

Terms of Business of OSC, a.s. 2018

1. General Provisions

These Terms of Business of OSC, a.s. of 2018 ("the Terms of Business") apply to the obligations arisen from purchase contracts, contracts for work done, contracts for providing services, licence agreements and any other contracts entered into within the scope of the Contractor's entrepreneurial activities between OSC, a.s., registration no.: 60714794, Registered Office at Staňkova 557/18a, Ponava, 602 00 Brno, registered in the Commercial Register kept with the Regional Court in Brno, Section B, Enclosure 1376 ("the Contractor") and the his customer ("the Client") where the Contractor acts as a seller, manufacturer, services provider or licence provider ("the Contract").

The Client accepts the Terms of Business as binding and acknowledges that under the provision of section 1751 of Act No. 89/2012 Sb., of the Civil Code, as amended ("Obč.z.") they constitute an inseparable part of each Contract entered into between the Contractor and the Client. In the event the Contract entered into in writing determines expressly anything else than that contained in these Terms of Business then the terms and conditions of the Contract prevail over the provisions of the Terms of Business that are in contradiction with the Contract.

2. Performance of the Subject-matter of the Contract

The Contractor is required to perform the subject-matter of the Contract at his own risk and expenses.

The performance of the subject-matter of the Contract is completed on the day the subject-matter of performance is handed over by the Contractor, and in case of a work upon the completion and hand-over of such work by the Contractor. The Client is obliged to take over the subject-matter of such performance with or without exceptions. The Client is obliged to confirm the take-over of the subject-matter of performance by signing a Handover Report.

No later than on the day the subject matter of performance is handed over and taken over the Contractor is obliged to hand over to the Client workplace if the workplace was previously taken over by the Contractor from the Client for performing the Contract. The manufacturer is obliged to ensure that work be carried out by workers with required professional skills and qualification.

Unless it is separately agreed upon otherwise by the Contractual Parties, if the subject-matter of performance is the provision of a licence to exercise rights of intellectual property (software in particular) such a licence is provided only within the scope necessary to achieve the purpose of the Contract and without a right to make changes in it (and without a right to use a source code in case of software). The right to use standard software not developed by the Contractor is always provided based on the manufacturer's/supplier's separate terms of a licence of the given software with which the Client is obliged to familiarize. The Client undertakes not to evade or violate any technological security measures of such software, nor to disassemble, decompile or carry out a reverse analysis of such software.

3. Invoicing and Terms of Payment

The price of the subject-matter of performance will be paid by the Client based on an invoice issued by the Contractor. The Contractor's right to invoice comes into existence no sooner than on the day of handing over the subject-matter of performance to the Client, or always after handing over partial performance of the subject-matter if it is performed in parts. The invoice due date is thirty (30) days as of the issuance thereof. The price will be paid by the Client in the manner of non-cash transfer to the Contractor's bank account contained in such an invoice. The payment of the price is deemed to be the day on which the given Contractor's bank account is credited with a total sum.

Invoices must be provided with the requirements stipulated in section 29 of Act No. 235/2004 Sb., to provide for value added tax, as amended ("the VAT Act") and section 435 of Obč.z. The VAT payer who carried out taxable supply is responsible for the correctness of data stated on an invoice. In the event an invoice fails to contain the requirements determined the Client may return such an invoice to the Contractor along with his request for the correction or completion thereof. The Contractor is obliged to correct it or issue a new invoice. A new payment term starts to run as of the day a new, corrected or completed invoice is delivered.

An invoice may be sent to the Client in any possible means of delivery in particular, as for the documentary form in person, as for the documentary form by registered mail to the Client's Registered Office, as for the electronic form to the Client's data box through an e-mail even with an uncertified electronic signature.

Payments will be made only in the manner of non-cash transfers to the Contractor's bank account agreed upon in the Contract or to the bank account stated directly on an invoice if a bank account is not agreed upon in the Contract. The Contractor's bank account is required to be made available in the way allowing a remote access under section 96(2) of the VAT Act. If the Contractor's bank details are provided in the Contract a change in such bank details may be made by a one-sided notice delivered by the Contractor to the Client no later than along with a corresponding invoice. Such a notice must be an original and must be signed by the persons authorized to enter into the Contract.

The Client is entitled to assign any of its claims following from the Contract to the third person without the Contractor's prior written consent.

4. Risk of Damage and Ownership Right

Risk of damage, accidental loss and destruction of the subject-matter of performance devolves on the Client on the moment the subject-matter of performance is handed over by the Contractor to the Client.

The ownership right to the subject-matter of performance devolves on the Client on the day the take-over of the subject-matter of performance is confirmed by the Client, i.e. on the moment a Take-over Report is signed by the Client.

5. Rights from Defective Performance

The subject-matter of performance has a defect if it corresponds neither with the Contract and nor with the purpose which is to be served to. If the Contractor provides defective performance the Client has rights following from the defects which the subject-matter of performance suffers from on the moment the risk of damage with respect to the subject-matter of performance devolves on the Client, although a defect may become apparent later.

The Client is obliged to inspect the subject-matter of performance upon hand-over thereof in the presence of the Contractor or it's representative, in particular to check its type, quantity and completeness. Any of all apparent defects revealed are required to be claimed in writing by the Client no later than upon taking over the subject-matter of performance as part of a Take-over Report. In case of hidden defects the Client is required to notify in writing the Contractor at his Registered Office of such defects on the subject-matter of performance no later than within fifteen (15) days as of the moment the Client could reveal and should have revealed such a defect. The Client's written notice will include the identification of the Contract in question, the number of a Take-over Report, reasons for a claim and the requested way a defect should be removed based on a selected option stipulated in Obč.z.

However, if the Contractor is able to remove such a defect by repairing the subject-matter of performance or supplying new subject-matter of performance free of defects within five (5) days after a notice of a claim is received the Client is obliged to accept the suggested way a defect is to be removed by the Contractor unless it is agreed upon otherwise in a specific case.

6. Quality Guarantee

Outside the scope of his duties stated in Article 5 of the Terms of Business the Contractor undertakes that the subject-matter of performance will be serviceable for the purpose following from the Contract and will preserve agreed or usual features for the period of six (6) months after the day it is handed over unless any longer warranty period is agreed upon in the Contract. The warranty period starts to run on the day the subject-matter of performance is handed over by the Contractor to the Client or a person authorized by the Client.

The rules contained in Article 5 of the Terms of Business will be applied as appropriate to the procedure for filing a claim in respect of the defects covered by the Quality Guarantee.

Throughout the settlement of a justified claim in respect of defects a guarantee period is discontinued as of the day such a claim is filed until the day of settlement thereof.

7. Exceptions from Liability for Defects and Performance by the Contractor

The Contractor is liable, in particular for the defects on the subject-matter of performance as follows:

- defects due to incorrect installation, use, repairs or maintenance of the subject-matter of performance carried out by the Client or the third person who is not the Supplier of the Contractor under the Contract;
 - defects due to the operation of the subject-matter of performance in the environment not meeting the technical requirements defined in a user's manual or any other attached documentation provided by the Contractor;
 - defects due to the use of software and hardware equipment that was not supplied by the Contractor (e.g. the system attacked by viruses, etc.);
 - defects due to external causes that do not originate from the subject-matter of performance
 - defects due to ordinary wear and tear of the subject matter of performance;
 - defects due to the Client's failure to allow the Contractor a necessary access to the subject-matter of performance;
 - defects due to circumstances excluding liability, in particular natural disasters;
 - defects due to negligence or any other misconduct of the Contractor, the Contractor's employees or the third person.
- If the Contractor is not liable for defects the Client is obliged to pay to the Contractor any of all costs and expenses incurred by the Contractor in connection with removing the defects claimed in an unjustified manner.

The Contractor is not liable for failure to fulfil the Contractor's obligations which occurs due to the following:

- cooperation or services insufficiently ensured by the Client which the Contractor was not obliged to ensure (e.g. power supply, air conditioning, operation safety, equipment safety, etc.);
- if such failure to perform is caused by circumstances excluding liability.

8. Contractual Penalties

If the Client refuses to unlawfully take over the subject-matter of performance (particularly, in case the subject-matter of performance is not proved to have been ordered by the Client or the complete subject-matter of performance had defects

preventing take-over thereof), the Contractor is entitled to request a contractual penalty in the amount of 5% of the total price of the subject-matter of performance as well as any of the costs connected with the delivery of the subject-matter of performance.

Upon default with payment on the part of the Client the Contractor is entitled to charge interest on default payment in the amount of 0.02% of a sum due payable per each, even commenced day overdue.

Upon default with performance of the subject-matter of the Contract on the part of the Contractor the Client is entitled to charge a contractual penalty in the amount of 0.02% of the total price of performance per each, even commenced calendar day overdue against the deadline agreed upon in the Contract. If such default with performance of the subject-matter of the Contract exceeds sixty (60) days, the Client has a right to withdraw from the Contract.

A contractual penalty is payable within fourteen (14) days as of the day a written demand for payment thereof is delivered.

9. Limitation of Damages and Contractual Penalties

The Contractor's liability for damages due to a breach of an obligation established by the Contract along with his duty to settle a contractual penalty is limited to the total sum corresponding to:

- the total price agreed upon to be paid for the subject-matter of performance, VAT exclusive, if it is expressly agreed upon in the Contract;
 - the price actually provided for performance, VAT exclusive, for the period from entering into the Contract until the occurrence of damage if a total price is not expressly agreed upon in the Contract;
- however, always the maximum sum of CZK 1,000,000.00. The above stated limitation of liability for damages and a contractual penalty is, however, not applied in case of damage caused intentionally or by gross negligence.
- The Contractual Parties do not expect the occurrence of any indirect damage nor any consequential damage, for instance the loss of production, the loss of good reputation, lost profits, contractual penalty and fines which the Client should pay to the third person and public authorities, etc. ("Indirect Damage"), which could be incurred by the Client upon performance based on the relationship established under the Contract due to the Contractor's breach of one or more of his contractual or statutory obligations. Therefore, the Contractor is not liable to the Client for Indirect Damage and is not obligated with respect to the Client to compensate Indirect Damage. Similarly, the Contractor is not liable for damage caused by the loss of data, except for damages consisting in the costs of the re-installation of data stored in the Client's backup files, which is, however, limited to the sum stated above.

10. Damages with respect to a Contractual Penalty

In the cases where a breach of their obligations is agreed upon to be sanctioned in the form of a contractual penalty the Contractual Parties are obliged to settle such contractual penalties agreed upon in this manner along with the compensation of damage where damages exceed the sum of a contractual penalty.

11. Timely filed Claim for Damages and a Contractual Penalty

The Contractual Parties are obliged to assert their claim for the payment of a contractual penalty and the compensation of harm no later than within ninety (90) days as of the occurrence thereof. In case the Contractual Party does not assert such claims against the other Contractual Party within the above stated foreclosure period then it applies that such a party waives of such claims to the full extent and such claims cease to exist in its entirety.

12. Trade Secret and a Non-disclosure Duty

The Contractual Parties undertake to protect and conceal from the third person any facts constituting a trade secret of either party as well as any further information exchanged between the Contractual Parties when performing the Contract regardless of whether such information is a trade secret. The Contractual Parties are, however, entitled to provide information to the third party to the necessary extent if it is necessary for the performance of the Contract.

A non-disclosure duty is applicable even after the Contract is terminated and for the whole period during which a breach of a non-disclosure duty may cause harm to the other Contractual Party.

The Client undertakes not to make the Contract available in the Register of Contracts without the Contractor's written consent.

13. Principles of Ethical Conduct within Contractual Relationship

The Contractual Parties are obliged to keep top ethical principles and standards of anti-corrupt conduct for the period of performance of the Contract. Corrupt conduct is meant to be an offer, promise or hand-over of as well as a request for or receipt of any undue benefit, and in an effort to speed up procedures it means the receipt of remuneration, an undue gift, manifestation of hospitality, settlement of expenses either directly or indirectly to or from the person holding a post of an employee or a member of a private or public sector's governing body (including the person who, while holding any post, decides on behalf of or works for an organization in either a private or public sector) for the purposes of obtaining, retaining, providing business or ensuring any other benefit in entering into and implementing the Contract. The Client is obliged to ensure that even persons controlled by him (under section 74 of Act No. 90/2012 Sb., the Corporation Act, as amended) observe these anti-corruption principles. Further, the Client undertakes to ask the person controlling the Client to observe these anti-corruption principles. The Contractor reserves the right to withdraw from the Contract if the Contractor finds out that the Client or the person controlling the Client or controlled by the Client committed corrupt conduct either directly or through the Client's representative in implementing the Contract and did not adopt any timely and satisfactory remedial measures.

14. Contract Termination

Contractual relationship established under the Contract may be terminated before the completion of the Contract as follows:

- by a written agreement of the Contractual Parties;
- by a written withdrawal by either of the Contractual Parties only in the event of a fundamental breach of the Contract by the other Contractual Party; or
- by a written notice without giving reasons by either of the Contractual Parties with a three (3) month notice as of the day such a notice is delivered to the other Contractual Party in the event the Contract is entered into for an indefinite period and no option to give a notice without giving reasons is agreed upon.

For the purposes of withdrawing from the Contract a substantial breach of the Contract, unless the Contract states otherwise, is deemed to be as follows, particularly:

- in case of a breach of the Contractor's duties – a repeated breach of a duty to hand over the subject-matter of performance defect free or in case of default with performance of his duties exceeding sixty (60) days.
- in case of a breach of the Client's duties – default with payment of an invoice for the performance of the subject-matter exceeding thirty (30) days.

In order to exclude any doubts the Contractual Parties expressly state that in case of withdrawal from the Contract by either of the Contractual Parties the rights and duties following from the Contract cease to exist in accordance with the provisions of sections 2004, 2005 of Obč.z., only as to performance to which the reasons for withdrawal are related. In such a case the Contractual Parties return to each other performance provided under the Contract in question within the above mentioned scope. In principle, the Contractual Parties do not return to each other performance which was duly handed over, nor consideration related thereto. The provision of section 1978(2) of Obč. z., stipulating that ineffective lapse of an additional time-limit causes withdrawal from the Contract, is not to be applicable.

Withdrawal from the Contract does not prejudice the right for the compensation of damage incurred and the payment of a contractual penalty already occurred.

15. Governing Law and Dispute Settlement

Unless the Contractual Parties agree otherwise, any of all the obligations between the Contractor and the Client are governed by the law of the Czech Republic, in particular by related provisions of Obč.z. Business practice does not prevail over any of the provisions of law, nor over any statutory provisions that do not have any peremptory effects.

16. Final Provisions

The Client assumes the risk of changed circumstances within the meaning of section 1765 of Obč.z..

In the event of entering into the Contract the Contractual Parties exclude the application of the provision 174(3) of Obč.z. stipulating that the Contract is entered into even in the case no full agreement is reached as to the manifestation of will regarding its contents. Any of all the written documents regarding the Contract will be sent to the address of the Registered Office of the Client, i.e. the Contractor. Any written document will be considered to be duly delivered on the day it reaches the sphere of the addressee's disposal. The delivery under the provision of section 570 of Obč.z. is completed even in the event an addressee willfully obstructs such delivery. In case of any doubts the delivery date is the third (3) working day after dispatch by means of a postal services provider.

By entering into this Contract the Client agrees with the Terms of Business hereof and declares to have had an opportunity to familiarize with the Terms of Business before entering into the Contract and does not consider them surprising.

In the event any of the provisions in either the Contract or the Terms of Business becomes ineffective or unenforceable or will be apparent the remaining provisions of the Terms of Business remain in force. Under such circumstances the Parties replace such an ineffective, unenforceable or apparent provision with a provision containing the most adequate economic purpose of such an ineffective, unenforceable or apparent provision.

The Contract may be amended or cancelled only in the written form in the manner of amendments marked with numbers in ascending order.

The Terms of Business hereof are valid and effective from 1st January, 2018.