



## GENERAL TERMS AND CONDITIONS FOR THE DELIVERY OF GOODS OF SOR

Rev.1/ 2023

### I. Definition of terms

1.1. The following capitalised terms in these General Terms and Conditions of SOR Libchavy spol. s r.o. shall be attributed the following meanings:

- **“SOR”** – shall be understood to mean the company SOR Libchavy spol. s r.o., registered office at Dolní Libchavy 48, 561 16 Libchavy, Company ID No.: 15030865, entered in the Commercial Register maintained by the Regional Court in Hradec Králové, Section C, File 1194.
- **“GTC”** shall be understood to mean these General Terms and Conditions of SOR;
- **“Contract”** shall be understood to mean any contract for the sale or delivery of Goods concluded by SOR as the buyer or recipient, regardless of the form of or procedure for conclusion of the Contract. In the case of innominate Contracts containing an element of sale or delivery, the GTC shall apply to that part of the rights and obligations of SOR and the Supplier which correspond to the rights and obligations of the parties to the Contract for sale or delivery;
- **“Order”** shall be understood to mean an offer or other proposal for the conclusion of a contract made by SOR to the Supplier in any form;
- **“Price”** shall be understood to mean the sale or purchase price in the Contract;
- **“Supplier”** shall be understood to mean the seller or supplier according to the Contract;
- **“Parties”** shall be understood to mean SOR and the Supplier jointly, while **“Party”** shall be understood to mean SOR or the Supplier;
- **“Goods”** shall be understood to mean the movable asset which is the subject of sale or delivery according to the Contract and spare parts for the same;
- **“Defect”** shall be understood to mean non-compliance of any Goods with the Contract, these GTC and the Supplier's declaration;
- **“Notification of Goods”** shall be understood to mean communication of information about readiness to hand over the Goods provided by the Supplier to SOR at least 3 days before the agreed date of handover of the Goods (in writing, by e-mail), containing at least the following information:
  - (i) detailed address and time of collection of the Goods;
  - (ii) name and telephone number of the person authorised to hand the Goods over; and
  - (iii) packaging dimensions of the Goods (length x width x height; weight; number of pallets, packages or other logistics units).
- **“Civil Code”** shall, in these GTC, be understood to mean Act No. 89/2012 Coll., the Civil Code, as amended.
- **“Damage”** shall be understood to mean any material or non-material damage, including loss of profit, on the part of SOR or its customers.

1.2. Other terms are further defined by capitalisation, brackets, quotation marks or bold font. Terms defined in such a manner in any provision of the GTC shall be interpreted in accordance with the context of the sentence in which they are defined.

### II. Introductory provisions

- 2.1 These GTC govern the mutual rights and obligations of the Parties arising on the basis of or in connection with each Contract concluded between SOR and the Supplier, this being in accordance with Section 1751(1) of the Civil Code, and are published on the SOR website [www.sor.cz](http://www.sor.cz). These GTC shall be considered an integral part of all Contracts concluded between SOR and the Supplier within the framework of its commercial activities, commencing from the moment the Contract is concluded between the Parties.
- 2.2 All provisions of the Contract agreed individually between the Parties shall prevail over any different provisions of the GTC. Any deviations from these GTC must be agreed in writing in the Contract or included in the written order.



### III. Orders

- 3.1. SOR shall be entitled to place orders in any written form, including e-mail. Orders may not be placed verbally or by telephone. The order shall usually contain at least the quantity and assortment of the Goods ordered, the price and the required date of delivery. The possibility of concluding a contract in the manner set out in Article 3.3 of these GTC shall not be affected by this provision.
- 3.2. The Supplier shall be obliged to confirm or reject the Order in writing within 2 business days of the date of its receipt.
- 3.3. If the Supplier does not reject or accept the Order by means of an express written declaration within 2 business days of its receipt, the Contract shall be deemed to have been concluded on the last day of this period.
- 3.4. The moment SOR receives confirmation of the Order or if the time limit pursuant to Article 3.3 expires, the Contract shall be concluded between the Parties subject to the terms and conditions specified in the Order. The Supplier shall not be entitled to confirm the Order subject to change. If the Supplier declares that it confirms the Order including changes, the Supplier shall be deemed to have:
  - (a) rejected the Order; and at the same time
  - (b) made an offer to SOR to conclude the Contract subject to the terms and conditions communicated in the Supplier's statement, valid and irrevocable for a period of 5 working days. However, the Contract shall only be concluded on the basis of such an offer by means of explicit written acceptance by SOR.
- 3.5. Unless otherwise stipulated in the Contract, SOR shall be entitled to withdraw from the Contract as a whole or in part, in accordance with the legal regulations of the Czech Republic and also at any time before delivery of the Goods, even without giving any reason, on the understanding that in such a case, SOR shall be obliged to reimburse the Supplier at most for the costs demonstrably and reasonably incurred by the Supplier in connection with the performance of the Contract, up to the maximum amount of the Price specified in the cancelled Contract. The Supplier shall be obliged to send SOR a written quantification of the costs according to the first sentence of this provision together with documents proving the incurrance of such costs within 14 days of the date on which the Supplier received notice of withdrawal, otherwise the Supplier shall be deemed to have waived its right pursuant to this provision of the GTC. Within this period, SOR shall also be entitled to revoke its withdrawal from the Contract by means of express notice without any limitation or penalty. SOR shall also be entitled to withdraw from the Contract in the event of any breach of this Contract by the Supplier (for example failure to meet the delivery date of the Goods, delivery of Goods with defects or in a condition not in accordance with the specifications set out in the Contract). SOR shall be entitled to exercise its right of withdrawal at any time during the limitation period for exercising right of withdrawal.
- 3.6. All items handed over to the Supplier for the purpose of meeting the Supplier's obligations under the GTC, the Contract or the Order (in particular documentation, returnable packaging, production elements) shall remain the property of SOR, unless the Parties expressly agree otherwise.

### IV. Delivery of goods, quantitative and qualitative defects

- 4.1. The place of delivery of the Goods shall be the registered office of SOR, unless otherwise specified in the Contract or Order.
- 4.2. Acceptance of the Goods shall be completed and confirmed by means of an acceptance document - a Record of Acceptance - signed by SOR. SOR reserves the right, to conduct a technical test of the Goods on SOR premises performed by authorised representatives of SOR prior to qualitative and quantitative acceptance of the Goods, unless another location is specified in the Contract or Order.
- 4.3. The Supplier shall be obliged to **notify SOR of the date of delivery of the Goods** (in the case of deliveries to the SOR warehouse in Libchavy) at least **1 business day** before the scheduled delivery. The delivery date must respect the business hours during which the Goods can be received (see Article 4.10 of the GTC). If the place of delivery of the Goods is outside SOR premises in Libchavy, the Supplier shall be obliged to communicate the date of delivery of the Goods at least **3 business days** before the scheduled delivery.
- 4.4. In the event that the Supplier fails to communicate the delivery date in good time and in the manner agreed in this Contract and/or there is a delay in the delivery of the Goods, SOR shall be entitled to take all steps at its discretion to minimise any damage, including, but not limited to, shutting down the production line directly or indirectly supplied with the Goods (hereinafter referred to only as the "Line").



- 4.5 In the event of delay by the Supplier in the delivery of the Goods, the Supplier shall be obliged to inform SOR of this fact no later than 24 hours of the moment when the Supplier ascertained or could have ascertained this delay while exercising due professional care. In the event that the Supplier fails to communicate this fact within the aforementioned period, the Supplier shall be obliged to pay SOR, following its request, a contractual penalty in the amount of 0.05 per cent of the value of the Goods not duly delivered for each day of delay.
- 4.6 The Supplier shall be obliged to attach a delivery note ("DN") to each delivery. Each DN must contain the SOR order identification number on the basis of which the Goods were delivered. The delivery note must clearly describe the contents of the delivery and must also contain the following information:
- In the case of a delivery due to a complaint, the following note: "Delivery due to a complaint"
  - In the case of a delivery due to processing, the note: "Delivery within the framework of cooperation";
  - SOR internal material indexes
  - Name of the Goods delivered
  - Quantity of Goods delivered including the unit of measure;
  - Batch number (if applicable);
  - Date of production (if applicable);
  - Drawing number according to which the Goods were manufactured (if applicable);
  - Type and weight of the packaging in which the Goods are supplied;
  - Index of returnable packaging (if applicable).
- 4.7. The Supplier shall deliver the Goods to SOR together with all documents relating thereto and shall allow SOR to acquire full ownership of the Goods in accordance with the Contract.
- 4.8. The Supplier shall deliver the Goods to SOR in the agreed quantity, measure, weight, quality and workmanship, of excellent quality and suitable for the purpose for which the Goods are intended. The Goods must be manufactured and supplied in accordance with all applicable standards and regulations and must be admitted for sale and use within all EU countries without further delay. The Goods must have the properties described in the Order or reasonably expected by SOR with regards to the nature of the Goods. Any defects and/or deviations from the Order shall be the responsibility of the Supplier and SOR shall be entitled to reject such Goods or demand their replacement at any time. If the quality and workmanship of the Goods are not agreed, the Supplier shall supply Goods of the highest quality and workmanship and suitable for the purpose customary for the Goods.
- 4.9. The Supplier shall be obliged to always provide the Goods with currently valid documents (operating manuals, warnings, etc.), labels, markings, etc. in such a way that SOR is entitled to use the Goods as the owner without further delay. The Supplier must have at its disposal all approvals, certificates, inspection certificates, documentation setting out the conditions for repair and maintenance, catalogues of applicable repair and operating time standards, certificates of approval or other documents relating to the Goods covered by the Contract and required by law such as in particular: technical and development documentation, operating manuals, the assembly manual and spare parts catalogues in at least one of the following languages: Czech or English in printed or electronic form (hereinafter referred to only as the "**Documentation**"). The Goods must be packaged at the Supplier's expense in accordance with the applicable SOR packaging regulations and conditions (e.g. with appropriate symbols, warning notices, EAN128 barcode label containing information about the SOR material number) and in a manner which prevents damage during transport and storage, as well as in a manner which ensures smooth unloading performed by a single SOR employee using a forklift truck, if possible. The packaging of the Goods must ensure a smooth quantity and quality inspection of the delivery, performed on SOR premises. The Supplier shall deliver the Goods in logistics units specified by SOR and during the business hours applicable in the relevant SOR organisational unit in which the Goods are to be handed over. The Supplier also guarantees to SOR that the Goods will comply with all standards and norms applicable to the production, sale or use of the Goods which may be expected with regards to the type and quality of the Goods.
- 4.10. Receipt of Goods at SOR warehouses shall take place on business days, from Monday to Friday at Dolní Libchavy 48, 561 16 Libchavy - from 6:00 a.m. until 2:30 p.m. for transport of more than 6 Euro pallets. Deliveries without notification will be unloaded in the order in which the Suppliers are waiting for unloading and deliveries with notification will be unloaded in accordance with the unloading time slot allocated by SOR upon notification of delivery.
- 4.11. Unless stipulated otherwise in the delivery conditions agreed by the Parties (INCOTERMS) and the Parties stipulate otherwise in the Contract:
- (a) The Supplier shall provide notification of the date of delivery of the Goods (see Article 4.3).
  - (b) The Supplier shall transport the Goods to the place of delivery at its own expense,
  - (c) The Supplier shall load and unload the Goods at its own expense,
  - (d) Ownership of the Goods and risk of accidental loss, destruction or damage to the Goods shall pass to SOR at the moment of their acceptance by SOR under the terms and conditions set out in these GTC.



- 4.12. The Parties may, by mutual agreement, determine delivery conditions different to the provisions of the Contract, or 4.11., in particular they may decide that SOR shall take receipt of the Goods from the Supplier and pay transport costs for the Goods. In such a case, the Supplier shall, among other obligations, inform the relevant SOR contact person of the readiness for handover of the Goods at least 3 business days before the scheduled time when the Goods are to be ready for collection and prepare the Goods for handover and transport.
- 4.13. By concluding the Contract, the Supplier undertakes to ensure the availability of the Goods to the extent specified below for a period of at least 10 years as of the date of the last delivery. In the event that the Supplier ceases to produce the Goods, the Supplier shall provide SOR all necessary documentation, forms or other materials enabling production of the Goods or ensure the availability of compatible replacement Goods of a quality not inferior to that of the Goods ordered by SOR. In the event that the Supplier plans to terminate production of the Goods supplied, the Supplier shall notify SOR without delay, if objectively possible at least 12 months in advance. In such a case, the Supplier shall be obliged to actively cooperate with SOR in order to eliminate possible problems, to request instructions for further deliveries so that SOR has the opportunity to create stock of Goods in an amount corresponding, as a rule, to at least the volume of orders placed by SOR for a 6-month production period.
- 4.14. Subject to request by SOR and on dates specified by SOR, specified at least 5 days in advance, the Supplier shall perform relevant training sessions relating to the operation, installation and servicing of the Goods. Unless otherwise specified, the Supplier shall perform such training sessions within 14 days of the date of delivery of the first consignment of the Goods. The cost for the training session shall be included in the purchase price of the Goods.
- 4.15. Regardless of other circumstances, the Supplier guarantees the quality of the delivered Goods according to the sample approved by both Contracting Parties and/or according to the agreed technical conditions and, if there are none, then according to generally binding regulations and recommended technical standards. The Supplier guarantees that the materials used for manufacturing of the Goods also comply with the legislation valid in the Czech Republic, relevant technical standards, or agreed technical conditions or key samples.
- 4.16. The Supplier guarantees that environmentally friendly raw materials are used in the production process, as well as compliance with applicable legal standards for environmental protection, occupational safety, fundamental human rights and the prohibition of child labour.
- 4.17. When delivering the Goods, the Supplier undertakes to deliver the Goods on roadworthy vehicles. Otherwise, the Supplier shall bear the full consequences for the elimination of negative environmental impacts (leakage of fuel, environmental hazards, etc.).
- 4.18. The Supplier shall always, regardless of the place of delivery, be obliged to provide the Goods with such packaging that ensures adequate protection of the Goods against damage, while allowing their handling by means of regular handling equipment. If the Supplier is a manufacturer of packaging or packaging materials, it shall provide SOR information in writing as to whether it complies with the conditions for introducing the packaging onto the market.
- 4.19. In order to check the quality of the delivered Goods and to respect the rules of environmental protection, a representative of SOR shall be entitled to enter the Supplier's production premises after prior notification, including the possibility of auditing the quality management system.

## V. Defects in the Goods

- 5.1 Upon receipt of the Goods, SOR shall be entitled (but not obliged) to inspect the Goods. The Supplier acknowledges that SOR is unable to fully inspect the quality or specific quantity of the Goods delivered upon handover. If the Goods delivered do not correspond to the confirmed order, i.e. in particular if other goods or other quantities are delivered, if the Goods or their packaging have any defects, SOR shall be entitled to refuse to accept the Goods.
- 5.2 In the event that at any time after delivery of the Goods a defect in the Goods, whether apparent or hidden, becomes evident, SOR shall be entitled to complain of the defect in the manner mentioned below. SOR shall be entitled to complain of a defect in the Goods at any time during the Warranty Period ("**Notice of Claim**"):
  - (a) Deficiencies in the quantity of goods,
  - (b) Defects other than under point (a)
- 5.3. The Supplier shall be obliged to confirm receipt of the Notice of Claim and initiate steps to deal with it within 24 hours of receipt. The Supplier shall, within 3 days of the date of receipt of the Notice of Claim, state whether or not it accepts the claim. Otherwise, the Supplier shall be deemed to accept the claim.
- 5.4 If the Supplier who has received a Notice of Claim from SOR has not responded to it within 3 days, the Supplier shall be deemed to have found the claim justified.
- 5.5 In the event that SOR determines that there is a quantity deficiency in the Goods, SOR may, at its sole discretion:
  - (a) Refuse to accept all Goods, with the Supplier being obliged to arrange for their return and to refund the



- purchase price or advance payment made, this being without the possibility of setting-off any mutual claims,
- (b) Withdraw from that part of the Contract regarding the missing Goods; or
  - (c) Demand delivery of the missing Goods within 1 day of the date of delivery of the Notice of Claim, without prejudice to SOR's rights arising from delay on the part of the Supplier.
- 5.6 In the event that a defect other than a quantitative defect in the Goods is ascertained, SOR shall be entitled to exercise any of the following rights against the Supplier at its sole discretion:
- (a) Refuse to accept all Goods and withdraw from the Contract,
  - (b) Withdraw from that part of Contract concerning the defective Goods,
  - (c) Demand replacement of the Goods with new Goods, free from defects, within 1 day of receipt of the Notice of Claim, without prejudice to SOR's rights arising from delay on the part of the Supplier; or
  - (d) Demand that the Goods to be repaired within 7 days of the date of delivery of the Notice of Claim, without prejudice to SOR's rights arising from delay on the part of the Supplier.
  - (e) Demand a reasonable discount on the purchase price for the defective Goods up to 100 per cent of the purchase price of the defective Goods.
- 5.7 In order to remedy defects to Goods or to replace defective Goods with Goods without defects, the Supplier shall, at SOR's request, arrange for removal of the defective Goods and delivery of new, defect-free Goods at its own expense. The cost of returning the defective Goods as well as the cost of delivering the repaired and/or new defect-free Goods and any other related costs (in particular assembly and disassembly) shall be borne by the Supplier.
- 5.8 For all Goods to be handed over to SOR after repair, replacement with new Goods or after any defects in quantity have been remedied, SOR shall re-accept the Goods and may re-assert its rights under liability for defects.

## VI. Purchase price and payment terms

- 6.1 Prices of the Goods are specified in the Orders. Prices do not include VAT, which shall be added in accordance with the applicable regulations.
- 6.2 In the event that the Parties agree to convert the Prices of Goods quoted in a foreign currency into Czech crowns, the Parties undertake to use the average exchange rate of the CNB on the day preceding the date of the invoice.
- 6.3 SOR shall be obliged to pay the Price for the Goods duly delivered upon receipt of the Goods within the agreed time.
- 6.4 The Supplier shall issue a VAT invoice to SOR within 7 days of receipt of the Goods, on the understanding that the due date for payment of the price shall not be less than 15 days from the date of receipt of the invoice. Unless otherwise agreed by the Parties, payment of the Price shall be made by cashless transfer to the bank account specified by the Supplier in the invoice within the deadline specified in the Contract or Order, calculated from the date of delivery of the duly issued invoice with the particulars required of an accounting and tax document.
- 6.5. Complaints about defects shall suspend obligation to settle the invoice including the defective Goods until final settlement of the complaint.
- 6.6. If the Supplier is a VAT payer, it shall be obliged to comply with its obligation to communicate its bank account numbers used for its economic activities to its tax administrator and undertakes to indicate on invoices - tax documents, which are issued for services provided by it under the Contract, exclusively those account numbers which have been provided to the relevant tax administrator and published by it in a database allowing remote access.
- 6.7. In the event that the Supplier provides an account for a payment or part thereof which is not the same as its account currently published by its tax administrator in a manner which allows remote access or if the Supplier is published as an unreliable payer in the manner assumed by the Act on VAT, SOR shall be entitled to choose between (a) returning the relevant invoice for correction or (b) withholding VAT from each invoiced payment for the taxable performance provided and paying it on behalf of the Supplier (without being called on to do so) to the relevant tax administrator. Thereafter, payment of such VAT to the relevant tax authority shall mean that payment of taxable performance to the Seller without the respective VAT shall be deemed to be due payment under the Contract.
- 6.8. If, at any time during the term of this Contract, it becomes evident that the Supplier has failed to notify its tax authorities of the bank account numbers used for economic activity or that the Supplier has specified in its invoice different account numbers than those announced and published by the tax administrator, SOR shall be entitled to proceed as described above and to terminate the Contract with immediate effect.





## VII. Quality of Goods

- 7.1. By concluding the Contract, the Supplier undertakes to act with due professional care in the performance of the Contract at all times, to act in the performance of the Contract in such a manner as to prevent any damage to SOR, to ensure to SOR that the Goods are new, of good quality and free from any legal or physical defects and that no circumstances occur which diminish the value or serviceability of the Goods with regards to their intended use or purpose of purchase of the Goods. Unless the purpose of use of the Goods implies otherwise or the Parties have agreed otherwise, the purpose of SOR's purchase of the Goods shall be deemed to be their use in production, operation, servicing or repair of vehicles generally used for public transport, including their incorporation into the design of the vehicles as an element of vehicle design or spare part.
- 7.2. In the event that SOR has, prior to or in relation to placement of an Order, submitted to the Supplier or referred to any standards, specifications, designs, samples or similarly specified properties or quality of the Goods required by SOR (herein referred to only as "**Specifications**") or the Supplier has, prior to or in relation to the placement of an Order, submitted to SOR or referred to the Specifications for the Goods, the Supplier shall, by entering into the Contract, be deemed to have undertaken that the Goods will comply with the Specifications. In the event of a dispute as to which Specifications are binding and applicable in determining the quality of the Goods, it shall be deemed that the Goods must comply with such Specifications which result in a higher quality, serviceability or value of the Goods.
- 7.3. The Supplier is responsible for having all necessary documents, certificates, declarations required for disposing of the Goods, including a declaration of conformity pursuant to Act 22/1997 Coll., on technical requirements for products, as amended, if issuance of such declaration is required by this Act, or issuance of other documents is required by the generally binding legislation. Subject to request, the Supplier shall be obliged to send the documentation specified above to SOR within 2 business days of receipt of request by SOR. The Supplier shall be liable for any damages incurred by SOR in connection with the absence of the necessary documents and/or declaration of conformity.

## VIII. Warranty

- 8.1 The Supplier shall provide a quality warranty for the Goods delivered for a period of at least 24 months from the date of the first registration of the vehicle into which the Goods were fitted (hereinafter referred to only as "**Warranty Period**"), although no less than 36 months from the date of due delivery of the Goods.
- 8.2 Under the Warranty, the Supplier undertakes, at SOR's discretion, in particular to remedy defects in the Goods by repairing or replacing the Goods with defect-free Goods, or to provide SOR a reasonable discount, as follows from Article V hereof, if such defects occur during the Warranty Period. The provisions of Article V shall apply mutatis mutandis to liability for defects under the warranty. In the event that the Supplier fails to rectify the claimed Defect in the Goods in good time, otherwise within the period of time specified by SOR, SOR shall also be entitled, at its discretion, to repair the Goods itself, whereas the Supplier shall be obliged to reimburse all costs incurred by SOR in connection with rectification of the Defect.
- 8.3 The warranty period of the Goods shall automatically be prolonged by the period from receipt of a Notice of Claim until the time of settlement of such claim. If the Supplier, in the course of performing its obligations under its liability for defects, has delivered Goods free from defects instead of defective Goods or has repaired the Goods covered by the Warranty, the Warranty Period shall start again from the time of delivery of defect-free Goods or return of repaired Goods.
- 8.4 The Supplier shall be obliged to confirm receipt of the Notice of Claim within 24 hours of receipt thereof and to initiate steps to deal with it. The Supplier shall, within 3 days of the date of receipt of the Notice of Claim, state whether or not it accepts the claim. Otherwise, the Supplier shall be deemed to have accepted the claim. The Supplier shall be obliged to reimburse all costs incurred by SOR in relation to rectification of the defect and the settlement of the claim.
- 8.5 The Supplier shall be obliged to meet its warranty obligations as well as its obligations arising from liability for the quality of the Goods regardless of its standpoint on the validity of the claim. If the Supplier rejects a claim as unfounded, it shall provide written justification for its standpoint within 7 days of receipt of the claim. In the event that the Supplier considers the claim to be unfounded, SOR shall be entitled, upon receipt of the Supplier's written justification, to submit a written objection stating the extent to which it considers the claim to be justified or the Supplier's standpoint to be unfounded or unjustified. The Supplier shall, within 3 days of receipt of objection by SOR, either accept or reject this objection. If the Supplier rejects the objection, it shall state the reasons for its standpoint in writing. If the Supplier does not respond to objection by SOR within the time limit specified above, the objection shall be deemed to be justified. If no agreement is reached between the Parties, either Party shall be entitled to file a motion with the competent court.



- 8.6 In the event that more than 20 per cent of deliveries of the same type of Goods (or at least two units of Goods) ordered within a calendar year are rightfully claimed for, all deliveries of such type of Goods shall be deemed to suffer from a Mass Defect (hereinafter referred to only as “**Mass Defect**”) and SOR shall in such a case be entitled, in addition to all its other rights, to demand that the Supplier supplies new Goods free of charge for all deliveries suffering from a Mass Defect and provide compensation for any damages incurred during the lifetime of the Goods.
- 8.7 In the event of a Mass Defect, the Supplier shall, within 24 hours of receipt of notification by SOR of the occurrence of a Mass Defect, take all necessary steps to determine the cause of the Mass Defect and provide SOR a detailed written opinion as to whether this does concern a Mass Defect within 7 days of such notification. The method of remedying a Mass Defect shall always be by replacing all Goods supplied within the framework of a particular Contract with Goods free from defects in accordance with a schedule approved by SOR in order to remedy the Mass Defect as quickly, efficiently and permanently as possible so that it cannot occur in the future. The cost of remedying the Mass Defect shall be borne by the Supplier.
- 8.8 In the event that the Parties expressly agree in writing that a particular Mass Defect can only be attributed to individual, identifiable items of Goods or that the Mass Defect can be remedied by repair, the schedule of work may include the repair or replacement of individual items of Goods. In all other cases, the schedule of work shall include the repair or replacement of all Goods of that type.
- 8.9 The Supplier shall be obliged to rectify the Mass Defect in the manner set out above in accordance with a schedule approved in writing in advance by the SOR, no later than 14 days of the date on which the Mass Defect was notified.
- 8.10 Remedying of the Mass Defect shall be deemed effective unless the Mass Defect reappears within the Warranty Period or within the following 12 months if the Warranty Period was shorter.

#### **IX. Liability on the part of the Supplier and contractual penalties**

- 9.1 The Supplier shall be liable for any demonstrable damage caused by defects in the Goods, i.e. poor workmanship and/or delay in delivery or in the settlement of a claim.
- 9.2 If
- (a) any third party claims compensation, indemnity, performance, acquiescence, abstention or enforcement of any performance;
  - (b) allegations of a breach of applicable law have been made; or
  - (c) administrative, civil, criminal or other proceedings have been initiated;
- against SOR or the entity using the SOR end product in which the Goods are installed (“**Customer**”) on the basis (directly or indirectly, including recourse) of the following objections:
- (a) the Goods suffer from a defect in fact or in law;
  - (b) the Goods do not comply in any regard with the requirements of any legislation or technical standards, in particular due to the fact that the Goods are a harmful or dangerous product;
  - (c) the Goods or disposition thereof infringes the rights of any third parties or competition rules, in particular intellectual or industrial property rights;
- then the Supplier shall immediately and free of charge fully release SOR from any such liabilities or claims and indemnify SOR for all damages incurred, including damages, penalties, fees, legal costs, etc., which SOR was obliged to pay in relation thereto. For this eventuality, the Supplier shall provide SOR with all requested cooperation, including it entering into such an obligation or entering as an intervener in proceedings for adjudication of such a claim.
- 9.4 In the event of failure to meet or improper meeting of any of the Supplier’s obligations stipulated by the Contract, the Supplier shall make all reasonable efforts to prevent and mitigate any damage to SOR. In particular, if the Supplier discovers that it has handed over Goods to SOR which are defective or do not comply with applicable legislation, the Supplier shall notify SOR immediately, without prejudice to its liability stipulated by the Contract, these GTC and the provisions of the legislation.
- 9.5 If the Supplier fails to meet its obligation to deliver the Goods specified in the relevant Contract to SOR in a timely and/or proper manner, SOR shall be entitled to charge a contractual penalty to the Supplier in the amount of 0.5% of the Price of the Goods including VAT (regardless of any possible discounts on the purchase price) which the Supplier failed to deliver in timely manner, this being for each day of delay. In the event that, in the justifiable opinion of SOR, it was necessary to stop the production Line due to the delay on the part of the Supplier, the Supplier shall be obliged to pay SOR a contractual penalty in the amount of CZK 100,000.00 for each day of delay in delivery of the Goods.
- Incomplete or defective delivery of the Goods shall be deemed to be a delay in delivery of the entire delivery and the basis for calculating the penalty shall be the purchase price of the entire delivery.



- 9.5 In the event of a delay on the part of the Supplier in handing over the Documentation subject to request by SOR, SOR shall be entitled to demand payment of a contractual penalty in the amount of 0.5% of the Price of the Goods, including VAT, to which the Documentation relates and which the Supplier failed to hand over in timely manner, this being for each day of delay. The last sentence of Article 9.5 shall apply mutatis mutandis.
- 9.6 In the event of delay on the part of the Supplier in fulfilling its obligations to remedy a defect in the Goods, as set out in particular in Art. VIII, i.e. (a) delay in delivery of new, defect-free Goods; or (b) delay in delivering repaired Goods to SOR, or (c) in providing other assistance in settlement of the claim as requested by SOR, SOR shall be entitled to demand payment of a contractual penalty in the amount of 0.5% of the Price of the Goods (including VAT, with the price for new, defect-free Goods being the basis for calculation) as regards which the Supplier failed to meet its obligations in a timely manner, this being for each day of delay.
- 9.7 In the event of disclosure of Confidential Information by the Supplier at variance with the obligation set forth in Article XI, the Supplier shall be obliged to pay SOR a contractual penalty in the amount of CZK 500,000.00 (five hundred thousand Czech crowns) for each instance of disclosure.
- 9.8 Entitlement on the part of SOR to claim damages under the GTC or the Contract is not dependent on the Supplier's culpability. The Supplier shall be exempt from liability only upon proof of force majeure as set out in Article X.
- 9.9 In the event of delay in the proper and complete remedying of a Mass Defect, SOR shall be entitled to demand of the Supplier payment of a contractual penalty in the amount of CZK 5,000.00 (five thousand Czech crowns) for each week of delay begun.
- 9.10 Payment of any contractual penalty under these GTC shall in no way affect entitlement on the part of SOR to compensation. SOR shall be entitled to assert both claims separately and separately and agreement of a contractual penalty shall be without prejudice to liability for damages, the assertion thereof, the amount thereof or entitlement to compensation therefor. Contractual penalties under these GTC are payable within 30 days of the date of delivery of billing for the contractual penalty to the Supplier.
- 9.11. The Supplier acknowledges that the Goods are generally necessary for SOR's end customer, in its capacity as a public transport service provider. For this reason, particular emphasis is placed on the quality of the deliveries and adherence to lead times. In the event of any breach of obligation, SOR is at risk of incurring significant damages, including liability for damage to the health and property of third parties, the obligation to pay contractual penalties, and therefore SOR is entitled to claim full compensation for all damages and non-material loss caused in relation to breach of the Supplier's obligations, including damages incurred as a result of contractual penalties and other sanctions, penalties and fines imposed on SOR by the end customer or governmental authorities for breach of SOR's obligation to deliver the Goods duly, in a timely manner and in accordance with the requirements of the generally binding legislation and technical standards.

## X. Force Majeure

- 10.1 Force Majeure shall be deemed to be all events which cannot be foreseen at the time of conclusion of the Contract and which are beyond the control of the Parties, in particular: epidemics, pandemics, war, riots, floods, fire, hurricane, storm, earthquakes and other natural disasters, documented periods of power failure - provided that they prevent the Party from meeting its obligations under the Contract. Force Majeure shall not include obstacles arising from the conflict in Ukraine and related international sanctions, nor obstacles arising from the COVID-19 pandemic and its variants and measures taken to prevent its spread.
- 10.2 A Party which is unable to meet its obligations due to Force Majeure shall notify the other Party immediately, but no later than 7 days after the occurrence of such events. Failure to perform the obligation referred to in the preceding sentence shall result in the loss of entitlement to invoke Force Majeure.
- 10.3 In the event of a Force Majeure Event, SOR shall be entitled to withdraw from the Contract.

## XI. Duty of confidentiality

- 11.1 The Parties undertake not to disclose the contents of the Contract or the commercial, technical, organisational and operational information they ascertain in relation thereto ("**Confidential Information**") to any third parties without the written consent of the other Party. The Parties undertake to adopt all necessary measures to maintain the confidentiality of the aforementioned information.
- 11.2 The Parties undertake to use the Confidential Information solely in relation to the GTC and the Contract and to exercise their rights and obligations under the GTC and the Contract.
- 11.3 The obligation not to disclose Confidential Information referred to in Section 11(1) shall be excluded if:





(a) binding legislation prescribes disclosure of Confidential Information, but only to the extent provided for by such legislation; or (b) the Confidential Information is disclosed in accordance with a law which stipulates that Confidential Information must be disclosed in accordance with the law.

(b) Confidential Information is or will become publicly known or publicly available other than by the acts or omissions of a Party, its agents, employees or persons for whom the Party is responsible.

11.4 The obligation not to disclose Confidential Information is not time limited and shall, in any event, remain in effect for a period of at least 10 years after the expiration or termination of the Contract, for whatever reason.

11.5 The confidentiality obligation contained in this Article XI does not exclude or replace separate confidentiality agreements which are binding between the Parties if such agreements have been concluded by the Parties and apply to the cooperation between the Parties pursuant to the GTC.

## XII. Notifications

12.1 All expressions of will and knowledge made between the Parties in relation to the performance of the Contract must be executed in writing to be deemed valid, with the exception of Orders and the Supplier's declarations of acceptance or rejection of Orders, as well as operational communications between contact persons, submission of Notices of Claim and Notices of Warranty.

12.2 In addition to this, all declarations made to SOR, except for the Supplier's declaration of acceptance or rejection of an Order and the Notification of Goods, shall be delivered by registered letter with acknowledgement of receipt or delivered by a recognised courier service with acknowledgement of receipt to the address specified below in order to ensure their validity:

**SOR Libchavy spol. s r.o.  
Dolní Libchavy 48  
561 16 Libchavy**

12.3 SOR shall be entitled to change its delivery address, whereas it shall inform the Supplier of this fact 3 days in advance.

## XIII. Relationship to other model contracts and terms and conditions

13.1 Without prejudice to the legal consequences of individually negotiated provisions of the Contract, these GTC constitute the only model contract applicable to the Contract.

13.2 The Supplier undertakes not to use any model contracts other than these GTC when concluding the Contract with SOR and the Supplier agrees that the provisions of such models shall not be binding in the Contracts.

## XIV. Final Provisions

14.1 All Contracts shall be governed by Czech law. The rights and obligations of the Parties, including creation of the Contract, its validity and effectiveness, shall be governed by the laws of the Czech Republic, excluding conflict of laws rules and the United Nations Convention on Contracts for the International Sale of Goods or other international conventions on the purchase of goods. The Czech version of these GTC shall always prevail.

14.2 All changes and additions to the content of the Contract must be executed in the form of a written amendment signed by both Parties, otherwise they shall be deemed null and void.

14.3 Termination or withdrawal from the Contract must be made in writing, otherwise it shall be deemed null and void.

14.4 The Parties hereby undertake to exert their best efforts to settle disputes arising out of or in relation to the Contracts amicably. If the Parties are unable to resolve any dispute or claim under the Contracts amicably, they shall submit such dispute or claim for final adjudication by the court of the Czech Republic having local jurisdiction according to the registered office of SOR.

14.5 All documents (in particular price lists and Specifications) submitted by one of the Parties to the other Party in relation to the Order and relating to its subject matter shall constitute an integral part of the Contract.

14.6 If any provision of the Contract or these GTC (whether by reason of the invalidity of the provisions of these GTC or of provisions agreed individually) is or becomes invalid or ineffective, the validity and effectiveness of the other



- provisions of the Contract or these GTC shall not be affected. In this case, the Parties undertake by agreement to replace the invalid and/or ineffective provision with a new provision which best corresponds to the originally intended purpose of the original provision.
- 14.7 Transfer of any of the Supplier's rights resulting from the GTC or the Contract must be made on the basis of the prior written consent of SOR, otherwise it shall be deemed null and void. In particular, assignment of the Supplier's receivables (including receivables under a factoring agreement) shall be made with the prior written consent of SOR, otherwise it shall be deemed null and void.
- 14.8 In the event of any change in the applicable legislation or important factual circumstances, SOR shall be entitled to amend the GTC. The amendment clause contained in this article does not entitle SOR to make any changes which would result in breach of the substance of the Contract or changes to the substantial particulars of the Contract. SOR may amend these GTC to the extent appropriate. SOR shall notify the Supplier of any such change, on the understanding that the Supplier shall be entitled to reject such change by means of notice delivered within 15 days of receipt of the notice of change, otherwise the Supplier shall be deemed to have accepted the change.
- 14.9 Unless otherwise specified in the Contract, the period of limitation for both Parties shall be 4 years.
- 14.10 The Parties rule out the application of Sections 1799, 1 800 and 2093 of the Civil Code

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