

RWE Gas Storage, s.r.o.

SSV for RWE Gas Storage, s.r.o. 2016 - 2017

CONTRACT FOR SUPPLIES

10/2015

This Contract for Supplies is made on the day stated below.

Between

RWE Gas Storage, s.r.o.

Prosecka 855/68, Prague, 190 00, Czech Republic

Bank connection: ČSOB, a.s. Praha 5, CZK Account No.17805243/0300

IBAN: CZ90 0300 0000 0000 1780 5243

BIC: CEKOCZPP

Account name: 02142-RWE Gas Storage, s.r.o.

Reg. No.: 27892077

Tax reg. No: CZ27892077

Registered: Companies Register kept by the Municipal Court in Prague, Section C, file 124711

Acting by: Andreas Frohwein, Executive

Ing. Lubor Veleba, Executive

(hereinafter referred to as the “**Buyer**”) on the one part

and

[Insert the business name, registered office, ID, and details of Commercial Register entry of the Supplier]

(hereinafter referred to as the “**Supplier**”) on the other part,

(Buyer and Supplier shall be individually referred to as a “**Party**” or jointly as the “**Parties**”).

NOW THIS CONTRACT WITNESSES AS FOLLOWS

1. SCOPE AND CONDITIONS OF SUPPLY

1.1 Scope of Supply

- 1.1.1** The Supplier shall sell and the Buyer shall purchase the goods to be supplied hereunder as specified in the respective Annex No. 1 (hereinafter referred to as “**Goods**”) in accordance with the terms of the Contract, including this Contract for Supplies and terms of Tender Documentation issued by the Buyer and preceding this Contract conclusion.
- 1.1.2** The Goods shall be supplied rendered on the delivery deadline as set out in Article 2.1(i) as regards the Goods (hereinafter referred to as the “**Delivery Deadline**”) and in accordance with the document entitled “Specifications” forming Annex No. 1 of this Contract for Supplies (hereinafter referred to as the “**Specifications**”).
- 1.1.3** The ownership title to Goods passes from the Supplier to the Buyer upon the moment the Goods are taken over by the Buyer.
- 1.1.4** The price to be paid by the Buyer for the Goods supplied rendered shall be specified in the document entitled “Schedule of Prices/Rates/ Quantities” forming Annex No. 2 of this Contract for Supplies (hereinafter referred to as the “**SPRQ**”).
- 1.1.5** The Supplier will have fulfilled its contractual obligations in respect of each supply of Goods including the relevant documentation by the Supplier to the Buyer (hereinafter referred to as the “**Delivery**”) provided in Article 2.1 and Annex No 1. of this Contract for Supplies.

1.2 Terms of Delivery

The Goods shall be delivered to certain location specified in point 1.3 under DAP condition (according to Incoterms 2010).

1.3 Place of Supply

The required place of goods delivery is RWE Gas Storage, s.r.o., UGS Tvrdonice (stock Hrusky), 691 53 Tvrdonice, South Moravia Region, Czech Republic.

Together with material 1 hard copy and 1 CD (or USB Flash disk) of relevant documents to the material and shipment must be sent.

The place for documentation sending (meaning of 1 original and 1 copy of documents and 1 CD or USB Flash Disk):
RWE Gas Storage, s.r.o., Prosecka 855/68, 190 00 Prague, Czech Republic

1.4 Time of Supply, Handover Protocol

The Goods shall be supplied on the Delivery Deadlines. The Buyer is not obliged to take over Goods prior to the commencement of the delivery period determined in accordance with this Contract for Supplies. If the Buyer takes over Goods before the Delivery Deadlines, all costs incurred by either Party caused by such premature Delivery shall be borne by the Supplier, unless the Parties explicitly agree otherwise. Each executed Delivery of any performance according to this Contract for Supplies shall be evidenced by a Handover

Protocol or, as the case may be, by another document replacing the Handover Protocol as agreed by the Parties.

1.5 Intellectual Property Rights

The Supplier represents to the Buyer that it has obtained all necessary licenses and/or other intellectual property rights in respect of the Goods. The Supplier shall transfer to the Buyer all licenses other intellectual property rights which are necessary or advisable to be at disposal to the Buyer for its due and undisturbed use of the Goods, if any. The above mentioned transfer shall be free of charge and shall be done immediately after the mutual signature of this contract. The possible price for licenses is included in price of Goods according to this Contract.

1.6 Technical Inspection, Additional Information

- 1.6.1** The Buyer reserves the right to inspect the manufacturing process by himself or by Third Party during normal working hours and to carry out the technical inspection of the production and of the quality carried out in accordance with Article 1.6 hereof (hereinafter referred to as the “**Technical Inspection**”). In this respect, the Supplier will grant the Buyer full access to its premises and provide all reasonably required facilities.
- 1.6.2** The Supplier shall provide the Buyer’s representatives with access to the facilities where the ordered product are manufactured in order to carry out the Technical Inspection. This shall not interfere with the production process.
- 1.6.3** The material and laboratories necessary for the testing shall be made available to the Buyer’s representatives free of charge.
- 1.6.4** The Supplier is entitled to supply the ordered product without prior Technical Inspection only with the Buyer’s consent in written form.
- 1.6.5** The material cost related to the Technical Inspection shall be borne by the Supplier.
- 1.6.6** The expenses of the Buyer’s representatives carrying out the Technical Inspection incurred in connection with such inspection shall be borne by the Buyer.
- 1.6.7** The Supplier shall invite the Buyer to carry out the Technical Inspection not later than 14 calendar days before the scheduled inspection. Should the Buyer fail to carry out the Technical Inspection in time or fully in spite of the timely notice of the possibility to carry out the Technical Inspection the Supplier shall be entitled to dispatch the goods without the Technical Inspection.
- 1.6.8** In such case the Goods shall be deemed to have been supplied in accordance with this Contract for Supplies.
- 1.6.9** Should the Buyer’s representative arrive, upon the Supplier’s invitation, on the designated date to carry out the Technical Inspection and the Technical Inspection cannot be carried out for reasons which are the Supplier’s fault the Supplier shall then bear all the costs associated with the Technical Inspection at an alternative date (travel expenses, accommodation, per diem allowances).

1.6.10 The Supplier shall inform the Buyer about the actual commencement of delivery of Goods to the storage locations.

1.6.11 In addition to any other information required to be made by the Supplier hereunder the Supplier shall inform without undue delay the Buyer in respect of any material matters relating to the Goods, the delivery of the Goods and the Contract. Such information shall include notice of delay of delivery of the Goods, notice of modifications of parameters of the Goods, readiness to deliver the Goods before the Delivery Deadline, etc.

1.7 Acceptance

The fulfillment of the Contract will be finished after accomplishment of the following:

- (i) all tests specified in Annex No. 1 – technical documentation as required by the Contract have been satisfactorily carried out;
- (ii) all test results are within the tolerances as stipulated in the Contract - specified in Annex No. 1 – technical documentation;
- (iii) the documents specified in Annex No. 1 of this Contract, relating to the relevant Goods have been duly delivered to the Buyer.
- (iv) the Buyer or a third party assigned by the Buyer performed the visual inspection of the Goods at the agreed places of supply
- (v) the technical documentation to be delivered by the Supplier to the Buyer under this Contract for Supplies (hereinafter the “**Technical Documentation**”) has been duly supplied with complete lists of contents, original documentation produced by the Supplier, including approval stamps and signatures; and
- (vi) the Goods have been taken over by the Buyer or third party, based on the handover and takeover protocol (hereinafter together referred to as the “**Acceptance**”)

2. DELIVERY DEADLINE

2.1 The Goods shall be delivered as stated in paragraph (i) below

(i) Goods

We request delivery for 2016 no later than May 20, 2016. Buyer will send you individual call off. For the year 2017 the delivery date will be announced by individual call-off, not later than Feb 15, 2017.

The Contract for Supplies is set for defined period till Dec 31, 2017.

2.2 The Supplier shall notify the Buyer in writing of the dispatch of the respective Goods from the manufacturer’s plant two days prior such dispatch (the “**Advice of Dispatch**”).

2.3 Supplier's Default on Delivery

2.3.1 The Supplier hereby acknowledges that its compliance with the Delivery Deadlines is an important condition of this Contract for Supplies and is as well aware of the Buyer’s projects relating to, and dependent upon, the due and timely delivery of the Goods pursuant to this Contract.

2.3.2 If the Supplier defaults on Delivery, the Buyer will have the right to claim a contractual penalty from the Supplier set out herein.

- 2.3.3** The Supplier is obliged to pay the contractual penalty to the Buyer no later than 15 days following the day the Buyer requests the Supplier to pay the contractual penalty. The contractual penalty shall be paid by a bank transfer to the Buyer's bank account specified herein, unless otherwise specified by the Buyer to the Supplier.
- 2.3.4** The payment of any contractual penalty shall not relieve the Supplier of its obligation to supply the Goods in accordance with this Contract for Supplies.

3. TRANSPORT, RISK OF DAMAGE

3.1 Transport of Goods

3.1.1 The Supplier shall transport the Goods to the place agreed upon in this Contract for Supplies. The Supplier shall, however, be bound by instructions given to it by the Buyer at any time after the conclusion of this Contract for Supplies as regards the place of destination and such instructions shall take precedence over this Contract for Supplies. Additional cost, if any, incurred by the Supplier as a result of complying with such instructions shall be borne by the Buyer.

3.1.2 Any and all costs related to the transportation of the Goods, particularly, but not exclusively, freight fees, packaging costs, insurance and customs duties, are fully borne by the Supplier. The Supplier is further responsible for any permits, licenses and formalities relating to the transport of the Goods including parking of trucks or any arrangements relating to transport by railway. All cost relating to the foregoing shall be borne by the Supplier.

3.2 Risk of Damage to Goods

The risk of damage to Goods passes from the Supplier to the Buyer upon the moment the Goods are taken over by the Buyer as evidenced by the Handover Protocol or, as the case may be, by another document replacing the Handover Protocol as agreed by the Parties.

3.3 Subcontracting

To the extent the Supplier uses a third party for the purpose of delivery of the Goods, the Supplier shall remain liable for such supplies as if the Goods were supplied by the Supplier itself. Notwithstanding anything to the contrary contained herein the Supplier shall not use or retain any sub Supplier without prior written consent of the Buyer which shall not be unreasonably withheld or delayed.

4. MANUFACTURE OF GOODS

4.1 Manufacture of Goods

4.1.1 The Supplier shall cooperate with the Buyer and individuals authorized by him/her during manufacturing process in all matters relating to this Contract for Supplies.

4.1.2 The Supplier shall, in a timely manner, obtain and maintain all authorizations and permits as may be necessary for the manufacture of the Goods which are required to be or can be obtained in the name of the Supplier. The Buyer shall, upon request, provide reasonable assistance in this regard. The Buyer shall, in a timely manner, obtain and maintain all other authorizations and permits that it needs. If so requested by the Buyer, the Supplier shall assist at its own expense in obtaining such authorizations and permits relating to the Goods which can only be obtained in the name of the Buyer.

4.1.3 The Supplier shall, upon request and at its own expense, give the Buyer such information regarding the manufacturing of the Goods and about the Supplier's Group which the Buyer is bound to provide to any state or governmental agency.

4.1.4 The Buyer, its personnel and any third party authorized by him/her shall have the right to undertake quality control and verification of the Supplier's

and any sub-supplier's quality system including the inspection of the Supplier's plant where the Goods shall be manufactured at any working day upon a prior written notice which shall be sent to the Supplier at least two working days in advance.

4.1.5 The Supplier shall elaborate and deliver to the Buyer at the Buyer's request written report on the progress of the manufacturing of the Goods. The Buyer may request such progress report every two weeks from Contract signature. The progress report shall contain information upon quality issues of the production of the Goods, description of production phases, any deviation from the manufacturing schedule etc. Where necessary the report shall contain drawings and pictures. The progress report shall include especially following milestones:

1. Material ordering
2. Incoming inspection of material
3. Starting production
4. Finalization of produced parts
5. Assembly
6. Pressure tests & export inspection
7. Documentation completion
8. Packing & shipping

4.2 Progress

4.2.1 If the Supplier believes for any reason that the supply of the Goods cannot be completed in accordance with the Contract for Supplies within the Delivery Deadlines, the Supplier shall immediately give written notice to the Buyer of such possible delay. The Supplier shall, within 5 days after such notice, inform the Buyer in writing about the following:

- (i) the cause of the delay;
- (ii) the estimated effect on the Delivery Deadlines and other parts of the Contract for Supplies; and
- (iii) the measures which the Supplier considers appropriate to avoid, limit or recover the delay.

4.2.2 If the Supplier's measures to avoid or recover the delay are not sufficient, the Buyer may require additional or alternative measures. The Supplier shall immediately take the necessary steps at its own expense to remedy the situation.

4.2.3 These provisions shall not limit the Buyer's right to take other measures provided for herein for the event of delay in supplies.

5. CORRESPONDENCE

5.1 All correspondence addressed to the Buyer shall be clearly marked with the package name and sent by courier or first class mail to the below addresses.

5.2 The Supplier shall send all correspondence concerning contractual matters to:
Delivery address:

RWE Gas Storage, s.r.o. Prosecká 855/68, Prague, 190 00, Czech Republic
Attention:
Ondřej Parkan, ondrej.parkan@rwe.cz, phone +420 739 535 984

- 5.3** The Supplier shall send all correspondence concerning technical matters to:
Delivery address:
RWE Gas Storage, s.r.o. Prosecká 855/68, Prague, 190 00, Czech Republic
Attention: Peter Židišin, peter.zidisin@rwe.cz, phone: +420 737 200 922

[will be announced to the winner]

- 5.4** All information submitted, handed over or otherwise communicated to the Buyer, including all test result documents, shall be submitted in writing and in English. If the original document is in another language, an English translation shall be attached to it. In such case, the English version shall prevail if there are any discrepancies between the original and the translation.

- 5.5** Any correspondence or documents failing to meet the requirements of these Articles 5.1 through 5.4 shall be considered undelivered.

- 5.6** The Buyer shall send all correspondence related to this Contract to:

Delivery address: **[to be filled in by the Supplier if different than referred to at the beginning of this Contract]**

Attention: **[to be filled in by the Supplier - name, e-mail address, telephone number]**

All correspondence delivered to the address indicated above shall be deemed duly delivered to the Supplier.

6. WARRANTY

- 6.1** The Supplier warrants that the Goods will, at the time of delivery, conform to the Specifications and to such of the Buyer's quality standards and technical specifications as may be agreed in writing from time to time between the Parties.
- 6.2** The warranty period for the Goods shall be 24 months from the date the Goods were duly handed over to the Buyer or third party or 18 months from installation (hereinafter referred to as the "Warranty Period").
- 6.3** The Supplier is liable for warranty defects (both factual and legal including any rights of third person and particularly relating to intellectual property) of the Goods under the terms of the applicable law, unless the nature of the issue clearly indicates otherwise or unless stipulated otherwise by agreement of the Parties. The Supplier warrants that the Goods will be in full conformity with the requirements of this Contract for Supplies. As the Specifications have been prepared by the Buyer, no implied warranty of fitness for purpose shall apply.
- 6.4** The Parties further agree that the Buyer will be entitled to an extension of the warranty period under the following rules, provided that the rule that is more advantageous to the Buyer shall always apply:

- 6.5** The warranty period for replaced Goods shall be extended as if it was starting from the beginning, with the same warranty as determined for the original Goods;
- 6.6** The warranty period applicable to repaired Goods shall be extended by the time taken for the repair of the Goods; and
- 6.7** The warranty period applicable to the Goods (or any part of them) shall be extended by the time during which the Goods (or any part of them) cannot be used for their intended purposes due to the warranty defect for which the Supplier is responsible provided that such time in aggregate exceeded one week.
- 6.8** The Supplier will be released from its liability for warranty defects only if the Supplier proves that the warranty defect was caused by incorrect information provided by the Buyer.
- 6.9** Unless the Supplier is released from this liability, the Supplier is obliged to remove or repair, at Supplier's option, the detected warranty defect at the Supplier's costs.
- 6.10** The costs borne by the Supplier pursuant to Article 6.9 hereof shall include the following costs:
- (i) Seeking and finding the defective item of the Goods;
 - (ii) 50% of the cost for excavation and removal of the defective item of the Goods;
 - (iii) Installation of the replacement or repaired item of the Goods;
 - (iv) Testing of the replaced or repaired item of the Goods; and
 - (v) All transportation related to the replacement or repair procedure.
- 6.11** The Supplier undertakes to commence works on the removal of warranty defects without undue delay and in no case later than 10 (ten) working days after the defects were notified to it. The Supplier undertakes to remedy, upon a best effort basis, the claimed warranty defect as soon as possible and in any case within a deadline agreed by the Parties. In case the deadline is not agreed by the Parties within 15 (fifteen) working days since the defect was notified to the Supplier, such deadline shall be fairly determined by the Buyer who shall take into account the technical nature of the warranty defect, the defected part or the technical requirements for removal of such warranty defect. The Buyer may require, and the Supplier shall comply with, a specific schedule for remedy of warranty defects if the defect can be repaired only under certain operational conditions.
- 6.12** If the Supplier breaches its obligation to remove any defect of the Goods within the time determined in accordance with Article 6.11 above, the Supplier will pay to the Buyer the contractual penalty in the amount set out in this Contract for Supplies.
Suppliers maximum financial liability to the Buyer shall not exceed the value of the Contract.
- 6.13** The Parties agree that in some cases it may be more practical, convenient, or operationally efficient (including in the event of an emergency) for the Buyer to repair or correct warranty defects than for the Supplier to repair or correct such warranty defects. The Buyer may therefore elect to repair or correct such

warranty defects and the Supplier shall reimburse the Buyer for the reasonable costs incurred by the Buyer in connection with repair of such warranty defects immediately after demand from the Buyer. The amount of such reimbursement shall be determined on the basis of the calculation of cost agreed during the Acceptance and Repair Procedure meeting under the Contract for Supplies. The limitation of costs set out in Article 6.10 shall apply accordingly. The Supplier agrees and acknowledges that the Buyer is qualified to perform such repair or correction. The Supplier may supervise and/or inspect the repair or correction in process. The warranty obligations of the Supplier shall remain in full force and effect for the remainder of the Warranty Period, notwithstanding that the repair or correction was performed by the Buyer.

7. TERMS OF PAYMENT

7.1 Payment Conditions

The agreed contract price is exclusive of any value added tax or any similar charges.

Pre-order of the goods can be done by Letter of intent from Buyer site. Supplier must accept this Letter of intent based on this contract.

Letter of intent will be replaced individual call off (order) from Buyer site. Supplier must accept this order base on this contract.

7.2 Invoicing

7.2.1 All payments of the contractual price shall be made by the Buyer against an invoice delivered by the Supplier to the Buyer in accordance herewith.

7.2.2 The Supplier is obliged to issue to the Buyer the relevant invoice within 15 days from the completion of all requested performances according to this Contract for Supplies. Supplier is obliged to issue separate invoice for the goods. The prices form SPRQ are maximal.
The Supplier is obliged to deliver the original invoice to the Buyer's registered office within 15 days of issue.

7.2.3 The invoice must contain the following information: (a) Buyer's order number; (b) Buyer's Contract for Supplies reference number; (c) subject matter of the Contract for Supplies; (d) order number from individual call off (e) unit price; (f) aggregate total price; and (g) account details of the bank account to which the Buyer is supposed to credit the payment h) Hand over and take over protocol or similar document replacing it according 1.4 of this Contract for Supplies.

7.2.4 If the invoice does not contain the stipulated or agreed prerequisites, the Buyer has the right to return the invoice to the Supplier within the maturity period of 60 days for a correction or completion. In such case the Buyer will notify the Supplier of the reason for returning the invoice.

7.2.6 The invoice must be drawn up on A4 size standard office paper, weight 80 g/m², with one-sided print, the color of the text in the invoice black and delivered in one original counterpart. In addition, to the information referred to above any invoice involving supplies within the European Union (supplies of goods between taxable persons established in any European Union member state but not in the same country) must contain for value added tax purposes: (a) the full name, address and VAT identification number of the Buyer and the

Supplier, (b) date of issue, (c) sequential number based on one or more series which uniquely identifies the invoice, (d) the quantity and nature of the good supplied, (e) the taxable amount, unit price and any discounts or rebates if not included in the unit price, (f) reference to the appropriate provision of the VAT directive 2006/112/EC, to the corresponding provisions of national laws and regulations, or to indication that the supply in question is exempt or subject to the reverse charge procedure.

If sending tax documents electronically, the electronic documents must be issued in accordance with Czech Act No. 235/2004 Coll., on Value Added Tax, Sections 29 and 34. Email electronic invoices to: **el.faktury@rwe.cz**

7.2.7 Notwithstanding anything to the contrary contained herein, the Supplier shall issue all invoices in such way and with such content as will enable the Buyer to claim or submit a claim for reimbursement in respect of any input VAT in relation to such invoice.

7.2.8 The Buyer will provide reasonable assistance with import clearance of the Goods to a Supplier with a registered office outside the European Union. Such Supplier undertakes to provide reasonable assistance to the Buyer so that the Buyer can fulfill its obligations towards the tax authorities.

7.3 Payment

7.3.1 The contract price, as well as any other payment to be made pursuant to this Contract for Supplies, is payable no later than 60/ 90 (*Please, make a choice according to Variant 1 or 2.*) days following the day of delivery of the invoice, duly issued in compliance with Article 7.2. The maturity period is suspended on the day the invoice is returned to the Supplier by the Buyer pursuant to Article 7.2.4 and a new maturity period of 60 or 90 days starts to run on the day the corrected invoice is delivered by the Supplier to the Buyer.

The maturity date of duly issued tax documents delivered to the Client is:

- **Variant 1:** no later than 60 days from the day on which the tax document has been served.
- **Variant 2:** no later than in 90 days from the receipt of the tax document (invoice) by the Client, but not earlier than 15 days from the date of the receipt of the tax document (invoice) by the Client, while the Contractor hereby undertakes to accede to the Supply Chain Financing Programme (see Annex no. 5 of this Contract). If, in this context, the Contractor assigns his claim to the payment of the price for the Contract or its part to Citibank Europe plc, a company established and existing under the Irish law, registered seat at Dublin, North Wall Quay 1, Ireland, registered in the Register of Companies in the Republic of Ireland, under the number 132781, conducting its business in the Czech Republic through Citibank Europe plc, organizační složka, registered seat at Prague 5, Stodůlky, Bucharova 2641/14, Postal Code 158 02, Reg. No. 28198131, registered in the Commercial Register with the Municipal Court in Prague, Section A, Insert 59288 (the "Bank"), within the Supply Chain Financing Programme, the Parties undertake to consider as the notice of the assignment of the claim any notice of the assignment of the claim that the Client receives from the bank in any form.

7.3.2 The contract price is considered to be paid, and the duty of the Buyer to pay the contract price thus fully discharged, on the day the funds for payment of

the contract price are debited from the Buyer's account for the benefit of the Supplier's account.

7.3.3 Payment of the contract price by the Buyer to the Supplier hereunder shall not constitute waiver of the rights acquired on the basis of a default on part of the Supplier, or acknowledgment that the relevant Goods were ordered or that they did not suffer from defects.

7.3.4 The payment will be as follows:

The contract price is payable no later than 60 / 90 (*Please, make a choice according to Variant 1 or 2.*) days following the day of presentation of delivery of relevant invoice. The invoice will be paid after all requested goods are delivered, all requested services, installation and training (*if applicable*) are successfully performed by the Supplier and accepted by the Contracting Entity in written. The invoice can be send after each performed part of the job.

Successful delivery of material and installation and service.

1x commercial invoice

2x packing list

2x Records confirming that the pressure testing were finished successfully, signed by the authorized person of the Buyer

4x Documentations, certificates or any other requested documents, and if not specified elsewhere otherwise within Tender Documentation or their Annexes.

7.3.5 The Supplier shall procure that title to all Goods vested in the Buyer is free and remains free from any lien, charge or any other security interest and that no person other than Buyer shall have any claim to title to such Goods. If, notwithstanding this, any such Goods are subject to any lien, charge or other security, Buyer may discharge the lien, charge or security and recover all costs and expenses thereby incurred from the Supplier as a debt immediately due and payable.

7.4 Requests for Information/TARIC

7.4.1 If the Supplier needs additional information or background materials in order to be able to fulfill this Contract for Supplies, the Supplier shall immediately send a written request of information to the Buyer. The Buyer shall respond to such request within a reasonable time and provide such additional information or background materials, unless the Buyer believes, acting reasonably, that such information or background materials are not necessary for Supplier's performance of the Contract.

7.4.2 The Supplier shall print certain statistical codes which have to be reported to the Intrastat system of the European Union as set forth by Regulation of Council of the European Union No. 2658/87 of July 1987 on tariff and statistical nomenclature and on common Custom Tariff (hereinafter referred to as "**TARIC Codes**") on each and every invoice, Handover Protocol, another document replacing the Handover Protocol as agreed by the Parties and/or packing list. Further, the Supplier shall specific the country of origin of the Goods on each and every document referred to in the immediately preceding sentence.

8. CONTRACTUAL PENALTIES

8.1 Supplier's Default

- 8.1.1** Subject to the exception set out in Article 8.1.2 hereof, the contractual penalty under Article 2.3.2 shall amount to 5% of the price of the delayed Goods per each week of the delay. The sum of such contractual penalties shall not exceed 20% of the price of the delayed Goods.
- 8.1.2** In case the Supplier fails to comply with its obligations set forth in Article 7.4.2 of this Contract for Supplies by not printing the TARIC Codes as required by Article 7.4.2 hereof, the Supplier shall pay to the Buyer the contractual penalty in the amount of EUR 100 per every item of Goods per week of delay until due delivery of such TARIC Codes, the same contractual penalty shall apply should the Supplier fail to specify to the Buyer the country of origin of the Goods pursuant to Article 7.4.2.
- 8.1.3** If the Supplier fails to deliver the Advice of Dispatch in due timely manner, the Supplier shall pay to the Buyer the contractual penalty in the amount of EUR 1000.
- 8.1.4** In case the Supplier breaches its confidentiality obligation set forth in Article 9 of this Contract for Supplies the Supplier shall pay to the Buyer contractual penalty of 5000 EUR for each and every such breach.
- 8.1.5** The contractual penalty under Article 6.12 shall amount to 2 % of the price of the defective component for each commenced day of delay until its removal.
- 8.1.6** The contractual penalty for any unspecified breach of this Contract for Supplies is a subject of contractual penalty 500 Eur/each case. The penalty will be applied if no rectification measurements are taken within 15 days after first written warning.
- 8.1.7** In case of breach of article 13.3. of 13.4. of this Contract for Supplies the Supplier will pay to the Buyer a penalty of 1000 EUR/ case within 15 days after 1st warning. Every other following warning will be multiplied by two of previous amount of penalty for warning. (Example 4th warning will be 8 x 1000 EUR).

8.2 Buyer's Default on Payment

In case of default on the payment of the contract price, the Buyer is obliged to pay to the Supplier a default interest amounting to 0.01 % of the unpaid amount per each day of the default up to 100 % of the value of the Contract for Supplies.

8.3 Compensation for Actual Damages

The Supplier shall compensate the Buyer for any damages regardless and in addition to the amount of any paid contractual penalties as set forth in this Clause 7 of the Contract for Supplies if and to the extent that the actual damages suffered exceed the amount of the contractual penalties agreed, up to 100% of the total estimated value of this Contract. Notwithstanding any other provisions of the Contract to the contrary, the Contractor's total liability for whatever reason, regardless of cause, which in any way arises out of this Contract, shall in no event exceed the amount stipulated in the preceding sentence. Customer shall be liable for and shall indemnify the Contractor from and against any and all costs and expenses in excess of such amount.

9. CONFIDENTIAL INFORMATION

- 9.1** The Parties shall be obliged to keep confidential all information in relation to the subject matter of, and with connection to, the Contract for Supplies. The confidential information within the meaning of the Contract for Supplies shall include:
- (i) all information of commercial, technical and financial character relevant to the Buyer;
 - (ii) information concerning of the Buyers' business and the Goods,
 - (iii) any other information in whatever form designated by the contracting partner as confidential.
- 9.2** The confidentiality obligation shall remain valid throughout the whole term of the Contract for Supplies as well as after its termination, until the confidential information becomes public, such information becoming public in a manner other than through a breach of this confidentiality obligation, this Contract for Supplies by either Party.
- 9.3** The Supplier is obliged to conclude an open-ended confidentiality agreement with all its employees and officers and any and all third parties who shall be provided with confidential information for the purpose of the fulfilment of the Contract for Supplies.
- 9.4** However, nothing hereinabove contained shall deprive the Party of the right to disclose any information which: (a) is, at the time of receipt, or becomes at a later date, known to the trade or the public through no fault of the Supplier and then only after said date; or (b) is possessed by the Supplier before receipt thereof from the Buyer, developed by the Supplier independently out of the confidential information, as evidenced by the Supplier's written records, or disclosed to the Supplier in good faith by a third party with an independent right to such information; or (c) required to be disclosed by the Party pursuant to an order of a court of competent jurisdiction or other governmental agency having the power to order such disclosure, provided such Party shall use its best efforts to provide timely notice to the other Party of such order to permit the non-disclosing Party an opportunity to contest such order.

10. RWE CODE OF CONDUCT

The Supplier acknowledges the fact that the Buyer conducts its business in compliance with the rules set out in the RWE Code of Conduct and may be viewed at the following web address:
<http://www.rwe.com/web/cms/en/90780/suppliers/code-of-conduct/> and undertakes to support compliance with the rules and principles contained therein. The Supplier further undertakes to implement the principles defined within the scope of the Global Compact Initiative of the United Nations on human rights, working conditions and the environment, as well as corruption (www.unglobalcompact.org). The Supplier agrees to ensure that any of its subSuppliers shall support compliance with the rules and principles contained in the RWE Code of Conduct as well as implement the principles defined within the scope of the Global Compact Initiative of the United Nations on human rights, working conditions and the environment, as well as corruption.

11. DISPUTE RESOLUTION

- 11.1** The Parties undertake to attempt to solve any dispute, controversy or claim arising out of or in connection with this Contract for Supplies, including but not

limited to its performance or the breach, termination or invalidity thereof as well as the pre and post contractual obligations, even if the dispute, controversy or claim is based on other legal grounds than the Contract for Supplies, first by amicable settlement through negotiations on the level of their statutory bodies.

11.2 If such settlement is not achieved within 60 or 90 days since the receipt of the written request of either Party to start such negotiations, the matter shall be referred to and finally resolved by arbitration under the Rules of Arbitration of the International Chamber of Commerce (ICC). The place of arbitration shall be Vienna, Austria. The language to be used in the arbitral proceedings shall be English. The law governing this arbitration agreement is Austrian law.

11.3 Notwithstanding this arbitration agreement, each party may seek interim relief before the state courts.

12. WITHDRAWAL

12.1 The Buyer has the right to withdraw from the Contract for Supplies if:

- (i) the Supplier becomes subject to a decision on winding up of the Supplier with liquidation without any legal successor;
- (ii) the Supplier is declared insolvent by a court of law or any similar competent public authority;
- (iii) the Supplier's assets are affected by enforcement (execution) proceedings;
- (iv) the Supplier defaults on the Delivery or the Supplier is persistently and materially in breach of its obligations under the Contract for Supplies and the default exceeds 10 weeks; and
- (v) the Goods supplied suffer from a defect which cannot be removed and which prevents the Buyer from using the Goods in a manner anticipated.

12.2 The Supplier has the right to withdraw from the Contract for Supplies if the Buyer is in default on the payment of contract price for a period of time exceeding 30 days, provided a written warning of intended withdrawal was delivered to the Buyer by the Supplier at least 15 days prior to expiry of such time period and the Buyer did not remedy the situation.

12.3 The withdrawal from the Contract for Supplies under this Article 12 shall be notified by the Party withdrawing from the Contract for Supplies to the other Party in writing. The notification must be delivered to the other Party to its registered office. The withdrawal takes legal effect at the moment the notification of the withdrawal from the Contract for Supplies is delivered to the other Party.

13. MISCELLANEOUS

13.1 The Force Majeure Clause 2003 of the International Chamber of Commerce (Publication 650) shall form a part hereof.

13.3 The Supplier is obligated to keep valid all required documents by Tender Documentation issued by the Buyer preceding this Contract conclusion for whole time period of the Contract efficiency.

- 13.4** The Supplier is obliged to have valid insurance contract for 500 000. In case the insurance contract is not valid for the whole period of contract validity he is obliged to submit new contract 15 days prior to the expiration of the currently valid.
- 13.5** The documents forming the contractual documentation are listed in this Article below. These documents are to be taken as mutually explanatory. In case of discrepancies between these documents, priority shall be given to them in the following order:
- (i) this Contract for Supplies;
 - (ii) Specifications;
 - (iii) the SPQR; and
 - (iv) the document entitled "Drawings" forming Annex No. 3 of this Contract for Supplies (hereinafter referred to as the "**Drawings**").
(together referred to as the "**Contract**").
- 13.6** Any technical documentation to be delivered with the Goods shall be delivered by the Supplier to the Buyer in 4 counterparts in Czech or English language in writing and in 1 counterpart in electronic form on CD ROM in Czech or English language.

15. FINAL PROVISIONS

- 15.1** Legal relations under this Contract shall be governed by the laws of Austria with the exclusion of its choice of law rules.
- 15.2** The United Nations Convention on Contracts for the International Sale of Goods of 1980 shall not apply to this Contract even in case the Supplier's place of business is located in the contracting state to the above convention.
- 15.3** This Contract may be amended with the express agreement of all parties involved and shall be evidenced in writing.
- 15.4** Any provision of this Contract which is invalid or unenforceable or partly invalid or unenforceable shall, where possible, be severed to the extent necessary to make the Contract valid and enforceable, unless this would materially change the intended effect of the Contract.
- 15.5.** The contracting entity has right to change quantity in tolerance +/- 30%.
- 15.7.** The contractor is not entitled to assign any rights and obligations under this Contract to any third person, unless explicitly provided for otherwise in section 7.3.1 of this Contract.
- 15.6** The following documents shall form annexes to this Contract for Supplies:

Annex 1: Specifications;
Annex 2: SPRQ;
Annex 3: Drawings; and specification
Annex 5: Supply chain financing

In witness whereof the Parties have caused this Contract for Supplies to be executed in 4 (four) counterparts of equal legal force, out of which each Party shall receive 2 (two) counterparts.

Authorized signature(s) of Buyer

Date:

In the presence of:

Andreas Frohwein
Executive

Ing. Libor Veleba
Executive

Authorized signature(s) of Supplier

Date:

In the presence of:

Name:

Signature:

ANNEX NO. 1 – SPECIFICATIONS

1) See Annex 1 of the TD.

ANNEX NO. 2 – SCHEDULE OF PRICES / RATES / QUANTITIES

Fill supplier from Annex 3 of the TD

ANNEX NO. 3 – DRAWINGS

Fill supplier from Annex 1 TD

Supply chain financing

Supply Chain Financing Programme:

What is Supply Chain Financing Programme?

The programme gives the suppliers an opportunity to decide whether they prefer receiving 100% of the invoiced amount on the due date, with the due date being respected, or assigning their claims within the programme to a chosen financial institution in order to obtain discounted funds before the due date of the invoice.

Within the program, suppliers may only assign claims that have been approved by the customer, and the customer agrees by such approval to pay the debt of the supplier. The option of payment before the due date of the invoice takes into account the time value of money, while the discount rate is determined by the financial institution is chosen by the customer based on the credit risk of the customer as a customer.

If a supplier opts for this type of financing, all claims against the customer are expected to be paid in this way, including claims resulting from previously signed contracts.

What are the benefits of the programme?

Supplier himself can choose whether he wants to receive the money before the due date (as early as 15 days from the receipt of the supplier's invoice by the customer). In the case of earlier payment of the invoice, the supplier gets the money sooner, avoiding the necessity to use other sources of financing (such as short-term bank loans etc.).

In which way does the supply chain financing work?

The supplier is informed via the electronic portal of the invoice being approved by the customer, and therefore ready to be paid. If the supplier wants the invoice to be paid before its due date, he requests such payment in the electronic portal. In the case to the opposite, the invoice will be paid at its due date.

What are the costs of the programme for the suppliers?

The programme is free of charge for the suppliers. In the case of early payment, the costs of discounting correspond with the credit risk of the customer.

Example:

The supplier issues a tax document – invoice on 10 June 2014, submitting it to the customer on 12 June 2014. The tax document maturity period is 90 days. The invoice due date is 10 September 2014. The customer approves the invoice in 15 days and informs the supplier of the invoice being approved and ready to be settled. The supplier may opt for the Supply Chain Financing Programme and having the invoice paid to him as early as from 27 June 2014.

	Participating in the programme	Without participating in the programme
Sum	1 000 000 CZK	1 000 000 CZK
Date of tax document issue:	10.6.2014	10.6.2014
Date of tax document receipt:	12.6.2014	12.6.2014
Maturity period of tax document:	90 days	60 days
Tax document payable on:	10.9.2014	11.8.2014
Sum:	1 000 000 CZK	1 000 000 CZK

Ways to pay the tax document:

Date of payment:	from 27.6.	
Sum paid*:	995 833 CZK	
Due date:	10.9.2014	11.8.2014
Sum paid:	1 000 000 CZK	1 000 000 CZK

*Note: *The sum paid is discounted for the earlier payment, i.e. it takes into account the time value of money in the period from 27 June to 10 September 2014 (the supplier requested the payment on 27 June). The discount rate is determined by the financial institution based on the creditworthiness of the supplier.*

