

# **General Terms and Conditions of Mlékárna Hlinsko, a.s.**

(hereinafter referred to as the "Conditions")

## **I. General Provisions**

This Conditions governs the legal relations between Seller and the Buyer (also referred to as a Party or together as Parties) arising from or under specific purchase Contracts or general purchase contracts or General Supply agreements (together as Contract), which specifically refer to this Conditions. Seller is authorized to unilaterally change this Conditions from time to time.

## **II. Payment Terms**

Unless agreed otherwise in the specific purchase contract, the following applies:

- a) The agreed purchase price will be charged by the Seller to the Buyer along with the pertinent VAT upon every single order of the Buyer via Invoice immediately after the delivery of the Goods by the Seller to the Buyer.
- b) The delivery note and/or the bill of lading acknowledged by the Buyer will be the proof of fulfilment of the delivery (partial delivery).
- c) The purchase price is due within 30 days after invoice delivery, the invoice is considered delivered on 3rd day from the day it was sent.
- d) If the Buyer is repeatedly in delay in settling the charged purchase price, the Buyer is obliged to pay the purchase price to the account of the Seller prior to the delivery of the Goods upon a pro forma invoice issued. In this case, the Seller is not obliged to deliver the ordered goods to the Buyer before the Buyer pays the purchase price.

## **III. Quality of the Goods**

1. The quality of the Goods supplied is governed by the applicable Czech republic and EU regulations.
2. The Buyer is obliged to handle the Goods in compliance with Czech republic and EU regulations to prevent the Goods from being damaged and claimed subsequently.
3. The Seller will provide a warranty for the quality of the Goods for the period specified on the packaging of the Goods.
4. The Seller will not provide a warranty for quality if the Buyer fails to handle and store the Goods in compliance with Czech republic and EU regulations and with the instructions of the Seller specified on the packaging of the Goods. Seller hereby declares that he is aware of them and know them.
5. As agreed by the contracting parties, the delivery of Goods with defects will be considered to be an immaterial breach of the contract.

## **IV. Delivery Terms**

### **A: Transport of the Goods**

1. Unless the parties agreed otherwise, the Seller will hand over the Goods to the Buyer in the packaging used to protect the Goods during transport, loading and unloading, and in the packages intended for end users.
2. Buyer is obliged to return pallets, containers, comboboxes etc. only in the same shape and quality or better as he received it from Seller.

### **B: Delivery terms**

1. The Seller is not obliged to deliver the Goods if the Buyer has failed to pay any previous due invoices for delivered Goods including invoices charging sanctions (including delay interests).
2. Any payment is considered as paid when it is credited to the account of the Seller.
3. If the purchase price of the Goods is charged as a pro forma invoice, such Goods will only be delivered by the Seller to the Buyer after the charged purchase price (payment) has been credited to the account of the Seller.
4. Unless agreed otherwise Buyer will return EUR pallets used to transport the Goods back to the Seller in the same or better quality. In case the Buyer will not return EUR pallets within one month or return them damaged or destroyed, the Buyer will pay 9,- eur per EUR pallet to the Seller.

### **C: Documents Relating to the Goods**

1. Unless the purchase contract provides otherwise, the Seller will supply all accompanying documents relating to the Goods and their transport on delivery of the Goods.

## **V. Sanctions; Withdrawal from the Contract**

1. If the Buyer is in delay with the payment, the Buyer is obliged to pay the Seller a contractual penalty of 0.05% of the outstanding amount per day of the delay until the payment is fulfilled. The contractual penalty is due without unnecessary delay after being charged. The application of the contractual penalty by the Seller will not affect its right to claim damages for the breach by the Buyer of the obligation sanctioned by the contractual penalty.
2. In addition to the case described in Article V. Clause 1 of this Conditions, the Seller is also entitled to withdraw from Specific Purchase Contract if the Buyer is in delay in the payment of the purchase price for more than 30 days. The Specific Purchase Contract will cease to exist on the day a written notice of withdrawal from the contract is delivered to the Buyer. If for any reason such notice of withdrawal from the contract cannot be delivered to the Buyer, the contracting parties consider the third day of the deposition period of the registered letter with the post office of the Buyer as per the address given in this contract to be the day of delivery.
3. If the Buyer fails to take over the quantity of the Goods agreed in the Purchase Contract over a defined period of time, the Buyer undertakes to pay the Seller a contractual penalty of 100% of the price of the Goods not taken over. The application of the contractual penalty by the Seller will not affect its right to claim damages for the breach by the Buyer of the obligation sanctioned by the contractual penalty.

4. If either of the Parties materially breaches the Agreement, the other Party may call upon it to discontinue such breach of the Agreement and to take a remedial action within a reasonable period. A failure to discontinue the breach may result in the injured party withdrawing from the Agreement immediately. Also in case of substantial violation Parties can terminate this contract with immediate effect.
5. The Seller is entitled to withdraw from the Agreement with an immediate effect if any activities of the Buyer harm goodwill of the Seller.
6. In case the termination of the Agreement has occurred after any partial fulfillment of a supply, the Parties may decide to withdraw from the Agreement merely in relation to the undelivered items.
7. Buyer will not actively sell or offer Seller`s powdered milk products in territory of Lebanon and Syria. In case Buyer will breach this obligation, he will be obliged to pay contractual penalty in amount of 50% of purchase price from delivery in question.
8. Seller has the right to claim damages exceeding the contractual penalties.

## **VI. Complaints**

1. Claims must be reported in advance to the Claim Department, Mlékárna Hlinsko, a.s., on phone Nr. +420 469 363 276, fax Nr. +420 469 363 124 or via e-mail m.hrda@tatramleko.cz. Photo of the defect must be taken and provided along the claim.
2. Unrecognized buyer`s claim will not be accepted by contracted logistics partner of Seller.

### **A: Complaints on delivery of the goods**

1. The Buyer is required to make a claim regarding the quantity (in units of the goods) and quality (apparent defects) immediately upon the delivery.
2. Apparent defect means in general any defect that can be detected by visual inspection of the goods upon its delivery. Such defects must be noted into the delivery document (invoice, receipts), dated, signed and stamped.
3. Buyer is required to inspect the goods and to claim apparent defects upon delivery, otherwise such claims will be considered as void.

### **B: Complaints after take-over of the goods**

1. All other defects that cannot be claimed according to previous paragraph must be claimed by the Buyer immediately after their discovery and within the applicable warranty period. Any claims made after the warranty period will be considered as void.
2. All other defects must be claimed by a letter of dispute attached or custom), where following details must be specified:

- Identification data of the Buyer
  - Type of the Product
  - Amount claimed in pieces
  - The date of expiration
  - The date of delivery (Delivery Note Nr. )
  - The claimed defect
  - The date of the claim
  - The stamp, signature and contact of the operative applying the complaint.
3. In all cases of claims (apparent or other defects) Buyer shall send a photo of the defect, on which basis the complaints department of Seller decides on the disposal of the goods on the spot or the withdrawal of the goods via a contract logistics partner. Additionally all non -apparent defects must be claimed right after their discovery (max. after 7 days) otherwise the claims will be considered as void. Complaints without required requirements will be considered as void.

### **C: Complaints solution**

1. The complaints will be solved by one of the following ways:
  - Disposal of the claimed goods at Buyer
  - Withdrawal of the claimed goods by the contracted logistics partner of Seller for assessment
  - Assessment of the complaint on the site by authorized person of the Seller
2. In disputable cases, complaints will be resolved by accredited laboratory. Any additional costs, resulting from analysis of the goods will be charged to the party at fault.
3. In case of justified claims Buyer has the right to ask either for appropriate discount from the price or new delivery of claimed goods.
4. Unless the claim is justified, Complaints Department will notify the buyer of the complaints rejection in writing. In case of claim rejection the goods will not be returned to the Seller.

### **VII. Settlement of Disputes**

1. The contracting parties have expressly agreed that Specific purchase contracts, this Conditions, any and all amendments, appendixes and any and all legal relationship arising out of it or in relation here to will be governed by Czech law, specifically by Czech civil code Act. no. 89/2012 Coll. The United nations Conventions on Contracts for the international sale of goods (CISG) is excluded.
2. All disputes arising from this Conditions, Specific purchase contracts or in relation hereto will preferably be settled in mutual negotiations. If this negotiations fail, the contracting parties have agreed expressly to refer all such disputes for exclusive and final resolution by the courts of the Czech Republic within their jurisdictions. The locally appropriate court will be that with jurisdiction over the office of the Seller. The contracting parties undertake to execute any court resolution in compliance therewith.

## **VIII. Force majeure**

1. If the fulfillment of the Agreement by either of the Parties is hindered by force majeure that is beyond the non-performing Party's control, is unforeseeable and cannot be prevented by the non-performing Party, it shall exempt the Party suffering from the effects of force majeure from the legal consequences of breaching the Agreement for as long as the situation brought about by force majeure actually prevents the Party from fulfilling its obligations under this Agreement. Specifically, the following is deemed force majeure events:

natural disasters (flood, fire, earthquake, landfall, etc.), civil war, unforeseeable measures by the authorities, strike, events beyond control of non-performing Party, etc.

2. Only those circumstances are deemed to be independent from the will of the Parties that have not been brought about by any error committed by the Party referring to such circumstances (i.e. by the non-performing Party).
3. The exemption from the legal consequences of breaching the Agreement shall be effective provided that the non-performing Party:
  - a) immediately informs the other Party of the occurrence of force majeure;
  - b) resumes the fulfillment of its obligations immediately after the effect of force majeure have ceased, informing the other Party thereof;
  - c) does everything it reasonably can to moderate any damage occurring due to the effect of force majeure.
4. If a force majeure event does not cease to exist within 60 days from its occurrence, the other Party may – at its own discretion – decide to withdraw from the Agreement with no further legal consequences.

## **IX. Private label and packaging**

1. If Seller is selling to Buyer products which are produced for Buyer under its own Private label, Buyer has the exclusivity of selling his Private label products in territory specified in the contract. Seller can sell directly or indirectly in the territory any goods and any products under its own Labels without any limitations. The Seller is not responsible for actions of 3<sup>rd</sup> parties acting without his consent. The Buyer is responsible for compliance of the Private label packaging with EU and relevant national legislations and therefore is liable for the packaging as whole e.i. labeling, graphics and text indicated on the packaging. Should any of the graphics or texts on the packaging be sanctioned as inappropriate by the relevant authorities, the Buyer is required to fully compensate any damages caused to Seller.
2. Seller is not obliged to produce and deliver the Products in case the Buyer will not provide him with appropriate packaging. Seller also reserves the right to consider



situations when provided packaging will not be in compliance with applicable legislation to be treated as the Buyer did not deliver packaging at all.

3. In case Seller is keeping supply of packaging specifically for Buyer, Buyer is obliged to buy off the remaining amount of packaging in case the Contract will cease to exist due to no fault of Seller, unless agreed differently in a Contract.
4. The Parties agreed that Buyer as a Party to deliver the products (packaging) to consumers in relevant national markets is responsible for statutory requirements such as ensuring re-usage and recycling of packaging. Should Seller be sanctioned for this by the relevant authorities, the Buyer is required to fully compensate any damages caused to Seller.

## **X. Final Provisions**

1. Parties expressly exclude the application of § 1740 of Czech civil code Act. no. 89/2012 Coll. (exclusion of the possibility to conclude this Conditions with minor changes without the express approval of both parties). Both parties hereby declare that neither of them is feeling to be a party in weaker position.
2. The Buyer is obliged to keep confidential any data, information and materials put to its disposal or to which it gains an access throughout the period of this Agreement and that regard not only the Seller's recipes, activities, regulations, standards, goods, products, technologies, equipment, but also any information regarding or concerning the Products and the goods related to them (hereinafter referred to as the "Information"), while also being obliged to use the Information exclusively for the purposes of fulfilling this Agreement. This liability of the Seller extends to all of his employees, or any other physical or legal entities with whom it interacts.
3. Any General Terms of the Buyer are hereby excluded. In case of dispute between this Conditions and Contract, the Contract will prevail.
4. If any of this Conditions or Contract will be deemed as invalid or void by proper authorities it will not have any effect on validity of other parts of this Conditions. If such situation will arise both Parties agreed to replace such provision with new valid one with the meaning as same as possible to the original one.
5. All disputes arising out of or in connection with Contracts or these Conditions and any further agreements resulting therefrom, including without limitation any issue regarding their existence, validity and nullity, shall be finally settled by relevant courts in the Czech Republic according to Seller's place of office. The applicable substantive law is Czech Law and INCOTERMS 2010 in terms of the ownership and the risks transfer, without reference to or application of any conflict of laws rules. The application of the United Nations Convention on Contracts for the International Sale of Goods (CISG) is expressly excluded.

In Hlinsko, 03.11.2022

Jiří Tvrdík, Ing. Lada Hájková  
chairman and member of the board