

1. Quality and processing of castings

- 1.1. Castings are supplied in a standard working, i.e. coarse, clean of sand, blasted, free of blowholes, risers and casting fins according to applicable ČSN:
421241 related to grey cast iron
421261 related to steel castings
421242 related to ductile iron castings

2. Tests and test documentation

- 2.1. The Seller shall only conduct those tests that are explicitly agreed. Test specifications in the draft purchase contract take precedence over drawings.
- 2.2. Documentation on the performed tests shall be provided with each casting delivery as one copy in Czech, unless agreed otherwise.

3. Drawings

- 3.1. Once the foundry technological procedures have been developed, these shall become the property of the Seller. Once the foundry technological procedures have been developed, the drawings provided to the Seller as per Clause III (3) of the Purchase Contract shall become the property of the Seller.
- 3.2. The drawing with indicated machining allowances will be provided to the Buyer at its request.

4. Patterns, appliances and aids delivered by the Buyer

- 4.1. The Seller is entitled to withdraw from the contract if the pattern fails to be delivered by the Buyer:
 - a) with respect to grey iron, steel castings made of carbon steel up to medium alloyed steel a minimum of 2 months prior to the agreed time for performance
 - b) with respect to high-alloyed steel, a minimum of 3 months prior to the agreed time for performance
- 4.2. The Seller shall guarantee the casting size quality provided that the Buyer supplies the relevant pattern along with appropriate drawings.
- 4.3. Repair of size-related and other defects of the pattern delivered by the Buyer and the price of such a repair shall be subject to a special arrangement.

5. Casting weight

- 5.1. For types of goods designated in Clause I of the Purchase Contract as "New production" the weight is set by the structural calculation and the actual weight is determined by weighing coarse castings prior to the first delivery.
- 5.2. Potential deviations of the actual weight from the calculated weight shall be reflected in the agreed purchase price per piece, i.e. the purchase price per piece shall be increased or decreased depending on such a deviation.

6. Price and price terms

- 6.1. For patterns, pattern allowances and all kinds of castings the price is set by mutual agreement as per the Price Act No. 526/1990 Sb., as amended.
- 6.2. If an obligation agreed in the contract terminates otherwise than by its performance, for reasons not attributable to the Seller, each commenced hour spent on developing the technological drawings shall be charged at CZK 800 and any potential damage incurred in relation to this may be claimed separate in an amount exceeding the aforesaid amount.
- 6.3. If the Buyer asks the Seller to dispose of the pattern kept at the Seller's premises, the Buyer undertakes to pay the Seller a price in dependence of the pattern weight:
 - a) patterns with a weight up to 50 kg an amount of CZK 0,
 - b) patterns with a weight from 50kg to 200 kg an amount of CZK 100,
 - c) patterns with a weight from 200kg to 500 kg an amount of CZK 500,
 - d) patterns with a weight from 500 kg an amount of CZK 600

7. Terms of payment

- 7.1. With respect to the performance of obligations defined in the contract, the following provisions shall apply from entering into the contract:
All payments undertaken to be made by the Buyer/client under the specific purchase contracts, contracts for works or other types of contracts entered into between the parties are considered as mutually related payments and the Buyer/client accepts the obligation to make all these payments in a due and timely manner.
- 7.2. If the Buyer/client fails to make any of the payments as per applicable contracts, the Seller/contractor shall notify the Buyer/client in writing of such an overdue payment and the risk of production or work interruption according to the contract and shall provide the Buyer/client with an adequate time limit to remedy the situation.
Once this time limit expires, the Seller/contractor shall be entitled to interrupt the production or work agreed in the contract until the proper payment by the Buyer/client.
- 7.3. If the production or work is interrupted as per item 7.2 above, the Seller's/contractor's time limit for performance shall be extended by the period of such interruption.
- 7.4. If the Buyer delays the performance of any of the obligations towards the Seller, the Seller shall be entitled to exercise the right to retain the produced goods and in such a case it is understood that the Seller has performed its duty under the purchase contract to deliver the goods and shall be entitled to the payment of the price of such goods.

8. Defect claims and rights resulting from defect liability

- 8.1. All claims shall be made in writing.
- 8.2. The Seller undertakes that the delivered goods will be fit for the agreed purpose throughout the guarantee period.
- 8.3. The claims related to defective goods may not be made if such a defect is caused by unprofessional handling or if the Buyer makes a repair without seeking the Seller's consent or advice.
- 8.4. To retain the Seller's rights resulting from the defect liability, the provisions of § 2106 - § 2112 of Act No.89/2012 Sb., Civil Code, shall be observed.
- 8.5. The claim shall include the claim protocol number, Seller's purchase contract number, bill of delivery number and date of delivery, drawing number and serial number of the casting, number of pieces, piece and total weight, and the main item is precise specification of the defect.
- 8.6. As regards the bills of delivery related to the returned products, the Buyer shall specify the claim protocol number and other items as per point 8.5 above.
- 8.7. If the Buyer lodges a defect liability claim related to the return of the defective product to the Seller, the Buyer shall do so no later than 30 days from making the claim. If the Buyer fails to do so, the rights resulting from the defect liability shall cease to exist.
- 8.8. If the Buyer lodges a defect liability claim in the form of the purchase price discount, the Seller reserves the right to validate the justifiability and scope of the defects.
- 8.9. Shall the Buyer withdraw from the purchase contract as part of the rights resulting from defect liability or request a purchase price discount, the Seller shall admit such a claim, and issue a credit note in order to return the purchase price or to provide a discount on the price of goods.
- 8.10. The Seller is not responsible for design defects.

9. Transfer of goods damage risk

- 9.1. Shall the Buyer take over the goods at the premises of Ernst Leopold s.r.o., the risk of damage to products is passed to the Buyer at the time when the Buyer takes over the goods from the Seller and if the Buyer fails to do so in time, the risk of damage to the products is passed on to the Buyer at the time when the Seller makes it possible for the Buyer to handle the goods and the Buyer breaches the contract by failing to take over the goods.
- 9.2. If the goods are supplied by being delivered to the first carrier, the risk of damage to the products passes on to the Buyer upon handover of the goods to the carrier at the place of performance defined under Clause 4 I of the Purchase Contract.

10. Dispute adjudication

- 10.1. All disputes arising out of or in connection with the contract shall be resolved by the parties primarily by a mutual agreement. If no agreement is reached upon the disputed matter, all disputes arising out of or in connection with the contract shall be finally adjudicated under the Czech law by the Arbitration Court attached to the Economic Chamber of the Czech Republic and Agrarian Chamber of the Czech Republic according to its Rules by three arbitrators. The place of arbitration shall be Brno.

11. Packing, packaging

The casting are supplied as bulk products unless agreed otherwise between the parties.