



**PAPCEL, a. s.**  
**General Commercial Terms and Conditions for Purchasing Goods**

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**1. General Commercial Terms and Conditions.**

1.1. These PAPCEL, a.s. General Commercial Terms and Conditions for Purchasing (hereinafter referred to as the “GCTC”) are an integral part of the contracts in which PAPCEL, a.s., with the registered office in the Czech Republic, Litovel, Uničovská 132/19, postal code: 784 01, reg. no. 25 35 04 71, registered in the Commercial Register kept by the Regional Court in Ostrava, Section B, Rider 1356, acts as the buyer or client.

**2. Terms.**

2.1. The below mentioned terms used in the GCTC and/or in the Contract with the capitalized first letter have these meanings:

Supplier – the entity designated as the seller or contractor in the heading of the Contract.

Buyer – the end user of the Goods and/or products containing the Goods.

Contract – the contract an integral part of which is the GCTC.

Contracting Parties – the collective designation of the Customer and the Supplier.

Customer – the entity designated as the buyer or client in the heading of the Contract.

Goods – the performance (mainly things, activities and/or services) provided by the Supplier to the Customer under the Contract.

**3. Materials; documentation.**

3.1. Data on the properties and nature of the Goods as well as any other data given in catalogues, leaflets, price lists, offers, notices, pictures, and/or other information sources are binding upon the Contracting Parties only if they are explicitly referred to in this respect in the Contract.



**3.2.** All materials and/or documents, whether of a technical, production, or commercial nature or of other nature, which are handed over by the Customer to the Supplier in connection with the Contract before and/or after the signature of the Contract are regarded as confidential and are and remain the exclusive property of the Customer; these materials and/or documents must not be copied, disclosed, published, or made accessible in any other way to third parties and/or used in a different way or for a different purpose than for the proper performance of the Contract without the prior written approval of the Customer.

**3.3.** The Supplier is obligated to hand over to the Customer the following documents (depending on the nature of the Goods) not later than on the delivery of the Goods / together with the Goods:

- the packing list, which contains a list of all the supplied parts/things/materials, including the dimensions and the gross and net weights of the packaging units (crate, pallet, box, bundle...) and bulk parts; the names of individual parts must be full and the type designation in the packing list must agree with the type designation on the nameplate;
- the delivery note;
- for assemblies, a list of sequentially designated individual parts of the assembly supplied;
- the certificate of origin of the Goods;
- the declaration of conformity or the CE certificate;
- other certificates (e.g. GOST);
- the material safety data sheets, if these are hazardous goods;
- attestations;
- a record of the test carried out;
- the declaration of compliance with the conditions of placing the package on the market according to Act no. 477/2001 Coll., on packages and amending some acts, in the decisive version;
- the accompanying technical documentation;
- the drawing documentation;
- the operation manuals, including the installation instructions, the operating instructions, and the maintenance instructions;
- a list of recommended spare parts;
- documents for the project documentation;
- the invoice for the Goods; and
- the export accompanying document (EAD) if the customs procedure is the obligation of the Supplier resulting from the terms of delivery in the Contract;

all of this in the language required by the Contract, in the number agreed by the Contract, and in the form agreed by the Contract; if the language, number, and form are not agreed by the Contract, the documents will be delivered in the Czech language and in the Buyer's language, with the quantity being one piece, and in the electronic and documentary forms.

**3.4.** If the documents according to Art. 3.3. of the GCTC and/or according to the Contract are not delivered on the delivery of the Goods / together with the Goods, the Goods are regarded as not delivered until the time of the delivery thereof.

#### **4. Price; Packaging.**

**4.1.** The price of the Goods agreed by the Contract is the price DAP the Customer's seat (INCOTERMS 2010).

**4.2.** The price of the Goods agreed by the Contract is the final and fixed price.

**4.3.** The price of the Goods agreed by the Contract may only be changed by a written agreement of the Contracting Parties, executed in the form of a written amendment to the Contract.

**4.4.** The Supplier is obligated to mark and secure the Goods and package them in such a way that complies with the nature of the Goods and the mode of transport so that any environmental impact is minimized and that the protection and preservation of the Goods during transport and/or storage are secured to a maximum extent; for large and bulky packages, the Supplier is obligated to mark the lifting points.

**4.5.** The costs/price of packaging and of the packing materials, except for returnable containers, are/is included in the price of the Goods which is agreed by the Contract.

**4.6.** The Goods which are supplied at weight prices are charged according to their actual weight on delivery in the net weight.



## **5. Inspection and Tests.**

**5.1.** The Customer is entitled to carry out an inspection / inspections of the Goods – the course and progress of their execution/production – at any time before the delivery thereof; the Customer is obligated to notify the Supplier of the date when an inspection of the Goods will be carried out in writing at least 1 working day before the planned time of the inspection. The Supplier is obligated to enable the Customer to carry out the inspection of the Goods.

**5.2.** The Supplier is obligated to notify the Customer of the fact that the tests are to be carried out at which the Customer has the right to be present according to the Contract not later than three days in advance.

**5.3.** A test verifies the properties and/or parameters of the Goods agreed by the Contract; if the properties and/or parameters of the Goods are not agreed by the Contract, then the properties and/or parameters usual for the given Goods.

**5.4.** The Customer is entitled to carry out an inspection and/or test of the quality/properties of the Goods delivered by the Supplier. If an inspection or test finds out that the Goods do not comply with the Contract, the Supplier is obligated to reimburse the Customer for the costs spent on the inspection/test carried out and also to remove at its own expense and without delay the deficiencies/defects of the Goods found out in this way; subsequently, if there is such request of the Customer the inspection/test will be repeated.

**5.5.** The costs of the agreed and/or repeated tests/inspections are born by the Supplier, including the costs of the trial operation.

## **6. Terms of Delivery.**

**6.1.** The Supplier is obligated to deliver the Goods in the way, scope, and design, under the conditions, and at the times according to the Contract.

**6.2.** The delivery of the Goods is to be understood the moment of the takeover/acceptance of the Goods by the Customer and in the case of activities and/or services the moment of the signature of the handover record by both Contracting Parties.

**6.3.** The delivery of the Goods includes:

- proofs/documents according to par. 3.3 of the GCTC, relating to the subject matter of the performance, and
- the services/activities connected with the delivery (especially installation, commissioning, and operator training) unless otherwise agreed by the Contract;

**6.4.** The partial performance is permissible only with the prior written approval of the Customer.

**6.5.** Performance before the time agreed by the Contract is possible only with the prior written approval of the Customer; the maturity of the invoices issued by the Supplier in the case of early performance will be the same as if performance took place at the original time, i.e. the time agreed by the Contract.

## **7. Terms of Payment.**

**7.1.** The price of the Goods agreed by the Contract will be paid by the Customer after the delivery/takeover of the Goods, by bank transfer on the basis of the invoice issued by the Supplier not before the date of delivery of the Goods to the Customer.

**7.2.** The maturity period of the invoices issued in connection with the Contract is 60 days from the date of their delivery to the Customer. The payment of an amount charged is understood to be the date when it is debited from the Customer's account to the credit of the Supplier's account indicated on the invoice. The tax documents – invoices – issued by the Supplier under the Contract will be in compliance with the applicable legal regulations of the Czech Republic and must contain especially these data: the Contract number according to the Customer's records, the article number according to the Classification of Production CZ-CPA, and the due date. If the Contract number according to the Customer's records is not indicated on an invoice, a copy of the confirmed purchase order must be attached to the invoice. If a price invoiced consists of more items, the Supplier is obligated to charge properly these items separately on the invoice.

**7.3.** If an invoice is not issued in accordance with the terms of payment set by the Contract or if it does not meet the statutory requirements, the Customer is entitled to return the invoice to the Supplier as an incomplete, or wrongfully issued, invoice for completion or for issuing it newly within 30 working days from the date of delivery thereof to the Customer. In such case the Customer is not in default in the payment of the price of the Goods or a part thereof and the Supplier will issue a corrected invoice with a new identical maturity which begins to run on the date of delivery of the corrected or newly issued invoice to the Customer.



7.4. The advance payments made by the Customer under the Contract are only a payment on the price of the Goods and the Supplier can neither regard them as a cancellation fee nor offset them against any of its claims in respect of the Customer.

7.5. If the Customer is to pay the Supplier the price of the Goods or just a part thereof before the delivery of the Goods, it is entitled to require the Supplier to give the Customer at its own expense a bank guarantee or another security, as selected by the Customer, corresponding to the amount paid in this way in advance; the Supplier is obligated to meet this requirement of the Customer within 10 days from the date on which it was delivered to the Supplier. If the Supplier does not give properly and in time the security required by the Customer, the terms of payment agreed by the Contract are changed so that the Customer is obligated to pay the full price of the Goods within the time limit and in the way according to Art. 7.1. of the GCTC.

## **8. Guarantees.**

8.1. The Supplier gives a 24-month guarantee on the Goods.

8.2. Repairs / the removal of defects of the Goods within the guarantee period are ensured by the Supplier at its own expense, preferably in the place of the Buyer. The costs of the possible transport of the Goods for the repair thereof / removal of defects from the Customer and/or the Buyer to the Supplier or to another entity carrying out the guarantee repair and back as well as all costs relating thereto are borne by the Supplier. The Supplier bears all the cost of the sending and stay of its workers in the place of execution of the guarantee repair of the Goods.

8.3. The guarantee period of the Goods begins to run from the date of its delivery to the Customer. The guarantee period does not run for the period for which the Customer cannot use the Goods for its defects. A separate guarantee period with a length according to paragraph 8.1 of the GCTC applies to the repaired/substituted/replaced parts of the Goods.

8.4. In the case of a defect of the Goods the Contractor is obligated to remove the claimed defect of the Goods by repairing or replacing the defective Goods / part of the defective Goods with new ones or give the Customer a reasonable discount on the price of the Goods as selected by the Customer.

8.5. In the events of danger to and/or impairment of operational safety and/or smoothness, of which the Supplier is immediately notified, or if the Supplier is delayed in removing defects of the Goods, the Customer is entitled to remove the defects of the Goods by itself and require the Supplier to reimburse for the costs incurred by the Customer in this connection; in such case the Supplier is obligated to render effective assistance to the Customer (or the Buyer), especially technical and service support in the form of written, e-mail, fax, or telephone communication, leading to the removal of the defect. The other rights arising out of the guarantee on the Goods are not prejudiced hereby.

8.6. The Customer is obligated to notify the Supplier of defects of the Goods by letter or e-mail without undue delay after finding them.

8.7. The Supplier undertakes to begin to settle a complaint regarding the Goods immediately. The Supplier undertakes to inform the Customer about its procedure in the matter of the complaint regarding the Goods not later than within 3 working days from the date of receipt of the written notice of the complaint.

8.8. The Supplier is obligated to pay the Customer for all damage which the Customer incurred as a result of the defects of the Goods. Also penalties and damages applied by the Buyer in respect of the Customer are regarded as such damage.

## **9. Circumstances Excluding Liability.**

9.1. A circumstance excluding liability is considered to be a bar which has occurred independently of the will of the liable Contracting Party and prevents it from performing its obligation if it cannot be reasonably expected that the liable Contracting Party would avert or overcome this bar or its consequences and also that it would foresee this bar at the time when the obligation was created. Liability is not excluded by a bar which arisen only at the time when the liable Contracting Party was delayed in performing its obligation under the Contract or arose from its economic situation. The effects excluding liability are limited only to the time for which the bar with which these effects are connected lasts.



**9.2.** If a situation arises which is regarded by a force majeure event by any of the Contracting Parties and which may influence the performance of its obligations, the Contracting Party will notify the other Contracting Party immediately (within ten working days) thereof and will do its best to continue to perform its obligations to such extent that is reasonably possible; failure to observe this period of notification results in the extinguishment of the right to assert the force majeure. At the same time, such Contracting Party will notify the other Contracting Party of all proposals, including possible alternative methods of performance; however, it will not proceed to perform them without the approval of the other Contracting Party. Delays in deliveries from sub-suppliers, lockouts, and illegal strikes cannot be regarded as force majeure.

**9.3.** If circumstances excluding liability last for more than 90 days, the Customer has the right to withdraw from the Contract.

**9.4.** If a force majeure event arises, the times set by the Contract will be extended by a period equal to the duration of the force majeure event.

## **10. Termination of the Contract, Withdrawal from the Contract.**

**10.1.** The Contract may be terminated on the basis of a written agreement of the Contracting Parties.

**10.2.** The Contracting Parties have the right to withdraw from the Contract in cases where the law, the Contract, or the GTC provides/provide for this.

**10.3.** The Customer has the right to withdraw from the Contract if the Supplier is delayed in the delivery of the Goods for a period longer than 4 weeks.

**10.4.** The Customer is entitled to withdraw from the Contract, without giving any reason, if it pays the Supplier compensation in an amount of 1 % of the price of the Goods agreed by the Contract; in the case of the procedure under par. 10.4 of the GTC, the Supplier undertakes not to apply any other claims in respect of the Customer than the claim for compensation in an amount of 1 % of the price of the Goods agreed by the Contract.

**10.5.** The effects of withdrawal from the Contract come on the day of delivery of the written notice of withdrawal from the Contract of one of the Contracting Parties to the other Contracting Party; if in doubt, it is deemed that the delivery took place on the 10<sup>th</sup> working day from the date when the written notice of withdrawal from the Contract was sent.

## **11. Other Provisions.**

**11.1.** If environmental, health, safety, or other hazards may arise in connection with the Goods or the transport, storage, use, and the like of the Goods or if special rules apply to the use or handling of the Goods, the Supplier is obligated to notify the Customer of these facts at least 14 days in advance; otherwise, it is liable for damage occurred as a result of the given facts.

**11.2.** The Supplier's workers who enter the areas and/or premises of the Customer or carry out any activity in these areas and/or premises are obligated to follow the Customer's internal standard no. OD-ISM-005, Ensuring the OHS of Employees of External Companies, which is publicly available on the Customer's internet pages (<http://www.paper-machine-papcel.com/company-profile/security-employees-of-external-companies/>); the Supplier is obligated to familiarize these of its workers with the mentioned internal standard of the Customer as well as to ensure that it is respected and properly observed by its workers.

**11.3.** If the Customer did not give written consent to do so, the Supplier is not entitled to charge its sub-supplier with performing the Contract or only a part thereof.

**11.4.** The ownership right to the Goods passes from the Supplier to the Customer on taking over the Goods.

## **12. Penalties.**

**12.1.** If the Supplier becomes delayed in the delivery of the Goods, it is obligated to pay the Customer a contractual penalty of 0.05 % of the price of the Goods for each, even commenced, day of delay; the claim for damages is not prejudiced by the payment of the contractual penalty.

**12.2.** If the Supplier breaches the obligation under Art. 3.2 of the GTC, it is obliged to pay the Customer a contractual penalty of CZK 500,000 for each individual breach of this obligation, also repeatedly; the claim for damages is not prejudiced by the payment of the contractual penalty.

**12.3.** If the Customer withdraws from the Contract by reason on the part of the Supplier, the Supplier is obligated to pay the Customer a contractual penalty of 1 % of the price of the Goods agreed by the Contract; the claim for damages is not prejudiced by the payment of the contractual penalty.





### **13. Applicable Law; Settling Disputes.**

**13.1.** This Contract and all legal relations arising out of and connected with this Contract are governed by the legal order of the Czech Republic, with the exclusion of the rules and principles arising out of the conflict rules.

**13.2.** The Contracting Parties undertake to try to solve disputes which may arise by mutual agreement at first. An attempt to reach such agreement will be regarded as unsuccessful as soon as one of the Contracting Parties notifies the other Contracting Party of this fact in writing.

**13.3.** The Contracting Parties have agreed that all disputes arising out of and in connection with the Contract will be finally decided by the Arbitration Court attached to the Economic Chamber of the Czech Republic and the Agricultural Chamber of the Czech Republic according to its Rules by three arbitrators.

**13.4.** The place of arbitral proceedings is Prague, Czech Republic. The language of arbitral proceedings is the Czech language. An arbitration award issued is the final decision in the matter and is binding upon the Contracting Parties.

**13.5.** If it is possible and if it corresponds to the reasonable arrangement of the relations, the Contracting Parties will continue to perform the Contract also for the period for which disputes are settled or judicial or arbitral proceedings are conducted.

### **14. Final Provisions.**

**14.1.** In the case of a discrepancy between the text of the Contract and the text of an Annex to the Contract, the text of the Contract is decisive. In the case of a discrepancy between the text of the Contract and the text of the GCTC, the text of the Contract is decisive. In the case of a discrepancy between the text of the GCTC and the text of an Annex to the Contract, the text of the Annex to the Contract is decisive.

**14.2.** Issues not regulated by the Contract and/or the GCTC are governed by Act of the Czech Republic no. 89/2012 Coll., the Civil Code, in the decisive version.

**14.3.** The Contract may only be altered and/or supplemented by written, chronologically numbered amendments, approved and signed by both Contracting Parties.

**14.4.** The Contracting Parties have agreed that mutual correspondence and communication under the Contract and/or in matters of the Contract may be made in person, in the form of mail, by e-mail or fax, and also using videoconferencing or videoconferencing clients.

**14.5.** At the request of the other Contracting Party, the Contracting Parties are obligated to acknowledge the receipt of correspondence sent to them by the other Contracting Party.

**14.6.** Light pieces of mail and other material consignments are delivered to the delivery address of the Contracting Party; if there is no such address, then to the address indicated in the heading of the Contract / purchase order. A consignment is regarded as delivered not later than the 10<sup>th</sup> day from the provable sending thereof to the other Contracting Party.

**14.7.** In the event of a change of the address or a contact detail of some of the Contracting Parties, the new address or contact detail is regarded as the delivery address or a contact detail of this Contracting Party only after the other Contracting Party was provably notified of such change.

**14.8.** These GCTC become effective on 1 June 2016.