

GENERAL PURCHASE BUSINESS TERMS AND CONDITIONS
JOHN CRANE SIGMA A.S.
VALID FROM 1st JANUARY 2016

1. Definitions

1.1. These General Purchase Business Terms and Conditions (hereinafter the "**Purchase Conditions**") shall apply to the purchase of goods, raw materials, material or equipment and services (hereinafter the "**Goods**") by John Crane Sigma a.s., with its registered office at Jana Sigmunda 78, Lutín, postal code 783 49, Czech Republic, Identification No. IČ): 471 51 561, entered in the Companies Register administered by the Regional Court in Ostrava, file No. B 497 (hereinafter the "**Company**") from the supplier (hereinafter the "**Seller**") and constitute an integral part of the applicable purchase agreements.

1.2. These Purchase Conditions shall govern any other conditions, in particular the Seller's general conditions, unless expressly accepted by the Company on the basis of a granted exception.

1.3 In the event of any inconsistencies between these Purchase Conditions and the applicable purchase agreement, the provisions of the purchase agreement shall prevail over these Purchase Conditions.

1.4. The purchase agreement concluded pursuant to these Purchase Conditions hereinafter the "**Agreement**") shall not come into force after the Company as the purchaser accepts the Seller's price offer (hereinafter the "**Offer**") or after the Company's purchase order (hereinafter the "**Order**") is presented to the Seller, but at the moment when a written confirmation (acceptance) of the Order by the Seller was delivered to the Company. The acceptance of the Order by the Seller with any amendment or deviation shall not be considered as the acceptance of the Order, but as a new offer, which shall be confirmed by the Company in writing. This also applies to any amendments and deviations that do not significantly change the conditions of the Order.

2. Application

2.1. The Goods delivered under the Agreement shall fulfill all quality requirements defined in drawings and technical specifications, branch standards applicable for a specific product or in the Seller's Offer for the relevant product, provided it was accepted by the Company without any reservations. Where

a product does not correspond with such defined standards, then the Seller may send a request for an exception to the Company's purchasing manager before the Goods are dispatched. Only parts for which such exception was approved may thereafter be dispatched to the Company.

2.2. The performance conditions stated in the Orders shall be fully fulfilled. Without the Company's prior written consent, the Offer, in particular the prices stated in the Offer, or any other specifications, plan or any other documents that were used as the background documents for the Order shall not be changed in any manner whatsoever. The approval of the Seller's changes by the Company shall not release the Seller from its contractual obligations if the Company makes an error.

2.3. The Seller shall be obliged to send to the Company as the purchaser a confirmation of the Order acceptance within two days following the date when the Company sent the Order and to inform the Company whether it accepts the final deadlines for the relevant supply. If the Seller does not accept such deadlines, it shall be obliged to inform the Company of the deadlines that the Seller proposes, and the Company shall decide whether or not it wishes to enter into the Agreement under such conditions.

2.4. The Company reserves the right to reject all Goods that will not be dispatched or delivered in compliance with the applicable

Agreement or that will not correspond with the concrete specifications stated in the Order or in these Purchase Conditions. The Company reserves the right to cancel the Order should bankruptcy be declared in respect of the Company's assets or in the event of the Company's voluntary liquidation.

2.5. The Company reserves the right to cancel the Order or a part thereof that was not delivered within the approved deadline or to rescind the Agreement without prejudice to the Company's claims to compensation for damage and/or claims to a contractual penalty agreed for default or any other breach of the Seller's obligation stated in the Orders or in the Agreement.

2.6. Where a contractual penalty is agreed, the Seller shall be obliged to pay it within 30 days following the date when the Seller received the Company's request for payment of such penalty. The covenant concerning the contractual penalty shall be without prejudice to the Company's claim to legal property-related sanctions and its claim to compensation for damage in the amount of up to the contractual penalty and up to the amount of the damage that exceeds the amount of the contractual penalty. Where the contractual penalty is decreased by a court, the Company's right to compensation for damage in the amount by which the damage exceeds the amount determined by the court as reasonable shall be preserved without any other restrictions. Where any legal regulation sets forth a penalty for breaching a contractual obligation, such claim shall be without prejudice to the Company's right to compensation for damage in the amount by which it exceeds the penalty set forth by law.

3. Goods Supply

3.1. The Goods shall be supplied with paid transportation and packaging fees, unless contractually agreed otherwise, to

the place stated in the Order or in the Agreement. Supplies shall be accompanied by a delivery bill, which shall be contained inside the consignment and which shall specify the Order number, quantity, the Seller's references in respect of the products supplied or other information requested by the Company. The Goods shall be considered supplied provided certificates, protocols or other documentation specified in the Order were delivered in the determined manner together with the Goods supply. An invoice shall not be requested to be sent together with the supply, but a hard copy thereof shall be immediately delivered to the Company's address or the invoice shall be delivered electronically to the Company's address.

3.2. The risk of damage to the Goods during the transportation shall be borne by the Seller. Unless otherwise agreed for a specific Agreement, Incoterms 2010 CIP shall apply. The Goods shall be packaged in a manner protecting the Goods against possible damage during the transportation.

3.3. All parts shall be designated by the relevant part number stated in the Order. It shall be absolutely necessary that all plastic bags, boxes or any other packaging material are designated by a label with the relevant part number pursuant to the Order and the number of the Goods Order inside the packaging.

3.4. Unless otherwise agreed in the Agreement, the Goods shall be finally taken over in the warehouse chosen by the Company.

3.5. Defective Goods or Goods that do not comply with the specifications or that were damaged during the transportation may be returned to the Seller and it is possible to rescind from the Agreement in respect of such Goods within one month following the Goods takeover. In the case of hidden defects that could not have been discovered within one month following the Goods takeover, the deadline for returning the Goods shall be extended to four months for standard Orders and twelve months for Orders for the warehouse.

4. Invoicing; Payment Conditions

4.1. The Goods supplies shall be accounted by the Company no later than on the last day of every month. Invoices connected with supplies performed after such date shall be contained in the list for the subsequent month.

4.2. Invoices shall be addressed and sent to the Company's Financial Department on the date when the Goods were supplied or dispatched and must include the Order number. The payment of invoices received after the fifth day of the calendar month following the supply shall be postponed by a month.

4.3. Unless agreed otherwise, the purchase price for all Company's purchases shall be payable by the end of the calendar month following the month in which the relevant invoice was delivered to the Company. Payments shall be made by direct interbank transfer. A discount on advance payments may be provided.

5. Warranty

5.1. The Seller shall provide a warranty to the Company for the Goods in compliance with the Seller's Warranty Declaration. All other warranties, whether set forth by law or otherwise, shall not be excluded thereby.

6. General Provisions

6.1. By accepting the Order the Seller warrants that it shall protect the Company against the consequences of any claims or actions for breaching an obligation and shall be obliged to ensure that the Company shall not incur a damage as a result thereof.

6.2. The Order acceptance by the Seller shall constitute acceptance without any restrictions or reservations in respect of the provisions or conditions of the Agreement binding on the Seller. Neither of the parties thus may seek any other procedure or precedent and present modified business conditions, whether printed or written in hand, as evidence.

6.3. Any tools manufactured by the Seller at the Company's costs shall constitute the Company's property and shall be returned upon first request. Tools in the Company's possession that were made available to the Seller may only be used for the production of parts or for assembly that the Company ordered.

6.4. The Seller shall warrant that it owns all patents and licenses for materials that are to be delivered and that the Company as the purchaser shall have no difficulties connected with third-party claims in connection with breaching the rights arising from patents or licenses.

6.5. Any technical data and information connected with the Orders shall remain in the Company's exclusive possession and shall be returned at the Company's request. In no event shall documents be copied, handed over or published, whether in full or in part, to any third parties that do not participate in delivering the Goods.

6.6. The contractual relationships between the purchaser and the Seller shall be governed by the laws of the Czech Republic. Any disputes that cannot be resolved amicably shall be resolved by the relevant court with exclusive jurisdiction in the Czech Republic.

6.7. In relation to issues that are not stipulated in the Agreement or these Purchase Conditions, business customs shall not

prevail over the provisions of laws which are not of a mandatory nature.