



## ***General Commercial Conditions for the sale of brass and copper products*** (hereafter referred to as „GCC”)

### **General provisions – conclusion of contract**

1. The contractual relationship between the seller and buyer (hereafter referred to as “contracting parties”) comes about in written form, no matter if it concerns a sales framework contract, sales contract, partial sales contract or an order (hereafter referred to as “contract”).
2. The contracts are drawn up at least in two (original) copies, one for each of the parties. Both contractual parties declare that they recognise the validity of the documents (sales contract, partial sales contract, order and the like) also in case when they exist signed in the form of fax or email copies. The written form of contractual documents remains in effect even if they will be sent to the seller by fax or email. For the above-mentioned contractual documents it is valid that both contractual parties recognise their validity also in case when they exist in the form of fax or email copies. The contractual parties consider the transaction agreed in this way as properly fulfilled commitment – sales contract in keeping with the provisions § 2079 et seq. of Law No. 89/2012 Coll. in the valid wording.
3. The buyer is obliged within the scope of each his order to state the following:
  - a) Precise buyer identification (by reference to the commercial name, registered office, ID, VAT ID, bank details),
  - b) Additional requirements of commercial documents being determined by the legislation,
  - c) Order number,
  - d) Designation of requested goods (product, dimensions, quantity, material, quality, shipping instructions eventually respective standards and technical conditions),
  - e) Price or pricing adjustment mode,
  - f) Settlement date,
  - g) Packaging type,
  - h) Intended use of the product, information on the nature of its further production,
  - i) Type of goods transport, place of destination and delivery parity,
  - j) Date of issue of the order, stamp of the buyer and signature of the person authorised to make a partial contract.

If the order of the buyer does not fulfil the above-mentioned minimum demands of the content, the seller will not have any responsibility for possible damages caused by incomplete specification.

4. The seller shall generate a confirmation of the buyer's order in the system, in which all the requisites of the order specified in paragraph 3 of this Article of these GCC are stated. In case of modification of the order by the seller, the buyer is obliged to confirm this modified order directly in the seller's system (or by email). If the buyer does not do so within 5 calendar days, it is considered that the order is confirmed by the buyer.
5. The order acceptance containing any supplements or deviations does not lead to contract conclusion even if by such supplements or deviations the conditions of the order does not change significantly. In such a case the contract will be only made when this new draft is confirmed by the buyer and subsequently delivered again to the seller.
6. Any change, supplement or cancellation of the contract concluded between the buyer and seller shall be executed solely in writing. The supplement to the contract will be effective between those present from the date of signature by the buyer and seller or otherwise from the day of delivery of the signed supplement by last-named party to the address of other party's registered office.

### **II. Terms of delivery and contractual performance**

1. The seller commits itself to deliver the material movables and their components (hereafter referred to as „goods“) as well as the documents related to the goods and shall allow to the buyer to acquire the ownership rights according to this contract and these GCC. The buyer commits itself to take over the goods and to pay to the Seller a purchase price for it.
2. The partial deliveries are permissible only in the case if it was by the parties exclusively agreed in the contract.
3. The seller is obliged to communicate each delivery (also each partial delivery) to the buyer or the final consumer in due time. All deliveries must be always designated with the name sign, registered seat and contract number.
4. All costs associated with transport and handover of the item at the place of performance, including the packaging costs, boxing and protection of goods for transport and their possible return shall bear the seller, unless contractually agreed another payment method.
5. The place of performance is the place agreed in the contract – the agreed delivery parity according to the relevant clause of INCOTERMS 2010. An integral part of the delivery is the delivery note.
6. The transfer of risk takes place at agreed delivery parity according to the relevant clause of INCOTERMS 2010.
7. The contract is regarded as fulfilled when the goods was delivered with a quantity tolerance of +/-20% for quantity from 600 to 1 500 kg and +/-5% over 1 500 kg, unless otherwise stipulated by the commercial practices or in the contract.
8. If it is not stated otherwise in the contract, for quality and quantity of delivered goods are decisive the details provided by the seller.
9. In the event that the seller does not deliver the goods to the buyer properly and on time according to the confirmed order, he undertakes to reimburse the buyer for any costs of damage that would be directly related to the breach of the seller's obligations. The buyer and the seller have agreed that the amount of damage is limited to a maximum of 10% of the total price of the goods from which the damage is derived.
10. In case of non-acceptance of the delivery of goods at the specified day of delivery the seller shall be entitled to charge the buyer the contractual penalty in the amount of 0,03 % of the value of the non-accepted goods for every day delayed.
11. The buyer is obliged to present to the Seller a certificate on VAT registration and current trade register excerpt within five days as from signing the contract. The buyer is obliged to inform the Seller immediately in writing of any changes in the VAT



registration as well as of the change of the buyer's registered seat or any change affecting the members of statutory bodies of the buyer.

12. In case of non-fulfillment of the buyer's cooperation, e.g. in case of submission of necessary certificates, permits from authorities, processing of export licenses, opening of letters of credit, submission of foreign certificates, deposit, etc., the seller is entitled to postpone delivery dates to the buyer without any claim buyer due to delayed delivery of goods by the seller.

### III. Conditions of payment

1. The buyer is obliged to pay to the Seller the purchase price set out in the purchase contract that includes all costs associated with the goods including packaging, transport etc. In addition to the purchase price the value added tax will be charged at the rate according to the arrangements set out by Law No. 235/2004 Coll. of the Law on Value Added Tax (hereafter referred to as „Law on VAT”), as amended by the later provisions. The purchase price shall be paid to the seller by means of cashless transfer on the basis of the original tax document – an invoice (hereafter referred to as „invoice”). The invoice must be delivered to the seller and include, in particular:

- contract number
- extent (quantity) and object of the fulfilment of the contract
- contractual price for the unit of quantity and total price in agreed currency
- account number and bank code of the account to which the payment should be realised
- due date of the invoice, counted from the date of invoice
- requirements of the tax document according to the Law on VAT

The attachment to the invoice must be a document confirming the proper delivery of the goods (delivery note or handover and acceptance certificate).

2. The maturity of the purchase price is indicated in a contract or in the tax document (invoice). The maturity of the purchase price is counted from the date of issue. Based on mutual agreement, the tax documents (invoices) can be sent in electronic form. In such a case a contract for electronic billing process must be concluded between the buyer and the seller. The invoice issued by the seller must meet all statutory requirements for the booking and tax documents as well as requirements in accordance with Article III (1) and VII (3) of GCC. If the invoice does not comply with the above requirements, the buyer shall be entitled to return it to the seller and the due date of this invoice is extended by the time during which the seller was in delay with the issue and delivery of a proper invoice.

3. The purchase price is settled on the day the payable amounts are credited to the seller's account.

The buyer is not authorized to withhold the purchase price or any part thereof for the purpose of taking into account mutual claims, including compensation for possible rights to refunds or damages.

4. Should the buyer be in arrears with settling the purchase price, the seller is authorized to withdraw from the contract and demand compensation for damages incurred. If the seller does not withdraw from the contract the seller is not obliged to deliver goods to the buyer for the period of the arrears according to the initial or new contract and he is for this reason not responsible for any damage.

5. If the buyer is in arrears in settling the purchase price, the seller is authorized to withhold hitherto outstanding deliveries from all other contracts with the buyer, without it meaning a breach of these contracts or duty of the seller, whereby that does not even cause a right of the buyer to withdraw from them.

6. If a prepayment has been agreed in the contract, the delay in payment by the buyer is considered as a substantial breach of the contract. If settlement of the purchase price is agreed in instalments and one of the instalments be in arrears, the whole of the purchase price will then become payable.

7. Should the buyer be in arrears with settling the purchase price, he is obliged, at the request of the seller, to confirm the recognition of guilt, to recognise a direct enforcement if required, and agree the payment schedule being kept in the form of notarial minutes.

8. In the event of repeated delays in settlement of obligations of the buyer or in case of detected circumstances standing for deterioration of the economic situation of the buyer, the seller is entitled to change the payment term unilaterally. The seller is obliged to inform the buyer of that fact in writing.

9. In the event of a default with financial obligations the buyer is obliged to pay to the seller a default interest in the amount of 0,045% from the amount owing for each day in arrears. The default interest is payable within a period of 20 days from the date of issue of the calculation of default interest. The payment of default interest shall not affect a claim for damages on the part of the seller.

10. The buyer shall take the ownership title to the goods only upon paying the total purchase price thereof.

11. The seller grants to the buyer a credit limit for the purchase of goods according to contract. The buyer is aware of the amount of the limit on the day of signature of the contract. If the total amount of any claims of the seller against the buyer (without any consideration of their maturity or creation title) resulting from any contract shall reach the amount of credit limit, the seller is obliged to deliver the goods to the buyer only on the basis of prepayment or another secured payment terms specified by seller. If the insurance company reduces the credit limit so that this limit does not cover the current status of active claims, the seller is entitled, in the case of orders that have been confirmed after this credit limit change, to change the payment term unilaterally for the purposes of earlier maturity or to demand for additional securing of the claim. He is obliged to inform the buyer on that fact in writing.

In the event of repeated delays in settlement of obligations of the buyer, reduction of the credit limit being realised by the insurance company or deterioration of the economic situation of the buyer, the seller is entitled to change the payment term unilaterally. The seller is obliged to inform the buyer of that fact in writing.

### IV. Conditions of metal prices and currency rates fixation

The fixation of metal made by the Buyer is binding. The Buyer is obliged to settle each individual metal fixation no later than 90 days from the date of its purchase. If the fixed amount of metal is not settled by the purchase of products, the Seller is entitled to



increase the fixed price by the value of any current contango on the LME valid on the 91st day from making the respective fixation (contango value is defined as the difference between the Cash official settlement and 3-month official settlement). This system will be applied at the completion of each subsequent 90-th day of the duration of the outstanding fixation until the complete removal of a fixed volume.

The deadline for the settlement of each individual fixation is 12 months from the date of its making. Unless the fixed amount of metal is settled by the collection of defined products from the production of company towards the end of the mentioned period the Seller is entitled to invoice to the Buyer any loss resulting from closing the unused fixation (if the level of LME converted to the billing currency at the conclusion of the fixation is lower than at its making).

At the settlement of more fixations made on various dates, the general rule applies, according to which one proceeds from the earliest made fixations to the most recent fixations, regardless of the fixed level of LME (FIFO method).

The Seller is entitled to set a limit for the maximum total amount of fixed metal depending on the amount of insurance limit of the Buyer.

## V. Claims

1. The seller is responsible for defects which the goods have at the moment of transfer of risk of damaged goods to the buyer.
2. The buyer is obliged to examine the goods immediately after the transfer risk of damaged goods. In the case of detecting the damages to the goods during transport, the buyer is obliged to make a damage protocol of shipment (commercial record) with the freight forwarder.
3. Written notification of damages (claim) must include the following:
  - Identification of the defective goods (contract number – can be documented with photographs).
  - Quantity of defective goods (number of items or weight).
  - Description of the defect or its effects (alternatively documented with photographs or by sending the samples).
4. The buyer's claims during delivery of defective goods lapse if the defects are not declared in writing to the seller:
  - in a period of 3 days from the date of the passing of risk of damaged goods in the case of evident defects
  - in a period of 30 days from the date of passing of risk of damaged goods in the case of hidden defects,all of this unless otherwise specified in the contract.
5. A claim must be effected immediately by means of fax or e-mail of the seller and subsequently confirmed by registered letter. The assertion of a claim or description of complaint must be properly documented.
6. After effecting a claim the buyer may not, until the complaints procedure has been resolved, use the goods by any means which would hamper or prevent the verification of the validity of the complaint or its part by impartial control person, without the written agreement of the seller.
7. At the request of the seller the buyer is obliged to deal with the complaint in the presence of a representative of the seller at the place where the defect was established or where the goods under complaint can be found.
8. The seller is obliged to decide the complaint at the latest within 30 days from the date of reporting the errors by the buyer.
9. In the event of justification of a complaint the seller is authorised at his discretion:
  - to replenish the missing goods, or effect a replacement delivery under the original conditions, or provide a discount.

## VI. Withdrawal from the contract

1. Should one of the parties to the contract breach to a substantial degree the below described obligations, the other party has the right to withdraw wholly or partially from the contract. By substantial breach of an obligation is deemed:
  - breach of conditions of payment by the buyer
  - breach of delivery or purchasing conditions, providing they are not stipulated otherwise by the two parties to the contract.
2. The contractual party is entitled to withdraw wholly or partially from the contract also if
  - the other party is defined as the unreliable person in compliance with the Law on VAT;
  - the other party is represented by the person that is defined as the unreliable person in compliance with the Law on VAT;
  - the member of the statutory body of the other party is defined as the unreliable person in compliance with the Law on VAT.
3. Withdrawal from the contract implies termination of all rights and obligations of the parties with the exception of contractual penalties, default interest, compensation, from defects resulting rights, from securing and stipulations resulting rights which with regard to their character should commit even after the withdrawal from the contract (e.g. duty of confidentiality, rights of the industrial and intellectual property etc.).

## VII. Delivery of goods to another member state of the EU and export of goods outside the EC

1. The buyer is obliged before effecting the delivery of the goods to notify the seller in writing of the following:
  - details with regard to the VAT registration (hereafter referred to as „VAT”) in the member state of the EU and tax identification number,
  - territorial application provision (i.e. if the goods are destined for immediate transport from the Czech Republic to another member state of the EU=delivery to another member state of the EU or outside the EU area=export),
  - to make a written declaration to the seller in case of the export of goods (outside the EU area) that the buyer has in the Czech Republic no registered office, branch or place of business as defined in the VAT regulations.
2. The buyer is obliged to immediately inform the seller in writing, should there be any change to the content of the information provided in the previous paragraph of these GCC.



3. Should the seller not arrange transport of the goods, the buyer who is arranging the transport is obliged no later than ten days after the delivery of the goods to present to the seller the following documents:
  - in case of export the custom authority's decision on the export of goods to a third country or another documentary evidence of outgoing goods (e.g. consignment note)
  - in case of delivery of goods to another member state a written statement of the buyer or authorised third party that the goods have been delivered to another member state of the EU and further to give evidence of the fact that the goods were actually delivered from the territory of the exporting state to another member state of the EU, by at least one other document (e.g. consignment note).
4. Should the conditions not be satisfied for applying exemption from tax to the goods according to the provision of the Law on VAT that is valid in the territory of the state from which the goods were sent, the tax that is valid in the territory of this state will be added to the price of the goods.
5. When the conditions stated in paragraphs 1., 2. and 3. of this article of GCC have not been fulfilled, or the if the buyer will otherwise violate the above obligations, in particular if the documents stated in paragraph 3. of this article of GCC shall turn out to be untrue or inconclusive, the buyer is obliged to pay to the seller the VAT amount and amount of coherent sanctions, which were therefore imposed on the seller by tax administrator (in particular the default interest and penalty), within fifteen days from the date of notification of the amount by the seller.

#### **VIII. Liability for VAT by the seller, which is a taxpayer subject to the Law on VAT**

1. The seller declares that he is not unreliable taxpayer subject to the Law on VAT (Law No. 235/2004 Coll., as amended by later provisions) and he is not aware of initiated procedures of his unreliable taxpayer classification.
2. The seller is obliged to inform the Seller in writing of any changes of the facts on which he has made the declaration according to the above paragraph, within 3 days of this change having arisen.
3. The seller, which is a taxpayer subject to the Law on VAT, is obliged to provide the buyer with the payment details only of account:
  - (a) with the payment service provider in the Czech Republic; and
  - (b) published by tax administrator in accordance with § 109 of the Law on VAT.
4. In the event that any of the declarations stated in the paragraph 1. of this article shall turn out to be untrue, or a change occurs in the facts stated in a declaration, or if the seller does not provide the buyer with the payment details according to the paragraph 3. of this article or if the buyer comes to a conclusion that he can gain the position of the guarantor subject to the Law on VAT in any other way, the buyer shall be entitled to proceed in accordance with § 109a of the Law on VAT and at his own discretion pay VAT from services subject to taxation to the tax administrator for the seller; with this payment shall be the purchase price (price for services subject to taxation) including VAT without further ado reduced by the amount of VAT.
5. In the event that the liability of the buyer shall result for the unpaid VAT of the seller in accordance with § 109 of the Law on VAT, and the obligation to the buyer arises, to pay for the seller the unpaid VAT, and he will pay it, the seller is obliged to reimburse the buyer all costs incurred to the buyer by VAT payment for the seller, within 3 days from the date of request of the seller for payment of these costs by the buyer.
6. If the seller should become an unreliable taxpayer, the buyer shall be entitled to withdraw from the contract.

#### **IX. Protection of confidential information**

1. As confidential information is considered the content of the contract, supplements and annexes, financial and budgetary information, as well as technological processes in manufacturing, know-how of the finished products, including all information and patents, which concern the technical and technological processes in manufacturing, inclusive of used materials, mixtures and tools. A confidential information is also any other information related to the planning and technological process in the manufacture of the goods, which are the subjects of business contractual relationships.
2. As confidential information is considered also personal data used in the contract headers of individual contracts.
3. The contractual parties are obliged to act in a way that unauthorised persons have no access to confidential information, unauthorised transmissions or processing or their otherwise abusing can not occur. This obligation also applies for a term of three years after fulfilment of the contract.

#### **X. Acts of God**

1. Acts of God (Force Majeure) provisions of The International Chamber of Commerce (ICC Publication no. 421) form an integral part of this contract. In the event that the seller is unable to fulfill its obligations to the buyer due to force majeure, the seller will suspend the fulfillment of its obligations to the buyer until the end of force majeure. The seller is obliged to immediately inform the buyer. In the event that the event caused by force majeure lasts longer than 3 months, either party is entitled to withdraw from the contract. Force majeure is considered to be external, unpredictable and unavoidable events in the production process or the transport of goods. These are mainly natural disasters - lack of raw materials and energy, fire, war and riots, epidemics or declarations of a state of emergency, major operational accidents and other events for which the seller bears no responsibility, regardless of whether they occur in the business of the seller or in the business of a third party in the manufacture or transport of goods.

#### **XI. Price clause**

If the price clause has been agreed in the contract, the purchase price of an item need to be adjusted subsequently with reference to the manufacturing costs, whereby the price changes of the main raw materials used for manufacture of the item have always to be considered.



## **XII. Final provisions**

1. These GCC are valid in full unless otherwise agreed by contractual parties in respect of some different conditions within respective contract or deviating from these GCC. In case of discrepancy between the provisions of these GCC and contract the individual provisions of the contract will always take precedence. The concluded contract, including these GCC, exclusively governs the relationship between the seller and the buyer.
2. The contractual parties send all documents to the contact addresses listed in the contract header. Each party must immediately notify the other party in writing of any modification of its correspondence address. The modification enters into force beginning on the date specified in the written notification. The contractual parties will handle in the same manner the modification of the bank details listed in the contract header and also of their e-mail addresses and telephone connections.
3. Any changes of the contract or of these GCC should be set out in a written agreement of both contractual parties.
4. All relations not regulated by this contract or by the GCC shall be governed by the law of the Czech Republic.
5. For any disputes arising with respect to the performance is agreed the jurisdiction of the competent court in the Czech Republic.
6. The contract shall be concluded in the Czech language or in another world language. In the view of the fact that the contract is subject to the Czech law and Czech trial court, the Czech language version of the contract is decisive.

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