

## Introductory Provision

These Business Terms and Conditions shall govern the contractual obligations of sales between Wotan Forest, a.s. (hereinafter only the "Seller") and the Customers of its products that are entrepreneurs and enter into the contractual relationships within its business, (hereinafter only the "Buyer") unless governed otherwise in the contractual relationship (hereinafter only the "CR"). Verbal or written provisions made before the signature of the CR by both Parties become invalid if they have not been included into the CR or if they are not in compliance with these "General Business and Delivery Terms and Conditions of Wotan Forest, a.s., Wood Production Divisions and Plywood Division" (hereinafter only the "GBTC"). Legal relationships not governed in the GBTC shall be governed by the Civil Code and other legal regulations of the Czech Republic in force.

### 1. Origin and Change of the Contractual Relationship

- 1.1. The condition for entering the contractual relationship is the confirmation of the Buyer's purchase order received by the Seller without reservation. The acceptance of the purchase order with an amendment or a variation is excluded, therefore, the first sentence of the provision of Section 1740(3) of Act No. 89/2012 Coll., Civil Code, shall not be applicable. The time limit for the confirmation of the purchase order by the Seller shall be 5 business days. The purchase orders shall be sent by the Buyer in the form of an e-mail message or a purchase order in writing and confirmed by the Seller in the same manner. If the purchase order is not confirmed by the Seller within this time limit, the entering into of the CR will be considered void.
- 1.2. The CR shall be entered, if the Seller and the Buyer agree to its entire content.
- 1.3. If the Seller and the Buyer agree to the amendment or cancellation of the CR, they shall do so in writing.

### 2. Purchase Price, Payment Terms

- 2.1. The purchase price is negotiated by agreement and shall be specified for the respective types of the goods. The purchase prices shall be specified without VAT, which shall be added thereto pursuant to valid legal regulations.
- 2.2. The agreed prices shall be determined with the parity according to INCOTERMS 2010. Unless agreed otherwise in the confirmed purchase order, delivery parity shall be EXW, the Seller's establishment.
- 2.3. The right to invoice the purchase price for the goods delivered to the Buyer, is available to the Seller once the Buyer has received the delivery of the goods or on the first day of delay from the Buyer with the acceptance of the goods sold. The Seller shall invoice the purchase price to the Buyer in a tax document – invoice issued in accordance with the delivery note confirmed by the Buyer or the Buyer's contractual carrier. The time limits for payment of the invoices shall be agreed in the confirmed purchase order and shall be counted from the date of the issue of the tax documents. Tax documents shall be delivered to the Buyer's address. In a case of doubt, it is deemed that the invoice was delivered on the third day after its dispatch. If the Buyer fails to receive the invoice within seven days of the goods delivery, the Buyer shall be obliged to inform the Seller, thereof, without undue delay.
- 2.4. The Buyer shall pay the purchase price to the Seller within the time limit for payment specified in the confirmed purchase order. If the due date is not agreed on in the purchase order, it shall be considered 30 days from the day of the issue of the invoice. The day of payment of the purchase price will also be the day of to credit the entire amount (including VAT) to the Seller's bank account or the day of acceptance of the amount corresponding to the entire amount of the purchase price in cash by the Seller.
- 2.5. In the case of a discount being agreed on in writing for the payment, the payment shall be credited to the Buyer on the last day of the agreed time limit for payment, at the latest. If this time limit is not observed, the Seller undertakes to pay the discount already withheld.
- 2.6. If the Buyer fails to pay the amount invoiced by the agreed due date, the Buyer shall pay the Seller the contractual late interest fee of 0.05% of the amount due for each commenced day of delay. This contractual late interest shall be payable in the time limit of 14 days from the day of its invoicing by the Seller.
- 2.7. If the Buyer has any outstanding debts overdue towards the Seller, the Seller shall have the right to suspend further deliveries with immediate effect until the remedy of the breach by the Buyer. Failure to perform deliveries pursuant to the previous sentence shall not constitute a breach of the CR and the Seller shall have no liability for losses possibly incurred thereby.
- 2.8. In the case of origin of the possible receivables ready to be set off, both the Contracting Parties agree that the Seller may be the one to set off the receivables.
- 2.9. Should the Buyer be in delay with the payment of the purchase price or any part thereof for more than 14 days, it is deemed that the CR has been breached in a material manner.
- 2.10. If there would be an increase of or newly introduced public fees (e.g. taxes, customs etc.) in the time limit from the entering into the CR to the moment of the goods delivery or other costs of transport, manufacturing or sale of the goods would be increased or newly introduced and specified in the CR, the purchase price shall be increased in the corresponding manner and shall be paid by the Buyer. The Seller shall notify the Buyer of the new amount of the purchase price and the amount of the purchase price determined in this manner shall be binding for the Buyer unless the Buyer notifies the Seller in writing within three (3) business days that the Buyer does not agree to the newly determined amount of the purchase price. This rule shall apply also if the subject fees or costs are not charged separately outside the price. If such a transfer of the payment of fees to the Buyer is prohibited by law, the Seller shall be entitled to withdraw from the CR.

### 3. Delivery Terms

- 3.1. The Buyer shall be obliged to accept or provide for the acceptance of the goods ordered on the agreed date. Should the Buyer be in delay with the acceptance of the goods by more than 14 calendar days, it is deemed that the CR has been breached in a material manner. Upon the delay of the Buyer, the Seller shall be entitled, at its discretion, to take back the goods, which are subject exclusively to its ownership right, at the cost of the Buyer, and/or sell them; the Buyer shall be obliged to pay the Seller any possible difference between the realized price and the purchase price agreed in the Contractual Relationship with the Buyer.
- 3.2. The Seller shall fulfill its obligation to deliver the goods ordered. Upon the moment of handing over the goods to the Supplier, duly and on time, at the place or in the manner specified in the CR or when it allows the Buyer to handle the subject goods in the agreed place and on the agreed delivery date while the Buyer has been in delay with the acceptance of the goods delivered. The Goods shall be handed over based on the physical acceptance of the goods between the authorized employees of the Seller and the authorized employees of the Buyer or the carrier provided for by the Seller or the Buyer. The result of the physical acceptance shall be marked in the delivery note and will need to be confirmed by both the Parties. The delivery note shall contain namely the delivery note number, amount of the goods delivered by type of wood and assortment, number of quantity units, license plate of the vehicle transporting the goods and signature of the Buyer's and Seller's representative. If the Seller is the holder of a PEFC (C-O-C) certificate, the Seller shall be obliged to mark the certification degree on the delivery note.
- 3.3. If the goods are prepared by the Seller for collection, loading or dispatch, but due to transport difficulties incurred due to reasons not on the Seller's part, the goods cannot be taken away, loaded or dispatched if it is deemed that the delivery times have been observed and the business terms have been fulfilled by the Seller.
- 3.4. The Seller undertakes to hand over to the Buyer, all the documents that are necessary for the acceptance of the

goods on the date of the good's delivery.

- 3.5. The Contracting Parties agree that the Seller shall be entitled, in the case of a material obstacle, to suspend deliveries to the Buyer without being in delay with the performance of the subject of the CR. The Seller shall be entitled to suspend the deliveries until the time of the removal of the possible obstacle or to unilaterally decrease the overall delivery of the goods by deliveries which should have been delivered to the Buyer during the time of the breakdown. If the Supplier performs the delivery within 14 calendar days of the removal of the obstacle, the agreed time limit shall be deemed fulfilled.
  - 3.6. The variation from the agreed amount may be up to 10% due to manufacturing or transport reasons.
  - 3.7. The products shall be marked according to the usual practice of the Seller.
  - 3.8. Unless agreed otherwise, the transport shall be provided for by the Buyer at its own cost. If the transport is provided for by the Seller, the Seller shall be obliged to consider any justified requests of the Buyer for a special manner of transport within the Seller's possibilities. The Seller shall be obliged to meet the obligation of the Buyer concerning the change of the transport dispositions, if the change may be performed technically. In both cases, the Seller shall have the right to be paid any increased cost, which were incurred thereby.
- ### 4. Validity and Cessation of the Contractual Relationship
- 4.1. The entered CR, between both the Contracting Parties, shall cease to exist if any of the legal facts below occur by:
    - a) agreement in writing of both the Contracting Parties as of the day specified in the CR, otherwise, as of the day following the day after the agreement was entered, on cessation of the Contractual Relationship.
    - b) withdrawal from the CR, with any of the Contracting Parties being entitled to withdraw from this CR if the CR was breached in a material manner by acts of the other Contracting Party. This withdrawal shall always be possible after prior notification of the breach of the CR, granting a grace period to remove the breach of the CR and with notification of the possibility of withdrawal from the CR. Upon withdrawal, the CR shall cease to exist as of the day of delivery of the manifestation, leading to the withdrawal from the CR. The effects of the withdrawal shall be governed by the provision of the Civil Code.
  - 4.2. The Seller shall be entitled to withdraw from the CR namely if:
    - a) circumstances excluding liability occur. These circumstances mean namely events not dependent on the will of the Seller, that cannot be avoided, i.e. namely war, insurrection, strike, Force Majeure events.
    - b) the Buyer fails to fulfill any of its obligations specified in the CR or the GBTC, namely if the Buyer fails to pay the purchase price in time or fails to accept the goods in the agreed time limit.
    - c) the value of security of the Seller's receivables from the Buyer decreases or the receivables' collectability decreases.
  - 4.3. In the case specified in preceding point No. 4.2 Letter b), the Seller may sell the goods to a third party and the Seller shall be entitled to the indemnity of loss incurred due to outstanding debt on the part of the Buyer.
- ### 5. Liability for Defects of the Goods
- 5.1. The Seller shall be obliged to deliver the goods in the amount, quality and form pursuant to the CR. If the Seller breaches its obligations specified above, the Buyer shall be entitled to claims based on liability for defects which are governed by the GBTC and provisions of Section 2099 *et seq.* of Act No. 89/2012 Coll.
  - 5.2. The Buyer shall be entitled to raise claims based on liability for defects of the goods only by a notice in writing delivered to the Seller. If the Buyer fails to do so, this act shall be deemed a breach of obligation to report defects of the goods in time.
  - 5.3. The obligation to raise complaints about the obvious defects of the goods becomes available to the Buyer upon acceptance of the goods, at the latest. Obvious defects shall mean the failure to comply with the type, amount and quality of the goods.
  - 5.4. The Buyer shall be obliged to report hidden defects without undue delay in the agreed time limit, however within the time limit pursuant to Act No. 89/2012 Coll., as amended, at the latest. The Buyer shall be obliged to report a detected hidden defect to the Seller in writing immediately after its detection. The report on defects shall be presented by the Buyer in writing and without undue delay and shall state the nature of defects and/or how they manifested themselves.
  - 5.5. The Seller shall be obliged to decide on the manner of addressing the complaint within 30 days of received the complaint, at the latest.
  - 5.6. Until the complaint is addressed, the defective goods shall be stored separately to prevent mistaking them with other goods. Both the Contracting Parties shall be obliged to create and sign the protocol of complaint immediately, stating therein the agreed manner, of what the complaint is addressing.
  - 5.7. The Buyer shall be obliged to pay the Seller the entire purchase price in time, even in the case of the Buyer raising a claim towards the Seller and even in the case that the defects of the goods have not yet been removed. A possible discount on the purchase price shall be performed by a credit note after completion of the complaint procedure.
- ### 6. Risk of Loss to the Goods and Transfer of Ownership
- 6.1. The risk of loss to the goods shall pass onto the Buyer upon the moment of the Seller accepting them or upon the moment when the Seller allows the Buyer to handle the subject goods in the determined place and on the delivery date, which was thereof agreed upon, even in the case of the Buyer being in delay with accepting the delivered goods.
  - 6.2. The Buyer shall acquire the ownership right to the goods upon the moment of payment of the entire purchase price of the goods including the other related costs.
- ### 7. Other Provisions
- 7.1. Both the Contracting Parties mutually agree that all the acts in law made pursuant to the CR and the partial contracts of sale and other documents in writing as well, shall be made in writing and may be delivered by mail or e-mail, however, always in a manner, which affirms that it is possible to procure a record of delivery of the document to the other Contracting Party or the rejection of acceptance, as the case may be.
  - 7.2. The Contracting Parties declare that the addresses specified in the heading of the CR are the correspondence addresses as well. The Contracting Parties undertake that in the case of a change of the registered office or correspondence address, they will inform each other thereof without undue delay. In the case of a breach of this obligation, the Parties shall be liable for any loss, which had been incurred due to this fact.
- ### 8. Final Provisions
- 8.1. The CR becomes valid and effective on the day of signature by both the Contracting parties.
  - 8.2. The legal relationships not governed in the GBTC shall be governed by the system of law of the Czech Republic, namely by the relevant provisions of the Civil Code.
  - 8.3. Both the Contracting Parties agree that the content of the CR and information mutually provided in connection with entering into the CR shall be confidential and that they shall not disclose it to other persons, who might use it for their own benefit.
  - 8.4. Any amendments or additions to the CR may be made after a mutual agreement from both the Contracting Parties: in writing and in the form of an amendment.
  - 8.5. The Buyer shall not be entitled to transfer this CR to the third parties without prior consent in writing of the Seller.
  - 8.6. The Parties agree that any disputes arising from the CR and in connection therewith shall be addressed by a locally competent, Czech court, pursuant to Czech law.

These Business Terms become effective on 01/06/2017.

In České Budějovice, on 01/06/2017

  
Martin Mašek, Chairman of the Board of Directors

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Ing. Milan Maxa, Ph.D., Vice-Chairman of the Board of Directors

Entered in the Commercial Register maintained with the Regional Court in České Budějovice, Section B, File  
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