



General Sales and Delivery Terms of ECOTEX® s.r.o.

(hereinafter "Delivery Terms") Valid as of 1st January 2014

1. Scope of Delivery Terms

- 1.1 The Delivery Terms issued by the Seller within the meaning of Section 1751, Act no. 89/2012 Coll. Of Commercial Code apply to all supplies of the Seller's goods and legal relations arising between the Seller and the Buyer. Unless otherwise agreed in writing, the following terms apply exclusively to all offers, supplies and performance by the Seller and orders of the Buyer. The application of any general business or other terms of the Buyer to the relationship between the Seller and the Buyer is excluded.
- 1.2 ECOTEX s.r.o., Dráby 785, CZ-56601 Vysoké Mýto, is herein defined in the Sales Terms as the Seller and the other party as the Buyer.
- 1.3 For the purposes of the Sales Terms, Goods are understood to be any product offered for sale by the Seller.

2. Offer, sources and validity of offer

- 2.1 Any offer made by the Seller is always not binding and is valid only for the period defined in the offer. Additional agreements as well as concessions made by the Seller's representatives are valid only if approved by the Seller in writing.
- 2.2 The Seller reserves the ownership right and copyright to any and all sources of offer, namely to drawings, technical sheets, designs, measurements, weight and size data, which cannot be passed on to a third party without the Seller's consent. The sources of offer are binding upon the Seller only if so agreed in writing.
- 2.3 The Seller reserves the right to make insignificant variations and changes of the subject matter of the delivery against the offer, the nature of which will not in principle affect the subject matter and quality of the delivery.

3. Conclusion of Purchase Agreement

- 3.1 The order placed by the Buyer in writing or in electronic form represents a proposal to make a purchase agreement. The Buyer must place the order upon a specific offer of the Seller and must contain the following identification data: i.e. trade name, registered office address, Company ID, tax ID and invoicing address, person in charge of accepting the ordered goods, manner of acceptance of goods (e.g. personal acceptance, contractual transportation, etc.), volume of goods in pcs, requested delivery date, including the specific reference to the Seller's offer; the Seller is not liable for damage resulting from incorrect data stated in the order.
- 3.2 The Seller may postpone the delivery date requested by the Buyer or any other term stated in the order due to insufficient production or storage capacity or, as the case may be, with respect to the nature and place of delivery. The Buyer shall specify the changed delivery date of goods or change of any other terms of the order in the confirmation of order within the meaning of clause 3.3 below. Should the Buyer not advise the Seller of its disagreement with the changes to the delivery date in writing within 3 business days (or within 5 business days in case of a change of other terms of the order) after receipt of the confirmation of order, it is understood that the respective change has been agreed upon. Otherwise, the purchase agreement is not made.
- 3.3 A conclusion of the purchase agreement is made by written confirmation of the Buyer's order made by the Seller upon the Seller's offer. A purchase agreement is also made in the case that the Seller confirms the Buyer's order made upon the offer which ceased to be valid. The Seller's confirmation of the acceptance of order may be sent to the Buyer via mail, facsimile or e-mail. The contracting parties consider all these forms to be a written form of making purchase agreement.
- 3.4 The concluded purchase agreement may be changed only upon written agreement of both parties.

4. Purchase price, payment conditions

- 4.1 Unless otherwise resulting from the Seller's offer, the purchase price includes the costs of goods packaging, including packaging material, which is usually disposable. The purchase price is made at all times only for each specific purchase agreement and is not binding upon any other purchase agreement or business relation.
- 4.2 Statutory VAT is not included in prices and will be charged separately in the invoice at the invoicing date.
- 4.3 The Buyer shall pay the purchase price to the Seller as stated in the invoice containing the terms of the tax document pursuant to the VAT Act no. 235/2004 Coll., as amended, to the account stated in the invoice. Unless otherwise resulting from the purchase agreement, the due date of payment is 21 days from the delivery of the invoice to the Buyer. The due date means the date on which the purchase price is credited to the Seller's account. Should any dispute occur, it is understood that the Buyer received the invoice within three days from the dispatch thereof by the Seller to the Buyer. The invoice will be mailed to the invoicing address stated in the purchase agreement.
- 4.4 Should the Buyer be in default in payment, the Seller may charge the Buyer a contractual penalty amounting to 0.05 % of the due amount for each starting day of default. The Buyer shall pay the above stated contractual penalty to the Seller's account within 14 days from the receipt of written request for payment. Title to the contractual penalty does not exclude the Seller's title to claim damages. The Seller also reserves the right to discontinue further deliveries to the Buyer until all claims against the Buyer are settled. Should the Buyer fail to pay the purchase price to the Seller within 1 month from the due date, the Seller may withdraw from the purchase agreement.
- 4.5 Should any circumstances occur on the Buyer's part after the respective purchase agreement is made which, in the Seller's opinion, reduce the Buyer's capacity to pay (e.g. primary or secondary insolvency, composition arrangements, petition for insolvency being filed or insolvency procedure being instigated, adjudication of bankruptcy, liquidation or any other unpredictable circumstances), the Seller may request that the Buyer pay the full purchase price immediately in full or the Seller may unilaterally withdraw from the purchase agreement.
- 4.6 The Seller's withdrawal from the purchase agreement according to the paragraphs above comes into effect on the date of delivery of written notice of withdrawal to the Buyer.

5. Delivery date, delivery terms

- 5.1 The agreed date of delivery is subject to clarification of any and all technical issues requested by the Seller in order to deliver the goods correctly.
- 5.2 The Seller undertakes to make the best effort to observe the agreed date of delivery. However, should the Seller be in default in spite of the effort made, the Seller may request a reasonable extension of the delivery period. If the Seller is unable to deliver the goods within the extended period or fails to meet the Seller's obligations, the Buyer may either choose to withdraw from the purchase agreement or request a discount.
- 5.3 The supplies of goods to the Buyer within the territory of the Czech Republic are subject

to EXW clause under Incoterms 2010 where the place of acceptance of goods is ECOTEX Vysoké Mýto. Supplies of goods abroad are subject to FCA terms under Incoterms 2010 where the place of acceptance of goods is ECOTEX Vysoké Mýto.

- 5.4 If so requested by the Buyer, the Seller may arrange for the shipment of goods to a destination through a contracted carrier of the Seller or through any other shipping service arranged for by the Seller and selected by the Buyer. The costs of shipment shall be borne by the Buyer. In addition to the costs of shipment, the Seller may also charge the Buyer a handling fee amounting to 10% of the relevant shipment price. The Buyer shall pay the costs of shipment including the handling fee along with the price of goods.
- 5.5 The risk of damage passes on to the Buyer pursuant to clause 5.3 above at the moment of goods handover to the Buyer's shipper or to the shipper in charge of transportation of goods arranged for by the Seller as requested by the Buyer under clause 5.4 above, or possibly the handover to the Buyer himself if he collects the goods in ECOTEX Vysoké Mýto.
- 5.6 Unless otherwise arranged in writing and the Buyer fails to accept the goods within 10 days from the agreed date of delivery or from the delivery of the Seller's advice stating that the goods are ready for acceptance, the risk of damage to goods passes on to the Buyer by expiry of the aforesaid period. Once the period expires, the Seller may dispatch the goods to the Buyer at the Buyer's cost and risk to the address stated in the purchase agreement, or the Seller may withdraw from the purchase agreement.
- 5.7 Any and all costs associated with the storage of goods in case of the Buyer's default in accepting the goods shall be borne by the Buyer. If the goods are stored on the Seller's premises, the Buyer shall pay a storage fee amounting to CZK 100.00 (one hundred Czech crowns) for 1 m2 of the storage space and month. The Buyer shall pay the costs associated with the storage of goods to the Seller within 10 days from the date of delivery of written request to do so.

6. Shipment of goods

- 6.1 The shipment must be carried out safely via a transportation vehicle with covered cargo space so that the goods are protected against moisture, rain and direct sun.
- 6.2 Shipment pallets placed in vehicles must be duly secured against movement and fall in transit.
- 6.3 Goods must be shipped in their original packaging suitable for the shipment.
- 6.4 The shipment pallets must be placed onto a vehicle according to the instructions given by the Seller's storage technician, namely in the volume suitable for placing the pallets in vertical position.
- 6.5 The shipment and handling of pallets must be at all times in accordance with the principles of safe handling and safety rules in force at the place of handling thereof.
- 6.6 In case of supply of goods under clause 5.3 hereof, the Buyer is also liable for the insurance of goods in cases where the shipper authorizes the Seller upon request and at the cost to the Buyer.

7. Storage of goods

- 7.1 Goods must be stored in a dry and covered storage space protected against the rain, moisture and direct sun.
- 7.2 Goods must be stored in the volume suitable for placing the pallets in vertical position as instructed by the Seller's technicians, or in a volume preventing any damage to the original packaging.
- 7.3 Goods that have the nature of textile products, such as filter elements, must be stored in a storage space without any possibility of attack by vermin.
- 7.4 Goods must be placed in storage where the temperature always higher than 0°C.

8. Handling of goods

- 8.1 Goods must be handled in accordance with the Delivery Terms. If the goods must be handled in a way that is not explicitly regulated by the Delivery Terms, the Buyer shall do so with the maximum care and observe usual standards appropriate to the goods.
- 8.2 The goods, mainly supporting cages, must be handled with care with respect to the possible risk of damaging the goods or the surface treatment thereof. Packaging and pallets serve only as protection for safe shipment, and are no substitute for proper manual handling.
- 8.3 Shipment pallets, in particular with supporting cages, must not be freely hung. The pallets may be manipulated only by means of fork lift truck equipment at the lowest part thereof (i.e. at the part where the structure of pallet allows so).

9. Assembly of goods

- 9.1 The goods (in particular filtration bags, filtration pockets, filtration clothes, supporting cages, etc.) must be assembled in accordance with the manufacturer's operational and assembly conditions in force and as instructed by the Seller. The assembly may take place only in such climate conditions where excess moisture cannot penetrate into the filtration elements. It is prohibited to assemble filtration elements if they are not sufficiently protected against the climatic elements, especially rain or snow.
- 9.2 Goods must be assembled by the personnel having due technical and professional Capacity and skills. If so requested, he Seller may provide training of the Buyer's staff or professional assembly under the conditions arranged with the Buyer.
- 9.3 Prior to assembly, any and all defects affecting the functioning devices and assembled goods must be rectified. Common defects include: malfunctioning regeneration and cleaning systems, loose assembly covers and access holes, damaged shutting elements, corrosion and impurities affecting the assembly and function of goods, damaged supporting elements – in goods that have the nature of textile products, such as filtration elements, the defects usually affect the supporting cages and reinforcements.
- 9.4 During the assembly, all processes and principles must be observed that rule out any mechanical damage caused namely by sharp objects, unsuitable assembly tools, unsuitable and damaged binders, etc.
- 9.5 Smoking and handling unguarded fire hazards is strictly prohibited when assembling the goods that have the nature of textile products, such as filtration elements. Unless sufficient protection of the goods is secured, it is further prohibited to carry out welding and other jobs producing resulting in hot particles (e.g. grinding of steel parts).
- 9.6 Once the assembly is completed, it is necessary to correctly configure parameters of regeneration and cleansing systems and check the tightness of assembly covers and access holes.
- 9.7 Prior to the first launch of the assembled device, it is necessary to carry out suitable protection (pre-coating) of goods or, as the case may be, the filtration elements, if so requested for the given type of the process or if the Seller recommends doing so.

10. Use of goods

- 10.1 Goods must be used exclusively for the purpose for which the given type and quality of goods are made.

- 10.2 Should the Buyer in its order specify the procedural or operational conditions necessary for the correct selection of a type and quality of goods, the usability of goods is usually defined by the Seller.

- 10.3 Should the Buyer fail to specify particular procedural and operational conditions, the liability for usage of goods falls upon the Buyer. In such case, the Seller assumes that the Buyer will adjust the procedural and operational conditions to the given type and quality of goods.

- 10.4 If the Buyer lacks sufficient technical skills necessary as to assess the usability of goods, the Buyer may request such information from the Seller.

11. Defects of goods, liability for defects of goods

- 11.1 Maintenance of the agreed quality of goods is subject to the Buyer's observation of all instructions (rules) stipulated under Art. 6 to 10 of the Delivery Terms as well as by the observation of generally acknowledged standards applicable to the supplied goods. The Buyer shall ensure the instructions are also observed by the shipper within the meaning of clause 5.4 hereof.
- 11.2 Any claims lodged by the Buyer on the grounds of incomplete delivery and defects of goods, which includes contracted features of goods, must be delivered to the Seller without delay once the defect is ascertained but no later than 14 days after delivery of goods. The same deadline applies to hidden defects once they are detected, but no later than the end of the warranty period.
- 11.3 If the claims are justified, the Seller has the right to decide whether or not and how the goods will be repaired and whether or not the Seller will supply new or missing goods. In such case, the Seller also reserves the right to assume any and all costs associated therewith, namely the costs of shipment, travel, material and labour costs, in case that the goods are located outside the Czech Republic.
- 11.4 When claiming for damaged goods, the Buyer shall return the goods in the original packaging of the Seller.
- 11.5 The Seller undertakes to remove defects of goods within a reasonable period agreed upon by both parties; usually no later than 30 days from the claim delivery. Once it is clear that the Seller is unable to meet the obligation or fails to do so, the Buyer may, at its discretion, withdraw from the purchase agreement or request a reasonable discount.

12. Warranty

- 12.1 The Seller warrants for the agreed quality of goods and usability thereof for the given period for a 6-month period commencing of the date of acceptance of goods under clause 5.3 hereof. The Seller warrants that the subject of the warranty will be eligible for the entire warranty period for the agreed purpose and that it would keep the agreed properties; if not agreed, the warranty applies to the purpose and characteristics of normal.
- 12.2 Any liability under warranty is ruled out in case of:
 - a) the Buyer's failure to observe all instructions (rules) stipulated under Art. 6 to 10 hereof, as well as failure to observe generally acknowledged standards applicable to the supplied goods;
 - b) incorrect or incomplete specification of procedural conditions necessary to select the goods correctly (namely its material composition) by the Buyer; or
 - c) failure to adjust procedural and operational conditions of using the goods by the Buyer to correspond to the agreed quality of the supplied goods (namely to its material composition).

13. Compensation for damage

- 13.1 The Seller and the Buyer have expressly agreed to reduce the amount of compensation to the highest amount of CZK 20,000,000.00 (in words: twenty million Czech crowns). This maximum amount of compensation represents the highest total sum of damage that may be incurred by one party to the other party in connection with a breach of a duty agreed in the respective purchase agreement. The Seller and the Buyer acknowledge that the highest amount of foreseeable damage is adequate to the circumstances of the given case and business relation and corresponds to reasonable and foreseeable scope of damages and principles of reasonable business relations.

14. Certificate of compliance of goods with technical regulations

- 14.1 The Seller hereby certifies that the supplied goods meet the technical requirements within the meaning of Section 12 ss.1 of Act no. 22/1997, provided that the conditions of correct installation are met within the scope of the technical features of the device concerned. The product is safe for the purpose agreed by the parties.

15. Final provisions

- 15.1 The supplied goods remain in the Seller's ownership until full payment of the purchase price by the Buyer.
- 15.2 The Seller may set off any of its claims against the Buyer (either due or before due) against any claim the Buyer may have against the Seller (either due or before due).
- 15.3 Differing provisions of the purchase agreement have priority over the wording hereof. The provisions not included in the purchase agreement and the Delivery Terms are governed by the Commercial Code, Act no. 89/2012 Coll.
- 15.4 Contractual relations arising from any purchase agreement are governed by Czech law. Application of the UN Convention providing for the international sale of goods (Vienna Convention) is prohibited.
- 15.5 Pursuant to Section 89a of the Civil Procedure Rules, disputes fall under the territorial jurisdiction of the District Court in Ústí nad Orlicí, in case the first instance is to be discussed by the District Court, or the Regional Court in Hradec Králové, in case the first instance is to be discussed by the Regional Court.
- 15.6 Should any of the provisions of mutual arrangements made between the Seller and the Buyer become null and void or unenforceable, or should the arrangements contain loopholes, the effect, force or enforceability of the other provisions remain unaffected. Any null and void or unenforceable provisions must be replaced by a provision which is the most approximate to the meaning and purpose of the original provision and to the intent of the contracting parties expressed therein. The same applies in case of loopholes; in such case, the parties shall agree on a provision which will be the most approximate to a provision that would have been agreed upon had the Contracting Parties taken these circumstances into account at the first place.
- 15.7 The Seller reserves the right to change the Delivery Terms at any time. Such changes will come into effect unless the Buyer expresses its disagreement therewith within 6 weeks after receipt of written notification of the change. The Buyer's failure to provide written disagreement is understood as the Buyer's consent to the respective change of the Delivery Terms.