

GENERAL COMMERCIAL AND DELIVERY TERMS OF TRINECKÉ ŽELEZÁRNY, a.s.
related to the sale of goods and provision of services
Effective as of 1.1.2014

I. General Provisions

1. These General Commercial and Delivery Terms (hereinafter referred to as "GCDT") are terms of business within a meaning of a provision of Section 1751 and provisions set out below of Act No. 89/2012 Coll., Civil Code, as amended. The purpose of these GCDT is a detailed arrangement of obligations arising from contracts between the seller - TRINECKÉ ŽELEZÁRNY, a.s. and the buyer - a natural person or legal entity carrying on business in sale of goods and provision of services.
2. The GCDT along with particular sales terms conditions comprised in the general contract, purchase contract, contract on provision of services, or contract for work (hereinafter referred to as "Contract"), form an entire agreement of the contracting parties on the conditions of sale and provision of services and replace all previous conditions suggested before by the buyer or seller and any prior verbal or written arrangements. In the case that the Contract implies agreements of the contracting parties conflicting with these GCDT, then the arrangements of the Contract shall be given precedence over these GCDT.
3. The GCDT shall be binding for the contracting parties as of the date of conclusion of the Contract provided that the GCDT are attached to the Contract the relevant Contract refers in writing to the GCDT and the buyer confirms in the Contract or in another way that he is acquainted with the contents of the GCDT.
4. The GCDT are applied similarly for services in the extent, in which individual provisions are not in contradiction with the purpose and contents of the Contract, the subject matter of which is provision of services. For purposes of provision of services in the GCDT the buyer is deemed the ordering party, the seller is deemed the contractor and the goods are deemed the services.
5. Any alterations or amendments of the Contract must be only in writing, in a form of a numbered, dated supplement thereto, signed by both contracting parties, after previous approval by both contracting parties. Any changes or amendments hereto are allowable only upon the written agreement of the contracting parties.
6. The legal agreements made by electronic or other technical means enabling recording of the contents and determination of the acting person are considered to be the legal agreements made in writing provided that their contents are specific and understandable and the particular legal agreement is made by the person stated in the Contract; the foregoing is not applied in the case of the agreement pursuant to the article I, clause 5 hereof.
7. All data stated in the Contract and any information, documents and the other particulars provided to the buyer by the seller in relation to the Contract, which are not commonly available, shall be deemed a trade secret of the seller (hereinafter referred to as "confidential information"). The buyer undertakes that without a prior consent of the seller he shall not use the confidential information for personal purposes conflicting with the purpose of the Contract nor shall he disclose such information to third parties.
8. In the case that the buyer fails to meet any of his contractual obligations or legal obligations, the seller is either entitled to insist on fulfilment of such obligations or, he may withdraw from the Contract. In both the cases, the seller shall be entitled to compensation for the damage incurred to him due to non-fulfilment of the buyer's obligations.

II. Packaging

1. If the contracting parties do not agree on a special way of packaging of goods, the seller is obliged to procure usual packaging of goods, convenient for shipping and transport of a delivered kind of goods (i.e. industrial packaging meeting the requirements of Act No. 477/2001 Coll., providing for packaging, as amended).
2. The seller has concluded a contract on joint fulfilment with an authorized packaging company EKO-KOM a.s. pursuant to Act No. 477/2001 Coll., providing for packaging, as amended (identification on No. EK-P04020006), on the basis of which the authorized packaging company provides fulfilment of obligations of back taking and utilization of waste of packaging launched in the market.
3. The packaging used for goods is considered as non-returnable packaging, being kept at the buyer's disposal (the buyer becomes the owner of the packaging at the receipt of goods), except the packaging concerning which the contracting parties agree on the conditions of their returning to the seller. The packages as agreed remain in the seller's ownership for the whole period of time so that for the whole period when the buyer has them at its disposal, the buyer is responsible for damage on them.

III. Price and Terms of Payment

1. The agreement on the amount of the price for goods or on the way of fixation of the price is a prerequisite for origination of the Contract.
2. The price for goods stated in the Contract is exclusive of the value added tax (hereinafter referred to as "VAT"). The buyer is obliged to pay for the price of goods, increased by VAT in the amount set in accordance with relevant legal regulations. This is not applied if the fulfilment is made in the regime of transferred tax liability and the buyer is obliged to make returns of VAT.
3. If the price for goods is agreed for a unit of weight (e.g. the price for 1 ton/CZK/EUR), the item ascertained from the seller's weight is decisive for fixation of the total price for goods. In the case of fixation of the price according to other units (unit of measure, e.g. metre), the item concerning the dispatched goods stated in the relevant document to the shipment is decisive.
4. The seller is entitled to charge the price for goods on the basis of an invoice issued as of the tax point, i.e. as of the date when the liability to deliver goods is fulfilled in accordance with the contents of the delivery clause agreed pursuant to ICC Rules for the use of the clauses in internal and international trade, INCOTERMS 2010, or another agreed version of INCOTERMS (hereinafter referred to as "INCOTERMS") unless otherwise agreed by the Contract.
5. The buyer is obliged to pay the price for goods to the seller's account stated in the tax document within the term of payment, i.e. within 30 days after the date of the invoice issue unless another term of maturity is agreed in the Contract. The buyer is obliged to apply valid objections to the contents of the tax document issued not later than 5 days after the date of its delivery.
6. The date of payment shall be considered the day when the amount corresponding to the full amount of the price, or another buyer's pecuniary debt is credited to the seller's bank account.
7. In the case of the buyer's default of payment of any pecuniary debt or any part of it, the seller shall be entitled to demand interests on late payment amounting to 0.025% of the outstanding sum per each day of default.
8. The seller is entitled to demand an advance on payment of the price for goods; in this case the document for such an advance payment is an advance invoice - a down payment request, due in the period agreed in the Contract, otherwise within the due period of 30 days commencing on the date of issue of the down payment request.

9. The seller is not obliged to deliver goods or he is entitled to withdraw from the Contract and apply other rights pursuant to the GCDT unless the buyer meets the terms of payment concerning payment of any obligations towards the seller, or the buyer provides the seller with sufficient security of debts in accordance with the Contract, or meets other duties pursuant to this article hereof. Such a seller's action is not considered as a breach of the Contract or a seller's delay in delivery of goods.
10. The buyer is not entitled to assign any his receivables from the seller arising from the Contract or in connection thereto to another entity or arrange for a pledge related to such receivables to secure his debts or third persons' debts without the seller's previous consent. In the case of breaching the buyer's obligation, there has been a contractual penalty agreed amounting to 20% of the nominal value of the receivable assigned without authorization or pledged.
11. In the case that the seller has obtained information of circumstances, which may reduce trustworthiness of the buyer (bad financial situation, liquidation, circumstances indicating overindebtedness, bad payment morality, default longer than 30 days etc.), the seller shall be entitled to demand immediate payment of all obligations arising out of all invoices made out to date, regardless of their maturity date, from the buyer. The buyer is obliged to pay such obligation within 5 days after the date of delivery of the demand unless otherwise agreed. In such a case the seller is also entitled to demand the payment of the price of goods in advance concerning all unfulfilled deliveries, regardless the payment conditions agreed.

IV. Terms and Conditions of Delivery of Goods

1. Unless otherwise agreed in the Contract, the seller meets his obligation to deliver goods to the buyer by delivery of goods in accordance with the contents of the agreed delivery clause pursuant to INCOTERMS. The seller shall mark goods clearly as a shipment for the buyer.
The risk of damage (i.e. the risk of loss and damage) of goods passes to the buyer in accordance with the contents of the agreed delivery clause.
2. The seller shall deliver goods during the period agreed in the Contract as the term of fulfilment. The seller is entitled to deliver goods ahead of schedule unless such delivery is refused by the buyer after being notified by the seller of readiness of goods to deliver. The buyer is not entitled to demand delivery of goods ahead of schedule.
3. The term of fulfilment may be reasonably exceeded by the seller by the period needed for removal of obstacles preventing the seller from his fulfilment. The seller shall forthwith notify the buyer of such obstacles and make a maximum effort to speed up the removal of the obstacles. The seller shall be also entitled to exceed the term of fulfilment by a period corresponding to the period of the buyer's default of fulfilment of his obligations towards the seller, arising even from any other contract.
4. If it is agreed in the Contract that the seller procures a carriage of goods to the agreed destination, the buyer shall be obliged to deliver to the seller written forwarding instructions for transport of goods not later than 10 days before the expected date of dispatch of goods unless otherwise agreed in the Contract. The written instructions shall include all relevant information prerequisite for transport of goods, namely identification of the recipient and the place of unloading of goods, working hours for acceptance of the consignment, specification of public holidays and other limitations or interruptions on the side of the recipient concerning unloading. In the case that the seller does not obtain the instructions in the agreed term or such instructions are incomplete or inaccurate, he shall be entitled to postpone the date of dispatch of goods, which shall not be deemed as a breach of Contract by the seller. The seller shall be entitled to demand payment of property injury incurred by a breach of the buyer's duty to submit a proper and timely instruction for transport of goods.
5. Each delivery shall be advised by the seller within the period of 24 hours after dispatch pursuant to the agreed delivery clause of INCOTERMS.

6. The seller shall be entitled to make a partial delivery of goods and the buyer is obliged to take over the partial delivery.
7. If the contracting parties agree on delivery of goods to the buyer in the seller's stock, the buyer or a person authorized by the buyer shall be obliged to receive the goods within the period stated in the written demand for delivery of the goods. If the buyer fails to do that, the seller's obligation to deliver goods is considered to be fulfilled properly by the expiration of the last period determined for delivery of goods. The risk of loss concerning the goods is transferred to the buyer on the same day. In the case of a delay with delivery of goods at the seller's stock, the buyer loses entitlement arising from liability for defects of goods, which cannot be prevented within such an accessible way of storage (e.g. atmospheric corrosion etc.). The buyer is obliged to pay storage fees to the seller, amounting to 1% of the price of goods in storage, exclusive of VAT, for each commenced day of storage. If the buyer is in delay with receipt of goods in the seller's stock, the seller is entitled to arrange delivery of the goods to the buyer to the buyer's address and at the buyer's expense. In this case the goods are handed over by delivery to the first carrier for transport to the buyer. The buyer is obliged to pay all the costs of the additional delivery and storage of the goods within 30 days following the date of delivery of their settlement to the buyer.
8. If the buyer fails to receive the goods in the time and at the place agreed pursuant to the Contract, the seller is entitled to withdraw from the Contract, sell the goods to another interested person and claim related damages.
9. In the case that goods are delivered to the buyer - an entity registered as a payer of value added tax (DPH/VAT) in any other EU country, the sale of goods shall be subject to the regime of tax liability transferred to the buyer. The corresponding forwarding documents, namely consignment note, CMR, CIM, Bs/L etc., shall serve as delivery documents in the territory of the EU country. In the case that the goods are delivered pursuant to a delivery clause INCOTERMS, according to which the seller has no liability towards the buyer to arrange cross-border transport of goods to the place of destination, the buyer shall be obliged to deliver forthwith to the seller a due evidence of the export of the goods to the territory of another state or accept the delivery document provided by the seller, evidencing the export of the goods to another state.
10. The buyer shall be obliged to notify in writing the seller forthwith of all changes concerning his tax identification (DPH/VAT number), or as appropriate of the change of DPH/VAT registration regime (payer - non-payer). In the case of a breach of this duty by the buyer, the seller shall be entitled to demand compensation of all property injury, incurred to the seller due to VAT payment or payment of a sanction or another payment to a tax administration.
11. The seller is obliged to deliver the documents necessary for acceptance and use of goods as well as other documentation related to the goods (e.g. certificates) to the extent agreed by the Contract to the buyer, not later than along with the goods unless otherwise agreed.

V. Proprietary Rights for Goods

1. The goods shall remain in possession of the seller until the buyer has paid the price of goods, inclusive of VAT (so called "reservation of proprietary rights").
2. The buyer shall be entitled to sell or further process goods with the reservation of proprietary rights only during customary business activity and under customary business conditions, however, exclusively provided that on the sale of such goods he shall notify his customer of the existence of the reservation of proprietary rights. The buyer shall not be entitled to dispose of such goods otherwise, particularly establish a right of lien on such goods or provide any other security in favour of any third party.
3. In the case that the buyer is in delay with payment of the price of the goods, the seller is entitled to appeal to the buyer to hand over the goods immediately. The buyer is entitled to enable the seller to take over goods and related

documentation at the place of stowing of the goods and provide all prerequisite cooperation. All costs related to application of the reservation of proprietary rights shall be born by the buyer.

4. The buyer is entitled to export goods out of the territory of EU states, to other export of goods to the territory of another EU state and also to back import of goods to the Czech Republic only with prior written consent of the seller. In the case of a breach of the buyer's obligations, the buyer is obliged to pay to the seller a contractual fee at the amount corresponding to 20% of the price for goods (exclusive of VAT) illegally exported outside EU or to another EU country or imported back to the Czech Republic. The seller's claim for damages is not affected by the provision.

VI. Force Majeure

1. In the case that during the life of the contractual relationship such events occur which might not have been foreseen at the time of the Contract origination and which will create to either of the contractual parties a partial or full obstacle to fulfilment of its contractual obligations, the contracting parties undertake, without undue delay, to notify each other of such obstacles and discuss further measures. The "obstacles" include such events the circumstances of force majeure, particularly strike, war, other unrests, commercial, monetary, political or other measures made by any authority, natural events, such as fire, flooding, earthquake, stroke of lightning, Arctic frost making transport of goods impossible or limiting the transport, etc., further, delays of deliveries of materials and components not caused by the seller, traffic closures or delays, thefts of goods during transportation, production accidents and similar events caused by force majeure, including a resolution or instruction of a competent government authority which shall disturb or disable fulfilment of contractual obligations. The contracting party on the side of which such circumstances of force majeure occurred shall not be responsible for failure to fulfil contractual obligations nor for a delay incurred.
2. In the case that the obstacle caused by force majeure persists over the period of the maximum of 30 calendar days, the contracting parties shall be bound to meet their obligations arising from the Contract as soon as the effects of force majeure have passed off, whereas the delivery terms and all other terms shall be moved by the period of the force majeure effects. Should the obstacle caused due to force majeure last longer than 30 calendar days, either of the contracting parties shall be entitled to withdraw from the Contract.

VII. Rights Arising out of Faulty Performance - Complaints

1. The seller shall be obliged to hand over the subject of the Purchase Contract in the agreed quantity (weight), quality and finish as to the technical specifications stated in the Contract, technical conditions or any other document approved by the contracting parties. It shall not be a case of faulty performance and goods shall be deemed to be properly delivered provided that the quantity (weight) or quality of the goods delivered corresponds to the permissible tolerance deviation arising from the Contract, GCDT, technical conditions, valid standards or any other generally binding regulations.
2. The buyer is obliged to inspect goods and check the goods' properties and quantity without any delay, upon delivery of the goods.
3. The seller shall provide the buyer with a guarantee for goods quality for the period of 12 months after the day of delivery of the goods unless other length of the guarantee period is agreed in the Contract. The seller is not responsible for defects of goods, incurred due to wear and tear caused in the usual way of using the goods or due to such using of the goods which is contrary to the purpose of the Contract or documentation related to the goods.
4. Apparent defects of goods which could be revealed in an inspection on takeover of the goods must be notified by the buyer to the seller, without undue delay, within the maximum of 15 days after the takeover of the goods. The other latent defects of goods that could not be found out in the inspection must be notified by the buyer to the seller

immediately, i.e. 15 days after their detection, nevertheless, until the end of the agreed guarantee period at the latest.

5. Any complaints regarding defects of goods must be made in writing and must include identification data of the delivery under complaint (Contract number, date of handover of goods, forwarding document number - consignment note number, smelting number, invoice number, etc.), description of detected faults, supplemented by evidence of the faults. The buyer shall be obliged to make the goods under complaint available to the seller for the purposes of verification of rightfulness of the complaint. A quantity complaint must be supplemented by an evidential document (weight certificate) made out by an independent entity. A deviation in the volume handed over at the extent of +/-5% is not considered to be the quantity defect unless another toleration quantity deviation arises from the Contract.
6. The buyer shall be obliged to ensure a separated storage of the goods under complaint until the date of the settlement of the complaint. A free disposal of the mentioned goods which would make the complaints procedure more difficult or impossible is inadmissible without the seller's prior consent. Should the buyer breach the above mentioned obligations and does not enable the seller to become convinced of the existence of the fault, or does not make the goods available to the seller, does not provide the seller with samples of the goods under complaint at the seller's request, or does not provide the seller with sufficient documents for the complaint so that the seller could calculate adequate discount of the price of goods, such facts may become the reason for rejection of the complaint and may cause a loss of the buyer's claim arising out of the faulty performance.
7. The seller is obliged to give its opinion on the complaint to the buyer within 30 days after receiving the complaint. Within the opinion, the seller shall confirm the date of application of the right arising out of faulty performance, and in the case that the complaint is settled in a form of removal of the defect, the seller shall also confirm a presumed period of time during which the defect is removed. In the case of a justified complaint about the goods, the seller shall be obliged, at his discretion, to provide either a price reduction or new faultless fulfilment under the originally agreed conditions or remove the faults within the agreed period. The seller shall notify the buyer of his choice of claim whilst communicating his opinion concerning the complaint.
8. A complaint of a defect of goods shall not authorize the buyer to suspend (withhold) payment of the price for goods or reject takeover of other delivery of goods.
9. In the event that damage occurs on the part of the buyer due to the seller's breach of any obligations under the Contract (e.g. as a result of faulty performance) unless circumstances excluding the responsibility for the damage occur, the seller shall only be bound to settle the actual damage evidently quantified by the buyer; however, the seller shall not be bound to settle the loss profit, up to the amount corresponding to 100 % (one hundred percent) of the price for goods agreed in the Contract.

VIII. Final Provisions

1. The parties shall settle any dispute which might arise out of, and in relation to the Contract by a mutual agreement and in a conciliatory manner. If the contracting parties fail to agree on an amicable solution of the dispute, a relevant arbitration court at the Chamber of Commerce of the Czech Republic and the Chamber of Agriculture of the Czech Republic in Prague shall definitively decide according to the Order, by three arbitrators appointed according to the Order. The contracting parties undertake to meet all the obligations imposed on them by the arbitration award within the periods stipulated in the said arbitration award. The arbitration award delivered to both contracting parties shall be an executable executory title.
2. The arbitration clause pursuant to the clause 1 of this article hereof shall not be applied provided that the buyer as to the Contract is an entity residing in the Czech Republic. In this case any disputes incurred are heard and decided by

a competent court of the seller, whereas its local competence shall be specified according to the address of the registered office of the seller.

3. If neither of the contracting parties has commenced performance of the Contract, either contracting party shall be entitled to cancel the Contract without giving any reasons, by payment of compensation amounting to 40% of the agreed price of goods, exclusive of VAT, and by delivery of a written notice concerning the cancellation of the Contract to the other contracting party.
4. The buyer has assumed a risk of a change of circumstances after conclusion of the Contract, due to which the buyer is not entitled to claim his rights stipulated in the provisions of Section 1765, sub-section 1 of the Civil Code.
5. Legal relations arising out of, or in relation to the Contract as well as all other matters not stipulated in the Contract or these General Commercial and Delivery Conditions shall be governed by the Czech law, particularly by the provisions of Act No. 89/2012 Coll., Civil Code, as amended.