

## GENERAL CONDITIONS FOR DELIVERY OF SERVICES

purchased for GO Steel Frýdek Místek a.s “GCDS”

Annex to the Trade Contract made between the Ordering Party and the Contractor.

### 1 General Provisions

**1.1** These business conditions shall be applied to the purchase of services being of the character of repairs, reconstruction, modernization and capital construction in the Company of the Ordering Party stipulated in the Contract for Work, in the Purchase Order or in any other respective Contract (hereinafter referred to as the “Contract”). The Ordering Party will always be GO Steel Frýdek Místek a.s defined as the Ordering Party in the respective Contract (hereinafter referred to as the “Ordering Party” or the “Company”).

**1.2** The contractual relation shall be governed by the below-stipulated terms and conditions and/or by any other terms and conditions as may be agreed in the Contract being the stipulations of respective provisions of Act No. 89/2012 Coll., the Civil Code, as amended (hereinafter the “Civil Code”).

**1.3** The Ordering Party shall be bound by the draft of the Contract for Work within 30 days from its delivery to the Contractor, unless stipulated otherwise. The draft of the Contract for Work shall be revocable by the Ordering Party until its delivery.

**1.4** The Contract and/or respective amendments to the Contract for Work shall come to force and effect upon agreement made by the Contracting Parties in all its parts.

**1.5** Written communication or e-communication including the form of an email without certified electronic signature or any other communication in a form of distance-transmission may only take place between the liable persons named in the Contract. The Contracting Parties agreed that the above mentioned forms of communication could be applied also in a case that these business conditions require the written form of communication.

**1.6** Should any of the provisions of the Contract or these business conditions prove to be apparent (null), the effect of this defect to the remaining provisions of the Contract will be considered accordingly pursuant to Section 576 of the Civil Code.

### 2 Work Performance

#### 2.1 Quality of Work

The Contractor hereby confirms that it has been duly made acquainted with the areas and character of the place which work shall be performed in, whereas it hereby states that it is an expert at respective branch, thus, it is skilled and experienced to duly and carefully perform the work. In terms of the quality of material to be used, structure to be used and shop type of delivered machinery and technology, the Contractor shall be liable for the quality and completeness of delivered construction and installation works, for operation and agreed values of quality-technical parameters of work that accordingly shall be in compliance with the Contract for Work, requirements of ČSN standards deemed applicable and binding in the Company and approved documentation. When speaking about the quality, it shall be understood the quality under business-legal regulations and the quality of work agreed by the Contract, by these Conditions or under applicable standards, hereinafter referred to as the “Quality”.

#### 2.2 Contractor’s Adherence to Instructions given by the Ordering Party

The Ordering Party shall be entitled to check the subject of work when work is performed, whereas the Contractor shall make the construction site (workplace) accessible. The Contractor shall be bound by the Ordering Party’s instructions. If the Ordering Party reveals that the Contractor performs work in contrary to its obligations, the Ordering Party is entitled to ask the Contractor to remove found defects and to duly perform work and/or the Ordering Party is entitled to stop works performing. If the Contractor fails to act in this way even within reasonable time given to it and the Contractor’s acting should result in substantial breach of the Contract for Work, the Ordering Party is entitled to withdraw from the Contract.

#### 2.3 Ownership Right to the Subject of Work

Unless the Contracting Parties expressly agree otherwise, any and all things necessary for the performance of work will be procured by the Contractor. For the cases when the Contracting Parties agree that things necessary for the performance of work are to be delivered by the Ordering Party, the Parties explicitly agree that Section 2597 of the Civil Code shall not apply. The ownership right to things delivered by the Contractor that will become an integral part of the work shall pass to the Ordering Party as of the date (whichever is earlier):

a) of advance payment or sub-invoice payment within work performance,

b) or by signing the Handover and Takeover Protocol concerning the agreed parts of work or entire work.

c) The ownership right to the elaborated design and project documentation (or software) shall pass to the Ordering Party upon handover and takeover of the project documentation. In a case of custom-made or modified software, a source code list in a plain text format shall be a part of the documentation. The Ordering party shall exercise, in his own name and on his own behalf, all property copyright rights to the project documentation in order to use the taken-over documentation prepared under the Contract mainly for the production, maintenance and spare parts or any third party may be authorized by the Ordering Party to do so. Should not the Ordering Party be entitled to exercise these rights, the Contractor is obliged to obtain from the authors, without undue delay following the creation of the copyrighted work (work on order), a consent with the assignment of the right to exercise a property right pursuant to the Copyright Act from the Contractor to the Ordering Party and to transfer this right of exercise to the Ordering Party immediately. If the Contractor fails to obtain such property rights to the project documentation, nor such rights are assigned to the Contractor, it is obliged, until such time when the above mentioned rights are obtained, to vest the right of an exclusive and unlimited licence for the project documentation, with a right to sublicense. When negotiating the price under the Contract for Work, the Contracting Parties took into account the purposes of licences granted under the Contract, methods and circumstances pertaining to the use of work and to the territorial, time and quantitative scope of the licence. Where the Contract mentions a digital form, it is



considered that the digital form is also the so-called editable form, i.e. in dwg, word, excel format. If the Ordering Party applies its right to use the documentation including making changes and/or uses different materials, the Contractor shall not be liable for these changes in work. If the Ordering Party authorizes any third party to do this task, such third party is not entitled to use the project or technical documentation for the purposes of its own economic or any other profit. However, such profit shall not mean any bonus received by the Ordering Party for actions performed as described above. The Contractor shall not be entitled to provide any other persons than the Ordering Party with any project documentation or license for results of the activities being the subject of work.

d) In a case of software, it shall mean any software, a program or databases used for the operation, monitoring and maintenance of performed work or equipment, just like any created or ready-made software. The Ordering Party shall exercise all copyrights to software for and on behalf of the Ordering Party and at its own expense. Should the Ordering Party not be entitled to exercise these rights, the Contractor is obliged to obtain, without undue delay following the creation of the copyrighted work (work on order), a consent granted by the authors to assign the right to exercise property rights pursuant to the Copyright Act by the Contractor to the Ordering Party and such exercise right shall be assigned to the Ordering Party without undue delay. Shall the Contractor not gain such property rights to the software, nor such rights are assigned to the Contractor, it is obliged to vest the right of an exclusive and unlimited licence for the software, with a right to sublicense, until the mentioned rights are gained. When negotiating the price under the Contract for Work, the Contracting Parties have already considered the purposes of licences granted under the Contract, including methods and circumstances of the use of work and to the territorial, time and quantitative scope of such licence.

e) The Contractor hereby states that it is entitled to cede all proprietary rights arising out of author crafts under the Contract for work (in particular software, project documentation), as it is entitled to treat these crafts as if they were its own and they are free and clear of any copyrights or other rights of third parties. In a case of imposing penalties on and applying claims against the Ordering Party by virtue of infringement of rights of any third party, those penalties (claims) will be re-invoiced to the Contractor who shall pay them within 10 days from their infliction / application. Thus, the Ordering Party's right to apply compensation for harm, including an immaterial harm caused by such virtue to the Ordering Party by the Contractor, shall not be affected thereof. The Contractor shall indemnify the Ordering Party for any potential damage resulting there from, including any loss of profit. In the case the Contractor has filed a patent application for subject of work, an invention application or similar rights being indicative of industrial protection of work, the Contractor shall grant the Ordering Party the right to their use free of charge.

#### **2.4 Risk of Damage to the Performed Work**

Risk of damage to the entire subject of work (to its part) shall be borne by the Contractor until the subject of work is fully taken-over by the Ordering Party. Work handover and work takeover shall be deemed finalized by Work Handover and Work Takeover Protocol signed by both Parties.

#### **2.5 Extra Works / Less Works**

Contingent extra works / less works exceeding the contractually agreed scope of the subject of the fulfillment shall be specified by the Ordering Party in the construction and installation records (journal) or in any other agreed document (Acceptance Protocol, Inspection Day Records, etc.) and they shall be mutually agreed in a form of amendments to the Contract for Work.

An invoice for extra works performed under the amendment to the Contract for Work may be issued by the Contractor after such amendment is signed, after those extra works are performed and after they are taken-over by the Ordering Party. The invoice issued for performed extra works shall be due within 30 days the earliest from its delivery to the Ordering Party.

### **3 Obligations of the Contractor**

**3.1** For a tender or prior to the conclusion of the Contract for Work, the Contractor shall **provide the Ordering Party, along with the Bid, copies of the below-listed documents** providing valid and true data as of the date of their presentation:

**a) Excerpt from the Commercial Register** and/or the Trade Certificate/License; in terms of supplies of specified technical equipment the Certificate shall be presented evidencing technical skills and experience issued by the National Supervision Body. Those documents must prove that under the subject of business activities of the Contractor's company and/or under its Trade Certificate/License the Contractor is competent (authorized) to make the activities relating to the subject of the fulfillment of the Contract.

**b) VAT Registration Certificate** or the Contractor shall inform the Ordering Party in writing on the fact that it is not VAT Payer. In the case of any incorrect data provided by the Contractor, any penalties imposed for this reason on the Ordering Party will be re-invoiced to the Contractor, whereas the Contractor hereby undertakes to pay those penalties within a due period of 14 days from the penalty infliction. Shall such period not be met, the interest on late payment will be invoiced amounting to 0,035 % from the amount due for each day of delay.

**c) QMS Certificate** under EN ISO 9001, EMS Certificate under EN ISO 14001 and/or HSMS (OSH) under ISO 45001, or the Contractor shall inform the Ordering Party in writing on the fact whether the Contractor currently introduces those systems or prepares their introduction. Accordingly, the Contractor shall meet such obligation also for his contingent subcontractors. If the contractor does not have management systems certified, he shall notify the Ordering Party in writing.

**d) Welding certificate** for welding of steel structures under ČSN 73 2601, Z2, ČSN EN 1090-2; for specified technical equipment and shall the product be pressure equipment under the Government Decree No. 26/2003 Coll., Certificate under ČSN EN ISO 3834-2 or under any other generally binding, effective and applicable standard, i.e. ISO, EN etc.; or as a temporary document: the Application for audit/certification filed at the accredited Czech and/or foreign Certification Body shall be submitted or the Contractor shall provide the Ordering Party with the information that it does not have the said documents. Accordingly, the Contractor shall meet such obligation also for his contingent subcontractors.

**e)** A list and excerpts from the Commercial Register and/or Trade Certificates/Licenses, including the authorization issued by the National Supervision Body for supplies of specified technical equipment by its **contingent subcontractors** to be applied for agreed work performance on the Company premises shall be subsequently contractually approved by the Ordering Party.

If the Contractor during performing work wants to change its subcontractors listed in the Contract for Work, it shall discuss such change with the authorized employee from the Ordering Party's Sales department prior to making such change. The subcontractor may be changed only after it is approved by the Ordering Party in writing in a form of the amendment to the Contract for Work.

#### **f) Insurance**

Unless stipulated otherwise, prior to the conclusion of the Contract for Work, the Contractor shall effect insurance with the insurer showing a good (reliable) reputation and provide the Ordering Party, prior to the commencement of the activities at the latest, with a copy of the Insurance Contract (or a Certificate, provided that it will expressly be deemed sufficient by the Ordering Party), and upon the Ordering Party's request the Contractor shall submit the confirmation of blockage of payment to the benefit of the Ordering Party relating to the Contractor's liability insurance for damnification, damage to health including financial losses – detriment (also relating to damage for poor quality of work performance) caused to the Ordering Party when performing work due to infringement of duties by the Contractor.

The Insurance Contract must be in effect and for a corresponding amount of insurance coverage during the period from the commencement of works by the Contractor under the concluded Contract for Work to the end of the warranty period, but for 12 months at maximum, unless stipulated otherwise.

The Contractor shall adhere to the insurer's requirements and effectively co-operate when an insurance event occurs.

#### **3.2 Construction and Installation Records (or any other agreed form of recording)**

From date of workplace /construction site takeover, the Contractor shall keep **Construction and Installation Records** /a journal/ (hereinafter referred to as "Records") to the date of work handover and takeover to the Ordering Party, during removal of small defects and extra works performance. During working hours, the Records must be available at any time to the Ordering Party's competent (authorized) officer. The Records must include any facts proving / evidencing the course of work performance on a daily basis.

The Contractor's officer shall submit the daily Records to the Ordering Party's competent (authorized) officer on the next business day at the latest and hand-over the first carbon copy to him, whereas such receipt must be confirmed by the Ordering Party's competent (authorized) officer. The Contractor shall file the second carbon copy of the daily Records separately from the original, i.e. it must be available if the original is lost or destroyed. The first carbon copy shall be filed at the Ordering Party's competent (authorized) officer. If the Ordering Party's competent (authorized) officer does not agree to the Records contents, he/she shall state his/her statement in writing within three working days, otherwise it is conceived he/she agrees to the Records contents. The same applies for the relation of the Contractor towards the Ordering Party.

The agreement recorded in the Records, having impact on the Contract provisions, shall be the basis for the preparation and compilation of the amendment to the Contract for Work. The amendment shall come into force and effect after its signing by the competent representatives of both Contracting Parties. The Records shall be kept by both the Contractor and the Ordering Party for 5 years from work takeover and handover by the Ordering Party.

In a case that works are invoiced by hourly rate, the Contractor shall specify the total number of its employees, i.e. names and surnames including data on the number of hours worked by each of them, and/or if assembling sets (units) are used, it shall specify the number of machine-hours.

If the Contractor fails to keep the Records or if records recorded on a daily basis are insufficient, the Contractor shall pay contractual penalty to the Ordering Party as defined in article 10.7 of "GCDS".

In a case of services provided and supplies made out of the Company premises, the daily Records relating to performances and supplies must be kept separately. Those performances and supplies shall be confirmed by the Ordering Party's officer named in the Contract being liable for takeover under the Contract provisions.

**3.2.1** In case of charging of works hourly rate, to the 2<sup>nd</sup> day of the following month, the Contractor's officer responsible for the performance of the work and Records keeping is obliged to demonstrably forward in a written form to an entrusted representative of the Ordering Party, who is liable for the work performance inspection and for records keeping checking, a recapitulation of the numbers of the Contractor's workers including man-hours worked, and separately the numbers of workers of its respective subcontractors who in the respective month worked on the work performance, including man-hours worked, and this segmented per respective days of the respective month.

**3.2.2** Upon the Ordering Party's request, the Contractor shall forward the specification of recommended spare parts including accessories to the Ordering Party, whereas selected spare parts shall be supplied within the time-limit agreed in a separate Contract.

**3.2.3** If the Contractor reveals that any agreed deadlines cannot be met, it shall inform in writing the Ordering Party on such fact without undue delay.

#### **3.2.4 Proof of Origin of Goods**

When moving goods in respective EU-countries, its origin must be proven so that the exporter, who has purchased the goods from the Contractor (who may be the manufacturer, but also the merchant only), would be able to issue a proof of origin of the goods when exporting the goods from the EU to a contractual country. In this case the origin of goods shall be proven in a prescribed form of the Certificate of Origin of Goods signed by the Supplier under Council Regulation (EC) No. 1617/2006 and 75/2008. Within the EU, such Certificate only shall be used. When doing business with some countries out of the EU, besides such Certificate of Origin of Goods, the Supplier's Declaration of Origin of Goods can be used contents and form of which are defined contractually. Such Declaration of Origin of Goods may be single-stated in the invoice or in any other business document or a long-term one on a Supplier's heading paper. Such Declaration must specify the goods and it must define the fact whether it is original goods or a non-original one and for what purpose such Declaration has been issued.

**3.2.5** The Contractor is obliged to allow the Ordering Party the possibility to inspection and verify at any time the activities relating to the execution of the concluded Contract, particularly when:

- Preparing and organizing the project, checking the designing works stage in relation to deadlines of material supplies and construction and installation works,
- Subcontractors participating in the Contract execution, including checking of factual and deadline execution,
- Material supplying, including production checking in terms of consequential installation deadlines.

Such checking shall be made at the Contractor's premises and premises of its contingent subcontractors who shall provide the Ordering Party with respective documents.

**3.2.6** The Contractor is obliged to protect the information arising out of the concluded Contract and keep it confidential and not to disclose it to any third party without a reason, and further, under Section 504 and Section 2985 of the Civil Code, the Contractor shall not disclose and keep confidential any other information being of business, economic, production, technical, personal and organizational character acquired during the Contract execution. For disclosing any confidential information the Contractor shall pay to the Ordering Party the contractual fine in the amount as specified in article 10.5 herein. The Ordering Party's right to compensation for damage under provisions of Section 1730 of the Civil Code shall not be affected by such contractual fine.

Data, except those generally known, given in the Contract for Work and in its amendments shall be subject to business secret, whereas the Contractor shall not disclose them to any third parties.

In relation to any third party, the Ordering Party may be given as a reference only with a prior consent granted in writing by the Ordering Party.

**3.2.7** In a case that supplies of products are a part of the work under Act No. 22/1997 Coll. (as amended) and related Government Decrees as amended, the Contractor shall forward, under this Act, the Declaration of Conformity of the product with technical regulations including appropriate related requirements as to such Declaration or a certificate of the issued Declaration of Conformity of the product with technical regulations.

#### **4 Cooperation of the Parties and Cooperation with the Ordering Party**

**4.1** Upon the Contractor's request, the Ordering Party shall provide the Contractor with below-listed services for execution of the subject of work:

a) Necessary background data on the condition of the existing machinery and technology, facilities, buildings etc.

b) Storage and services related to such activity (to be paid).

Paid storage shall be made under the Contractor's Order delivered to the address given by the Ordering Party. A separate Storage Contract shall be made stipulating the agreed terms and conditions for storage facilities and transfer to the installation area and specifying shipping instructions for the stored equipment.

c) Dressing-rooms availability (to be paid).

d) Assembly mechanisms (to be paid).

e) Electric power, technical gases, compressed air, drinking and service water, and the use of the telephone network including telecommunication facilities (to be paid).

f) Equipment on the construction site (to be paid).

The above-mentioned services to be paid shall be provided under separate orders of the Contractor delivered at the latest as of construction site (workplace) handover and takeover to respective operations and departments providing those services. The services referred to in points (b) to (f) may be provided free of charge if the parties so agree in the contract.

**4.2** The Ordering Party shall organize the following trainings for the Contractor's Senior Managers:

- Occupational safety and health training,

- Fire protection training.

The Contractor's Senior Managers shall demonstrably train their staff and staff of their contingent subcontractors on the above mentioned trainings. In terms of a long-term Contract being in effect for more than 2 years, the health and safety training shall be repeated after 2 years.

**4.3** For construction site takeover, the Ordering Party shall specify:

- Places for storage of dismantled technology including a method of disposal,

- Places for pre-assembly works,

- Places for Contractor's construction site equipment,

- Connecting places for power supplies, supplies of technical gases, compressed air supplies and water supplies,

- How to dispose of cables provided that cable lines are broken.

**4.4** The Ordering Party shall not be liable for any thefts and damages caused on things brought by the Contractor to the Company premises.

**4.5** With regard to the fact that the Contractor shall perform work under the respective Contract stipulating work performance or provision of services, the Contracting Parties have agreed that the Contractor shall expressly waive the right for compensation for any harm, including immaterial harm, arising from the assistance by the Ordering Party.

#### **5 Work Performance and Work Handover to the Ordering Party**

**5.1** The Contractor shall meet its obligation to perform work (and/or its parts) by duly finalization of the work and handover of the subject of work free of defects to the Ordering Party in the place defined in the Contract for Work, whereas works shall be performed as specified in the Contract and the below-listed documents shall be delivered in the Czech language, unless otherwise agreed:

**A. Protocol of Work Handover and Takeover, which shall particularly include:**

- The Contracting Party taking-over the work (names, surnames and titles of the Ordering Party's representatives),

- The Contracting Party handing-over the work (names, surnames and titles of the Contractor's representatives),

- The subject of acceptance,

- Contract for Work No. and/or Order No.,

- Date of commencement of works and finalization of works,

- Assessment of performed works quality,

- The list of delivered/forwarded documentation,

- The list of small defects that do not prevent the operation of the work including deadlines for their removal free of charge,

- A contingent list of extra works to be performed including deadlines and price fixation,

- Acceptance/Inspection Result Records.

The list of small defects shall be deemed to represent reservations within the meaning of Section 2605 of the Civil Code.

In a case that the handed-over work shows defects due to which the work cannot be taken-over and shall not be deemed finalized, such fact must be stated in the Records. The Contractor shall have no title to the contractually agreed price until the work is duly handed-over and taken-over and until the latest records are taken.

- Date and signatures of the Contracting Parties.
- Technical and drawing documentation (6 executions unless otherwise agreed in the Technical Specification/the Contract) in the Czech language
- Drawing documentation in electronic form in PDF format in the Czech language
- Drawing documentation in electronic rewritable (editable) form (dwg, word, excel) in the Czech language

**B. Technical documentation (TD) shall particularly include:**

- Technical Inspection Reports (for equipment specified by the standard)
- Documents of inspection under ČSN EN 10204 (42 0009); Passports (special Technical Reports)
- Catalogue and product sheets
- Instructions for installation and putting the equipment into operation, instructions for use (including specification of the atmosphere for the use), instructions for operation and maintenance and for disposal
- The project documentation including drawn changes under actual conditions, even in the electronic editable form in the Czech language
- Protocols: - Testing records of construction, pressure and tightness tests
- Other documents stipulated in the Contract for Work
- The certificate of performed testing of the used materials
- Safety and service regulations related to the delivered equipment
- Protocols of verification of covered works

For products under Act No. 22/1997 Coll. and related Government Decrees as amended, the Contractor shall forward the Declaration of Conformity of the product with technical regulations including appropriate related requirements as to such Declaration or a certificate of the issued Declaration of Conformity of the product with technical regulations in accordance with Act No. 22/1997 Coll.

Safety Data Sheets, fire and technical parameters

- Risk identification and risk assessment
- The Certificate of completeness, inspections and quality (including protocols of measurement, the Supplier's Compliance Certificate etc.) of installation, works and delivered products including any documentation defined under effective and applicable legislation, decrees and related standards and/or documentation required by the Ordering Party in the Contract.
- Within the specification of supplies (statement of measurement), the documentation shall also include Calibration Sheets for working measuring instruments and verification sheets or confirmation of verification of specified gauges. When gauges are designed, the Contractor shall adhere to the Ordering Party's internal regulations and to the statement stated by the Metrology Department – the Ordering Party's specialized coordinator for inspection, measuring and testing equipment.

**C. Drawings and other Documentation**

For reconstruction works, modernization works and capital construction or where it has been agreed, the Contractor is obliged to deliver to the Ordering Party the below-listed documentation in order to provide maintenance:

**C.1** Layout drawings, general configurations and foundation plans in the Czech language.

**C.2** After construction works are finalized, one configuration set shall be delivered including bills of material in the Czech language.

**C.3** Comprehensive production drawing documentation relating to machinery and wiring (configurations, bills of material, details, well-arranged specification and layout of electric equipment, production drawings and drawings of components and parts, sub-configurations and circuits including their specification and comments), of the type as specified by the Ordering Party's liable representative, shall be delivered in the Czech language.

Note: Options of the way drawings and other documents are stored: DVD and CD carriers, USB discs etc.

The documentation shall include any changes made during manufacturing. Such documentation shall be handed-over during the acceptance procedure. Changes to be made during the trial operation shall be delivered by the Contractor till the trial operation finishing.

**C.4** Any calculations and any other technical supporting data related to the delivery (Technical Reports, Static Calculations, Testing Protocols, Measurement Records, Certificates etc.) in a well-arranged file in two counterparts in the Czech language.

**C.5** Instructions for service, operation and maintenance including:

- General description of functions
- Power specification
- Specification of control
- Lubrication schedule
- Bearing sheets
- List of gaskets/sealing
- Motor sheets
- Bills of material related to electrical wiring
- Operating instructions
- Maintenance instructions
- Occupational safety
- Testing and commissioning

**C.6** Catalogue sheets of purchased components and parts including Service and Maintenance Instructions in the Czech language. Specifications for ordering of spare parts for the purchased components. In the interest of standardization, the use of purchased components shall be agreed / approved by the Ordering Party's authorized representative.

For catalogue components, designing bills of material shall include the manufacturer and the manufacturer's Purchase Order Number (the dealer's Purchase Order Number must not be specified!).

**C.7** Upon the Ordering Party's request, the Contractor shall specify in the designing documentation the identification numbers for maintenance information system under the instructions given by the Ordering Party's authorized representative.

**C.8** Technical consultancies requested by the Ordering Party or the Contractor shall be solved by mutual cooperation.

**C.9** Prior to commencement of the production, all drawings shall be discussed along with the Ordering Party's authorized representative. The Contractor's high liability for the delivery shall not be affected by a consent granted by the Ordering Party to drawings, calculations and any other technical necessary data. If the Contractor does not refuse in writing, this shall also be applicable to Ordering Party's proposals and recommendations accepted by the Contractor.

**C.10** Any technical background data, fixtures, tools, models etc. created in terms of the Order and put to the Contractor shall remain the property of the Ordering Party, whereas they may be continuously used under contractually defined and stipulated terms and conditions only.

**C.11** The Contractor shall assign to the Ordering Party free of charge the ownership to drawings and technical background data prepared for the delivery. His intellectual ownership shall not be affected thereby. The Ordering Party or any third party may use those supporting data free of charge for maintenance and to make changes, as well as for manufacture of spare parts, even following the termination of the Contract.

The Ordering Party's representatives liable for definition of scope and preparation of documentation for maintenance ensuring under C1 through C7 herein and for technical consultancies under C8 and C9 herein shall be named in the Contract for Work.

**5.2** The documentation under B and C herein shall be handed over for duly installation course, including tests and acceptance inspection and contingent commencement of trial operation, whereas such documentation shall be delivered to the Ordering Party's employee named in the Contract and liable for work takeover as of the date of the commencement of the acceptance procedure at the latest.

### **5.3 Handover and Acceptance**

The place for handover shall be understood the place of the Contract execution specified in the Contract for Work. Handover and takeover shall be commenced immediately after successful finalization of the entire work, unless agreed otherwise in the Contract. The Contractor shall invite the Ordering Party in writing to attend the acceptance procedure 10 days in advance at least.

Prior to the acceptance procedure and during such procedure at the latest, the Contractor shall prepare and hand-over documentation to the Ordering Party according to article 5.1, letters B and C herein.

Records of results of such acceptance procedure shall be taken according to article 5.1, letter A herein, whereas such Records must be signed by the authorized representatives of both Contracting Parties.

Successful work handover shall be finalized by Handover and Takeover Protocol signing by liable officers of the Ordering Party and Contractor named in the Contract for Work.

The Protocol must expressly state whether the Ordering Party takes-over the work.

**5.4** The Contractor shall clear the construction site within 14 days after the work handover and takeover. For removal of defects and outstanding works performance, in the Handover and Takeover Protocol the Contractor shall agree with the Ordering Party a scope of necessary equipment staying in the construction site, including the deadline for its emptying. Failure to empty the Construction site shall be considered as outstanding work under penalty – see article 10.4 a) herein.

**5.5** The Parties hereby explicitly exclude the application of Section 2609 of the Civil Code.

### **5.6 Payment**

**a)** The Contractor shall have the right to payment for work performance after the work taking-over by the Ordering Party.

**b)** A basis for the payment of the agreed price for the Goods is an invoice, which shall be issued and delivered to the Buyer stipulated in this respective Order and shall be printed on a computer or typed without any manual entries and stamps and shall be delivered electronically to the address [e-invoicing@gosteel.cz](mailto:e-invoicing@gosteel.cz). If the Seller is unable to deliver the invoice electronically, the Buyer accepts delivery to the Buyer's address: GO Steel Frýdek Místek a.s., Míru 3777, 738 01 Frýdek-Místek, CZECH REPUBLIC.

Such invoice shall include, except mandatory data pursuant to the Civil Code and Act No. 235/2004 Coll., subsequently amended, also the number of the Contract for Work, the name of the Work to be performed, the subject of the fulfillment, the bank account number and for imports from abroad also the Certificate of Origin of Goods. In the case of a purchase from a domestic non-VAT payer, the Contractor is obliged to state the following text on the invoice: "WE ARE NOT VAT PAYERS". Otherwise the invoice will be considered incomplete and returned to the Seller. For a new or a corrected invoice, which the Seller is obliged to issue, a new payback period applies. The invoice will be paid by a money transfer order and will be due within the payment due date agreed in the Contract for Work.

The Contractor, a VAT payer, declares and confirms that it is not an unreliable payer in terms of provisions of section 106a of the Law of VAT and, at the same time, it is neither in a position, nor in a risk that in the period to the due date of monetary payment to the Ordering Party it will be in a position of not being able to perform its tax obligations in term of the Law of VAT towards his tax administrator.

In the case that

**a/** the Contractor's bank account, as of the VAT payer, stated on the invoice, is not or will not be a disclosed account at the moment of performing a payment, or

**b/** at the moment of performing a taxable payment or to the moment of performing a payment the tax administrator discloses, in a way enabling a remote access, the fact that the Contractor, as a VAT payer, is an unreliable payer, the Ordering Party is entitled to pay the price for the Work only in an amount without VAT and it is thereby authorized to pay the VAT corresponding to this payment instead of the Contractor by way of the so-called special method of securing the tax according to the provisions of section 109a of the Law of VAT.

**c)** If delay in invoice payment occurs, interest on late payment is hereby agreed according to Section 1970 of the Civil Code. Within the meaning of this provision, the debtor will not be responsible for default with the payment of the invoice in cases according to article 11 of "GCDS".

**d)** In a case of any Contractor's payment security or due fulfilment security agreed, which the Ordering Party is entitled to ask for in a form of a bank guarantee or in any other agreed form, such obligation security will always correspond to the

agreed percentage amount or another agreed proportional amount relating to the total secured cost (total price of the work), always VAT including as stipulated by the law.

The Contractor shall not be entitled to reduce the fulfillment against the Contract for Work by virtue of any counter-claims or those titles shall not be unilaterally set-off including claims arising out of complaints.

The authorized employees of the Ordering Party shall be entitled to look into the necessary data of the Contractor for invoicing. These are particularly the necessary data on worked hours relating to the execution of the subject of the agreed work.

The Contractor is not entitled to assign receivables from the mutual business relations, or to transfer any contract, or its part, concluded between the Parties. The Ordering Party is not entitled to assign any receivables, with the exception of receivables that are overdue for more than 60 days. Both the Contracting Parties hereby agree that any assignment of the Contract or receivables agreed to contrary to such agreement shall be legally ineffective. Moreover, the Contracting Parties have agreed that mutual business relation receivables cannot be pledged or encumbered by the rights of any third parties without the consent granted by the liable Contracting Party (the debtor). In the case of infringing this liability stated in this agreement, the Contracting Party that has caused this infringement shall pay to the other Contracting Party a contractual fine amounting to 30% of the value of such pledged or otherwise encumbered or unjustifiably assigned receivables.

The Ordering Party is entitled to unilaterally set-off any receivables the Ordering Party has or has acquired by assignment, receivables that have or have not yet fallen due, receivables that both are and are not subject to the statute of limitations, and precarious and uncertain claims against receivables of the Contractor under the Contract of Work or any other similar contract or under these General Conditions for Delivery of Services or in connection with them.

## **6 Warranty**

**6.1** During the entire warranty period, work shall be fit for the contractual purpose and during that time it shall keep the agreed properties.

The warranty period relating to work shall start running after duly handover and takeover of such work (its parts) as of the date of Handover and Takeover Protocol signing by both Parties according to article 5.1 herein.

The warranty for work quality shall be related to all delivered equipment and systems regardless of the fact whether they have been manufactured in accordance with the Contractor's documentation or with any other taken-over documentation. The Ordering Party's consent to project design or to any other design shall not deprive the Contractor of his liability for work quality.

The Contractor shall be liable for consequences of incorrect supporting data forwarded to other professions not being an integral part of its delivery, but they implicate their duly function.

The Contractor shall be liable for damage of equipment or for any other consequences caused by incomplete or wrong Service and Maintenance Instructions.

**6.2 The Contractor shall take-over warranty for the quality as stipulated below:**

- a) For construction works: 60 months from takeover by the Ordering Party
- b) For roads and roofs: 48 months from takeover by the Ordering Party
- c) In any other events: 24 months

**6.3** The warranty period shall be extended by the period following after claim lodging until the removal of claimed defects. The agreed time-limit for removal of the claimed defect shall be extended by the period for which the Contractor was unable to begin to remove the defect, or it is unable to continue removing, by virtue of the reasons caused on the Ordering Party's side.

**6.4** In cases of urgency or when the Contractor is unable to meet its warranty obligations, the Ordering Party may take necessary actions at the Contractor's expense without breaching its warranty obligation. Except cases of urgency, the Contractor will be informed on those actions before their taking.

## **7 Defects of Work**

Work shall be deemed defected when its performance is not in duly compliance with results defined in the Contract for Work (different quantity, different quality, different design, different properties, non-functionality, incompleteness and/or errors in documents being necessary for using, size variations, non-achieved agreed values of quality-technical parameters etc.).

## **8 Claims for Defects**

**8.1** The Ordering Party shall apply claims for defects during the warranty period without undue delay when the Ordering Party finds them out, or when the Ordering Party should have learnt of them while exercising professional care. The provisions of Section 2605, article 2 of the Civil Code shall not apply.

**8.2** During the warranty period or during the time-limit set under article 8.1 hereof above, upon a call appeal and upon the Ordering Party's request, the Contractor shall remove free of charge claimed defects of work within 18 calendar days from posting the notification of the claimed defect of work or, after an agreement made with the Ordering Party, the Contractor shall agree a method and deadline for the defect removal within 6 calendar days from posting the notification of the claimed defect of work. The decision on the claim for liability for defects of goods, as well as the decision on the way how defects shall be removed, shall solely pertain to the Ordering Party. In a case that the Ordering Party does not even subsequently decide on the claim for defects, it shall be conceived that by posting the Claim Records the claim for defect removal is raised. However, the Ordering Party is always and regardless of seriousness of the Contract breaching entitled to ask to remove defects:

- a) Through work repairing, provided that defects shall be deemed repairable
- b) To ask for supply of missing material, goods, work parts or work for substitute work including removal of legal defects
- c) To ask for an adequate deduction from the price for work
- d) To withdraw from the Contract
- e) By itself or via a third party to perform the work inspection and to make necessary activities for defects revealing and removing and to organize work repairing or performing it so by a third party at the Contractor's expense.

If it is subsequently revealed that defects cannot be repaired at all or that repairs of defects require extremely high cost, the Ordering party is entitled to ask for a delivery of substitute work (goods) without undue delay after the Contractor has been informed on such fact, or to withdraw from the Contract or to ask any other title under 8.2 herein.

If the time-limit for claimed defect removal is not adhered to, the Contractor shall pay contractual fine specified in article 10.2 herein to the Ordering Party and the Ordering Party has the right to ask for deduction amounting to 15% from the price for work, unless agreed otherwise.

**8.3** The agreed deduction from the price for work, provided that it has been paid in a total amount, shall be refunded to the Ordering Party including interest on late payment within 14 days from its filing. If such time-limit is not adhered to, the Contractor shall pay contractual fine specified in article 10.3 herein to the Ordering Party.

**8.4** Claims for defected work performance shall not affect the claim for compensation for damage or the claim for contractual fine.

**8.5** Pursuant to Section 1765, article 2 and Section 2620, article 2 of the Civil Code the Contractor shall assume the risk of change in circumstances.

## **9 Substantial Breach of the Contract, the Contract Termination**

**9.1** The Contract shall be deemed substantially breached when sub-sections 2.2, 2.3, 5.1., 5.2., 5.3., 7 and 8.2 of "GCDS" are breached. Other terms and conditions under which the Contract for Works shall be deemed substantially breached will be stipulated by the Ordering Party in the Contract for Work. In each case of substantial breach of the Contract, the Ordering Party has the right to withdraw from the Contract or to apply deduction from the price for work in the amount of 15 %.

**9.2** Except for the events when the right of one of the Contracting Parties to withdraw from the Contract under the law (see Section 2001 et seq. of the Civil Code), the Ordering Party has the right to withdraw from such Contract without giving reasons. When withdrawn from the Contract, the Contract shall be terminated at the moment when the Ordering Party's notice of withdrawal from the Contract (thereinafter the "**Notice of Withdrawal**") has been delivered to the Contractor, unless such Notice specifies later date of its coming into force and effect (hereinafter referred to as the "**Moment of Withdrawal**"). Whereas it applies that withdrawal from the Contract shall not affect, except events defined in Section 2005, article 2 of the Civil Code, also: this article 9 herein, provisions stipulating a scope of warranties for defects in work performance, provisions stipulating claims for contractual fines, the non-disclosure clause, undertakings contained in article 2.3 c), 2.3 d) and 2.3 e).

**9.3** If the Contractor has partially executed the Contract prior to withdrawal from the Contract or the Contractor has already commenced to execute the Contract (though even partially handover to the Ordering Party did not take place), the Ordering Party shall take-over the Contract execution within a possible and purposeful scope saving that the Ordering Party in the Notice of Withdrawal from the Contract advises the Contractor of the fact that it is not interested in the Contract execution takeover. For any settlement of mutual rights and obligations after withdrawal from the Contract it applies that they shall be settled to a maximum possible extent under the rules arising out of the Contract and further, under generally binding regulations (including the rules for fair business relation) in that way so that no Party can be richened to the detriment of the other Party.

**9.4** Unless stipulated otherwise in the Notice of Withdrawal from the Contract, after the moment of such withdrawal the Contractor shall without undue delay:

a) Interrupt the Contract execution except those partial executions being necessary for preventing from damaging the subject of the fulfillment or in consequence of the unfinished subject of the fulfillment, and enable to hand-over the subject of the fulfillment (or its respective part) to the Ordering Party, whereas it applies that in any doubt on the fact whether a particular part of such execution is to be implemented or not under such provision, the Contractor shall inform the Ordering Party on such fact and next steps shall be agreed by them;

b) Inform all respective subcontractors on the fact that due to withdrawal from the Contract, performance will be made to the extent only under previous letter a) herein, whereas the Contractor shall cooperate with the subcontractors within necessary extent, and it applies that if the Ordering Party specifies sub-supplies in the Notice of Withdrawal from the Contract which it is interested in their implementing regardless of the fact that the obligations arising out of the Contract made between the Ordering Party and the Contractor have already ceased, the respective subcontractors shall be informed on such fact by the Contractor to the extent within which it can be asked from the Contractor, whereas the Contractor shall support the negotiations held between a respective sub-supplier and the Ordering Party on the implementation of a respective sub-supply (takeover of a debt arising out of the existing Contract; a new Contract);

c) Make other acts being necessary for handover of respective or partial performance to the Ordering Party; and

d) Assign the execution to the Ordering Party to such extent in which it is legally applicable and with regard to the character or scope of the finished execution under the terminated Contract, all partial executions, rights or claims arising out of the Contracts made with the subcontractors.

**9.5.** The Ordering Party shall deliver to the Contractor within 5 calendar days from the Moment of Withdrawal from the Contract the payment specification for partial execution of the Contract or sub-execution, whereas such specification shall particularly include:

a) The price fixation for already implemented execution that shall be taken-over by the Ordering Party;

b) Specification of payments already paid by the Ordering Party under the Contract;

c) Total sum that shall be paid by the Ordering Party;

d) Date of handover and takeover of the subject of the fulfillment (partial execution / sub-execution);

e) Method of settlement of all other relations under the Contract, any other cooperation etc. (thereinafter "Specification of payments")

Whereas it applies that the Ordering Party is entitled to ask cooperation from the Contractor for such Specification of payments.

**9.6.** Such Specification of payments according to article 9. 5 herein shall be compiled by the Ordering Party under the below-listed rules:

a) The rules for settlement of unjustified enrichment shall be adequately applied;

b) The price for partial execution or sub-execution must take into account its efficiency for the Ordering Party;



c) The total price must not exceed the agreed price for the fulfillment under the terminated Contract.

9.7 The Contracting Parties hereby undertake to cooperate in the area of take-over of partial execution or sub-execution. Within 45 days from the duly handover, the Ordering Party shall pay the price fixed in the Specification of payments.

9.8 The provisions of Section 1978, article 2 of the Civil Code stipulating that a lapse of an additional time period shall give rise to the immediate withdrawal from the contract, shall not apply.

## 10 Contractual Fines

10.1 The Contractor shall pay to the Ordering Party contractual fine amounting to 0,5 % from the price for work for each even commenced day of delay, provided that the agreed deadlines for work delivery and work takeover are not met or respective agreed deadlines are not met under the Contract or under these terms and conditions.

10.2 The Contractor shall pay to the Ordering Party contractual fine amounting to 0,5 % from the price for work for each even commenced day of delay, provided that the time-limit for defects removal is not met under subsection 8.2 herein.

10.3 The Contractor shall pay to the Ordering Party contractual fine amounting to 50 % from deduction from the price for work, provided that the time-limit set in subsection 8.3 herein for sending back the agreed deduction is not met.

10.4 The Contractor shall pay to the Ordering Party contractual fine amounting to CZK 1,000 for:

a) Delay in removal of respective defects or small outstanding works to be performed recorded in Inspection / Acceptance Records for each defect or small outstanding work and for each day of delay until such defect or small outstanding work are removed.

b) Breach of provisions of article 3.1 e) herein (change in a subcontractor) for each revealed case.

c) Breach of provisions of article 12.3 herein (change in the trade name of the company).

10.5 The Contractor shall pay to the Ordering Party contractual fine amounting to CZK 50,000 for each revealed case of breach of provisions of article 3.2.6 herein on the confidential information disclosure.

10.6 The Contractor shall pay to the Ordering Party contractual fine for breach of provisions set in subsection 3.2 herein, i.e.:

a) CZK 15,000 for failure of keeping of Construction and Installation Records (a journal)

b) CZK 500 for Records insufficiently kept on a daily basis for each revealed case and for each day of non-compliance with the deadline for remedying this inadequacy.

10.7 Contractual fines shall be due within 10 days from delivery of billing to the Contractor. If delay in payment occurs, interest on late payment is hereby agreed according to Section 1970 of the Civil Code. Should the Ordering Party doubt about the Contractor's economic situation, about the Contractor's financial standing or about the Contractor's worsen economic position, the Ordering Party is entitled to shorten the maturity date. The Contractor is not entitled to perform unilateral set-off against receivables of the Ordering Party under the Contract for Work or other similar contract or these General Conditions or in connection with them.

The Ordering Party's right to ask for compensation for damage caused to the Ordering Party shall not be affected by contractual fines.

## 11 Force Majeure

11.1 The event of Force Majeure shall mean (within the meaning of Section 2913, article 2 of the Civil Code) such unusual events or circumstances (that cannot be objectively averted and that occurred beyond control of the obligated party) in the affected territory preventing temporarily or permanently the fulfillment of contractual obligations under the Contract and that could neither be foreseen prior the conclusion of the Contract, averted or overcome (such as wars, revolutions, fires, floods, epidemics, quarantines, transport embargoes, strikes, changes in laws, global economic crisis and its effects to the Parties, and so on).

11.2 If any of the Contracting Parties is prevented or unable to perform contractual obligations under the Contract by an event of Force Majeure, this Party is released from its contractual obligations in reasonable extent for as long as the Force Majeure event persists.

11.3 The Parties are obliged to inform each other in writing (within 3 days at latest) of any extraordinary circumstances or Force Majeure events that have caused or will likely cause the failure of the Party to fulfill the obligations under the Contract and at the same time, the Party will describe its nature, potential duration and effect of such circumstances. The same time period to inform the other Party shall apply when the Force Majeure event ceases to exist.

11.4 The Parties are obliged to make every reasonable effort to alleviate the effects of any Force Majeure event and to restore performance as early as possible following the occurrence of such an event.

11.5 Should any delay with performance of the other Party under the Contract resulting from the Force Majeure event persist for more than 30 days, each Party may terminate the Contract by giving a notice of termination in writing to the other Party.

## 12 Other Provisions

12.1 Any disputes arising out of the Contract for Work shall be settled by mutual agreement made by both Parties. In a case a dispute is not settled by any mutual agreement, such dispute shall be settled by the Court competent according to the Ordering Party's place of incorporation. Such Contract and relations arising out of it, as well as the Contract for Work shall be governed by the Legal Order of the Czech Republic, particularly by the Civil Code. With regard to interpretation of these General Conditions, customs of trade shall neither prevail over any provision of the law, nor any peremptory provisions of law. Application of the UN Convention on Contracts for the International Sale of Goods from 1980 (the Vienna Convention) is expressly excluded hereby.

12.2 The Contracting Party showing the reason to either change or cancel the obligation shall pay to the other Party proven cost incurred in relation to the preparation of performance of obligations, in relation to change in the obligation or its cancellation.

Cost incurred shall be expressed in numbers and specified financially and such specification shall be delivered for the approval to the Party that shall pay such cost. Approved cost only may be invoiced.

Invoice due date shall be 14 days from the date of its delivery.

Such stipulations shall not be applied to provisions of article 9 above.

**12.3** The Contracting Parties hereby undertake to immediately inform each other within 3 days at the latest on the fact that they enter the commencement of liquidation or that insolvency is in motion; the Parties hereby undertake to amend related provisions stipulated in the Contract for Work.

In a case the trade name of the Company or its legal form is changed, the Contractor shall inform the Ordering Party on such fact in writing in a form of a registered letter within 7 days from making such change to the Ordering Party's address. If such provision breach is revealed, the Contractor shall pay to the Ordering Party contractual fine stipulated in subsection 10.4 c) herein.

**12.4** The Contractor will take every necessary step in line with common practice to prevent any fraudulent actions by the Contractor (including his shareholders, partners, executives or employees) and/or suppliers, agents, subcontractors of the Contractor and their employees in connection with any acceptance of money from the Ordering Party. The Contractor shall immediately inform the Ordering Party, should it have reason to believe that fraud has occurred, is occurring or will likely occur.

If the Contractor or its employees, subordinates, subcontractors, suppliers or agents or any persons acting on behalf of the Contractor, is/are involved in any activities prohibited under this provision mentioned above in connection with any contract or agreement or agreements with the Ordering Party, the Ordering Party is entitled to:

a) terminate the relevant contract and to claim compensation for any harm suffered as a result of the termination from the Contractor; or

b) to claim compensation for any harm, including an immaterial harm, suffered as a result of any breach of this provision, irrespective of whether or not the Contract has been terminated.

**12.5** The Contracting Parties have agreed that Section 1799 and Section 1800 of the Civil Code shall not apply to contractual relationships governed by these General Conditions.

**12.6** The Ordering Party hereby excludes the applicability of Section 1740, article 3 of the Civil Code stipulating that a contract is entered into even if there is no full unity regarding the declaration of will by the Parties.

The Contractor hereby declares that it has been acquainted with these General Conditions for Delivery of Services, understands all of its provisions and does not consider any of them as unexpected or otherwise deviating from normal business practices. In particular, the Contractor explicitly agrees with the undertaking concerning the blockage of insurance in favor of the Ordering Party (under article 3f of GCDS), waiver of compensation for material and immaterial harm by the Contractor (under article 4.6 of GCDS), time period for removal of defects (under article 8.2 of GCDS), warranty periods (under article 6.2 of GCDS), exclusion of application of Section 2605, article 2 of the Civil Code (under article 8.1 of GCDS), prohibition to assign receivables and the Contract and to pledge receivables (under article 5.6d of GCDS), contractual fines (under article 9.1 and 10 of GCDS), including their amount and maturity, possibility to shorten the maturity by the Ordering Party (under article 10.7 of GCDS), assumption of the risk of change in circumstances (under article 8.5 of GCDS), right of the Contractor to withdraw from the Contract without giving a reason (under article 9.2 of GCDS), time-limit to determine remuneration for partial execution or sub-execution (under article 9.5 of GCDS), necessity to obtain prior consent of the Ordering Party for any and all changes in sub-supplies (under article 3d of GCDS), exclusion of warranty for things brought onto the construction site (under article 4.5), exclusion of the application of legal regulations relating to the form contracts (under article 12.5 of GCDS) and exclusion of a possibility to enter into the Contract with reservations or additions (under article 12.6 of GCDS).

Frýdek-Místek, Date:

GO Steel Frýdek Místek a.s.  
Name: Ing. Ivo Chmelík  
Position: Statutory director

2020 -03- 12

**Stalprodukt**

GO Steel Frýdek-Místek a.s.

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DIČ CZ04795784 1

Trade name of the Contractor:

Place:

Date:

Name:

Position: