that arise from such guarantee.

(d) The Seller's weights and/or measurements shall be deemed accepted by the Buyer if the Buyer has not complained of any discrepancy in weight and/or measurements to the Seller within 7 days of handover of the goods. On bulk shipments claims may not be made for shortages of less than 1.5% of the net weight.

(e) Unless otherwise agreed in the Purchase Contract, all sample product specifications are considered approximate (i.e. within the range +/- 10%).

## **7. Warranty rights**

(a) The Buyer is obligated to inspect the goods and examine its characteristics, quality and quantity at the moment of its handover. The Buyer represents that it has the requisite expertise, facilities and equipment to properly store, test, use and dispose of the goods.

(b) The Buyer is obligated to report in writing any non-conformity of the goods to the Seller without undue delay after discovery of such non-conformity no later, however, then (i) within 7 days from the delivery of goods in case of apparent non-conformity and (ii) within 7 days from discovery of such event in case of hidden non-conformities, within 3 months from handover of the goods at the latest. The Buyer bears burden of proof regarding satisfaction of requirements that must be met to claim the non-conformity, particularly regarding existence of the non-conformity, the moment of its discovery and its timely reporting. The Seller shall bear no liability for non-conformities which are reported later.

(c) If the Buyer consumes, mixes, manufactures or disposes of the goods, then the goods is considered accepted by the Buyer without any reservations.

(d) The right to claim non-conformity does not arise in the event of subtle variations from the agreed quality, specification fluctuations by up to 10%, insubstantial risk to usability, natural wear and tear, or in the event of damage and loss sustained due to incorrect or negligent use, excessive load, improper operating equipment by the Buyer or a third party or by special external influences and any non-conformity occurred after the transfer of risk of damage onto the Buyer. The same applies in the event of sample products in the development phase that are intended for trial by the Buyer and in relation to which no final specifications have been defined yet. For the avoidance of doubt, the Seller does not assume any warranty for the quality and/or the suitability of such samples. Warranty claims of the Buyer are therefore excluded if the specifications of the goods to be delivered have not yet been bindingly agreed between the Seller and the Buyer.

(e) The Buyer shall provide the Seller with all required cooperation in connection with examination and verification of the non-conformity including inspection of the relevant goods. In the event of a breach of the Buyer to provide the Seller with such cooperation, the Seller is relieved from any obligations stemming from non-conformal performance.

(f) In case the Buyer wrongly invokes the rights from the non-conformal performance (for example invokes his rights in connection with a non-existent non-conformity), the Buyer shall reimburse the Seller for the costs incurred by the Seller in connection with such wrongly invoked rights.

(g) In case a non-conformity of the goods exists and the Buyer exercises his rights from the non-conformal performance, the Seller shall at its own discretion choose whether he removes the non-conformity by repair of the goods or by supply of new goods without any non-conformity. If such repair or replacement is not possible, the Buyer is entitled to withdraw from the Purchase Contract. The Buyer is not entitled to request any reduction of the purchase price.

(h) The Buyer's rights from the non-conformal performance shall be time-barred after the lapse of one year from the moment the right has been exercised by the Buyer for the first time. This does not affect the provision of Article 7 (b) above.

## **8. Liability of the Seller**

(a) The Seller shall compensate only the direct (actual) damage and only in case of substantial breach of contractual obligation by the Seller and only in relation to the damage, which the parties could have foreseen at the moment of conclusion of the Purchase Contract. The Seller is not liable for any indirect damages (damages for loss of use of facilities, loss of revenue, loss of data, loss of profits or loss of goodwill) and any other damages, including damages stemming from non-substantial breach of contractual obligation by the Seller, except for gross negligence and damage caused to person's natural rights.

(b) The Seller shall be liable for direct (actual) damage up to the amount which is equal to the purchase price paid to the Seller under the Purchase Contract which the breach relates to. This provision shall not apply if property damage was caused intentionally or due to gross negligence.

(c) Notwithstanding the paragraphs above, the Seller is not liable for any damage caused as a result of impossibility of performance, in cases specified in Article 2 (c) of these Terms and Conditions or in case of default of the Seller caused in connection with fulfilment of obligations pursuant to the Regulation of the European Parliament and of the Council concerning the Registration, Evaluation, Authorization and Restriction of Chemical (REACH).

## **9. Force Majeure**

(a) The contracting parties shall be released from their liability for breach of obligation from the Purchase Contract if it is proven that they have been temporarily or permanently prevented from meeting the obligation by an extraordinary, unexpected and insurmountable obstacle which was created independently of their will, beyond the control of either of the parties, which could not reasonably have been taken into consideration upon conclusion of the Purchase Contract (hereinafter referred to only as "force majeure"). However, liability for meeting of an obligation shall not be precluded if such an obstacle was created at a time when the obliged party was already in delay with meeting of its obligations or if the obstacle was created due to its economic situation.

(b) In particular, force majeure shall be regarded in cases of (i) natural disasters, fires, earthquakes, landslides, flooding, gales or other atmospheric disturbances and phenomena of a significant scope, or (ii) wars, uprisings, revolts, civil unrest or strikes, or (iii) decisions or normative acts of public authorities, regulations, restrictions, prohibitions or other interferences by the state, state administration authorities or local government, or (iv) explosions or other damage or defects to the respective manufacturing or distribution equipment.

(c) The contracting party which has breached, breaches or expects, with a view to all known facts, to breach its obligation arising from the Purchase Contract, this being as a consequence of a case of force majeure which has been created, shall be obliged to immediately inform the other contracting party of such a breach or event and to exert all possible efforts to avert such an event or its consequences and remedy them. The performance of contractual duties shall be postponed until the end of the force majeure circumstances. If force majeure circumstances last longer than 2 (two) months, the parties shall agree in written on their further cooperation and adjusted terms of fulfilment the Purchase Contract.

## **9A. Cost Increases**

If, after conclusion of the Purchase Contract, an event beyond the Seller's reasonable control occurs that results in a significant increase of at least 10% in the Seller's costs related to the goods (including, but not limited to increases in the prices or reduced availability of raw materials, energy, logistics, or components), the parties shall promptly meet to negotiate in good faith an equitable adjustment to the price, delivery schedule, and/or other terms. If no agreement is reached within 14 days after written notice, the Seller may suspend performance for the affected quantities, and either party may terminate the affected Purchase Contract (without liability except for amounts due for goods already delivered).

## **10. Compliance with legal requirements**

(a) The Buyer shall comply with all statutory enactments and administrative requirements, as well as with all applicable laws, and in particular with the export and import regulations of all countries, in which the Buyer pursues its business. The Buyer shall acquire in advance all required permits and licenses, including all permits required for use or export of the goods in the applicable jurisdiction.

(b) In case of breach of the obligations pursuant to the preceding paragraph by the Buyer, the Seller is entitled to suspend delivery of the goods for the Buyer until the Buyer ensures compliance with all applicable laws and regulations and all relevant permits required by applicable laws in connection with such goods.

## **11. Governing law and jurisdiction**

(b) The legal relationship, respectively the rights and obligations of the contracting parties arising from the Purchase Contract, securing them, changes to them and their expiry shall be governed exclusively by Czech law, in particular by the Civil Code.

(b) The contracting parties hereby rule out application of the UN Convention on Contracts for the International Sale of Goods to the rights and obligations arising from the Purchase Contract. The contracting parties have also agreed that commercial practice shall not take precedence over the provisions of the law, even over the provisions of the law which do not have peremptory effects.

(c) Any disputes between the parties arising out of the Purchase Contract or relating to it shall be finally decided by the relevant court in the Czech Republic, which is the general court of the Seller or at the Seller's discretion, the general court of the Buyer.

## **12. Final provisions**

(a) The Buyer may not assign the Purchase Contract or any rights or obligations under the Purchase Contract to any third party or pledge or otherwise dispose with such rights and obligations without the prior written consent of the Seller.

(b) If any of the provisions of the Purchase Contract or these Terms and Conditions turn out to be void, consequences of such defect shall be governed by Section 576 of the Civil Code.