

COMPLAINTS PROCEDURE OF KPB INTRA s.r.o.

This Complaints Procedure governs the rights and obligations of the Seller and the Buyer pursuant to Section 2079 et seq. Act No. 89/2012 Coll., the Civil Code, and also pursuant to the provisions of purchase contracts, framework purchase contracts, and sub-contracts concluded between the Buyer and the Seller after 1 January 2014.

Purchases of goods made before 31 December 2013 are governed pursuant to Act No. 513/1991 Coll., the Commercial Code, and also pursuant to the provisions of purchase contracts, framework purchase contracts, and sub-contracts concluded between the Buyer and the Seller before 31 December 2013.

This Complaints Procedure governs the rights and obligations of the Parties arising from defective performance or guarantee for quality.

1. Defective Performance

1.1. Goods properties:

- a) The Seller shall hand over the purchased item to the Buyer at the agreed quantity, quality, execution, time, and place. If the quality or execution are not determined, the Seller shall provide the quality and execution suitable for the purpose apparent from the contract; otherwise for the usual purpose.
- b) If the quality or execution are determined according to an agreed sample or template, the Seller must deliver the goods in the quality or execution according to the sample or template. If there are differences in the quality or execution between the contract and the sample or template, the contract shall prevail. If there are differences in the quality or execution between the contract and the sample or template which, however, are not contradictory, the goods shall be in accordance with both the sample or template and the contract.
- c) Unless the Parties agree otherwise in a purchase contract, framework purchase contract, or sub-contract, the Seller shall pack the goods in a manner customary for such goods in trade, or if no such manner can be determined, then in a manner necessary for preservation and adequate protection of the goods.
- d) The Seller shall deliver the goods with all the documents necessary for the acceptance and use of the goods, in particular technical documentation, manuals, certificates, safety data sheets, assembly manuals, and other documents agreed between the Seller and the Buyer.

1.2. Goods are defective if it is not in line with the properties according to section 1.1. hereof. A defect shall also mean delivery of wrong goods.

1.3. The Buyer's right from defective performance is constituted by a defect which the goods have upon transfer of the risk of damage to the Buyer, regardless of the time of its manifestation. The moment of transfer of the risk of damage to the Buyer is agreed between the Seller and the Buyer in the purchase contract, framework purchase contract, or sub-contract always by concluding a relevant clause.

1.4. In case of early performance, the Seller may remove defects up to the agreed time of delivery. The Seller may not cause unreasonable inconvenience or expense to the Buyer by means of exercise of its rights. The Buyer's right to damages shall not be affected. This also applies to defects in documents.

1.5. The rights of the Buyer from defective performance shall not be affected if defects were caused by the use of the goods delivered by the Buyer to the Seller. This shall not apply if the Seller proves that it warned the Buyer of the unsuitability of the goods in due time and the

Buyer, despite the warning used the goods, or if it proves that it could not have discovered the unsuitability of the goods sold by the exercise of sufficient care.

1.6. The Buyer shall not have the right from defective performance if the goods were produced based on designs, samples, or materials provided by the Buyer.

1.7. Inspection of goods:

- a) The Buyer shall inspect the goods immediately after the transfer of the risk of damage to the goods and verify the characteristics of the goods, its quality, and quantity.
- b) In the event that it is not possible to carry out such inspection according to point a) due to the fact that the goods are sent by the Seller, the Buyer may postpone the inspection until the time the goods are transported to the place of destination. In that case, the Buyer shall carry out the inspection immediately after delivery.
- c) It is understood that the inspection of goods made later than 14 days after arrival to the place of destination or after the transfer of the risk of damage to the goods shall not be deemed an inspection carried out immediately.
- d) The inspection of goods shall be carried out in such a way which shall determine the following information if reasonable efforts were made:
 - packaging integrity or damage;
 - package completeness in terms of quantity;
 - goods properties (especially completeness of goods, existence or absence of visible damage, completeness or incompleteness of documentation for the goods);
 - obvious visible defects (also including wrong goods).
- e) If a defect is discovered during the inspection, the Buyer shall inform the Seller in writing at once using the designated form "Protocol of Defects Detected," which shall be delivered to the Seller within 3 days from discovery of the defect.
- f) If the defects under point d) are not notified to the Seller within one month from receipt of goods, it shall be deemed the goods were delivered to the Buyer without defects.

1.8. Defects are material and immaterial violation of the contract

- a) A material violation of the contract shall be such violation of which the Seller knew or had to know that if known to the other party prior to conclusion of the contract, the other party would not conclude the contract.
- b) An immaterial violation of the contract shall include all other violations of the contract.
- c) Determining whether a defect is a material or immaterial violation of the contract shall always be made with a view of the circumstances of each individual transaction.
- d) Defects of goods as a material violation of the contract shall be such defect which manifests in a single transaction in more than 20% of delivered goods or its the defects occurring repeatedly.
- e) Defects of a part of goods (quantity) in the event of a material and immaterial violation of the contract shall establish the rights from defective performance only to the given part of the goods (quantity).

1.9. Rights from defective performance

- a) If a defect is a material violation of the contract, the Buyer shall have the right:
 - to remove the defect by means of replacement or delivery of the missing part of the goods;
 - to remove the defective by means of repair;

- to receive an appropriate reduction of the price; or
 - to withdraw from the contract.
- b) If a defect is an immaterial violation of the contract, the Buyer shall have the right:
- to remove the defect by means of repair or delivery of the missing part of the goods;
 - to receive defect-free goods if the defect cannot be repaired;
 - to receive an appropriate reduction of the price.
- c) If the defect is a material violation of the contract, the Buyer shall have the right to select the method of removal of the defect from the methods under point a). The Buyer shall notify its selection to the Seller within three days from discovery of the defect, otherwise the Buyer loses the right of selection.
- d) If the defect is an immaterial violation of the contract, the method of removal of the defect shall be selected by the Seller. The method of removal of defects, however, may not cause the Buyer unreasonable expense. If the Seller fails to timely remove the defect or it the Seller refuses to remove the defect, the Buyer may require reduction of the purchase price or withdraw from the contract.
- 1.10. The following shall not be deemed a defect to goods:
- damage to goods during transportation provided by the Buyer at his own expense;
 - a defect caused by improper handling or assembly by the Buyer;
 - a defect caused by improper maintenance of the goods;
 - a defect caused by excessive load of the goods or by use of the goods for other than the agreed or usual purpose;
 - a defect caused by assembly of the goods under unsuitable conditions;
 - a defect of the goods caused by interference with the goods;
 - wear and tear caused by the usual method of use of the goods;
 - a defect of the goods caused by production of the goods according to the Buyer's sample, template, or instructions.

2. Quality Warranty

2.1. By providing the warranty for quality, the Seller agrees that the goods shall be, for the period agreed on in the purchase contract, framework purchase contract, or sub-contract eligible for the usual or agreed purpose or that it shall retain the usual or agreed properties. If no quality warranty was agreed on in the contract, the guarantee period shall be 24 months from the date of receipt of the goods.

2.2. The warranty shall apply to:

- hidden defects in materials;
- defects caused in production;
- functional defects.

3. Procedure in Case of Detection of Defects in Goods (Goods Complaint)

3.1. If the Buyer discovers a defect upon taking over the goods or during the warranty period, it shall cumulatively meet the following:

- a) notify the Seller in writing using the designated form "Notification of Defective Goods" which shall be delivered to the Seller within 3 days of discovery and manifestation of the defect;
- b) demonstrate that the claimed goods were purchased directly with the Seller and provide the invoice;

- c) provide photographic documentation of the defective goods at the place of installation immediately after detecting the defect or its manifestation;
 - d) provide to the Seller all the following information:
 - serial number in case of defects in transformers or other goods that are equipped with a serial number;
 - batch number in case of defects of the insulator or epoxy components (if assigned by the Seller)
 - date and place of assembly of the goods;
 - network conditions, connection, and duration of operation;
 - moment of discovery or manifestation of the defect (moment of the malfunction of the transformer);
 - method of securing the goods and its protection against ferroresonance;
 - A exact description of the defect.
 - e) send the defective goods to the Seller at his own expense (in the case of a positive settlement of the claim, the cost will be reimbursed by the Seller to the Buyer), unless the parties agree otherwise.
- 3.2. Cumulative fulfilment of the obligations of the Buyer under section 3.1 is necessary for a proper evaluation of the complaint by the Seller. The Buyer has the required information available and therefore its provision requires no undue effort or expense.

4. Evaluation of Defects by the Seller (Complaints Handling)

- 4.1. The Seller shall process complaints within three working days. The Seller shall be entitled to request inspection of the place of manifestation or discovery of the defect (especially in the case of destruction of the goods); the Buyer shall allow such inspection without undue delay but no later than five working days after receipt of notification of the defect to the Seller.
- 4.2. Within three working days of from the inspection of the place of manifestation or discovery of the defect, the Seller shall send the Buyer a written statement on the method of removal of the defect (unless the Buyer exercised the right under section 1.9, point c) or on rejection of the complaint due to reasons under section 1.10.
- 4.3. The Seller shall remove the defect in the goods within 21 days of the written statement of the Seller on the method of removal of the defect. If it is not possible to remove the defect due within the period according to the first sentence due to inadequacy of the deadline, the Seller shall remove the defect within the usual period of time.
- 4.4. A notification of defective goods shall be deemed handled if the defect was removed the Buyer has the right to use the defect-free goods or if the Buyer was granted a reduction on the purchase price.
- 4.5. The warranty period shall be extended by the time during which the Buyer could not use the goods properly.
- 4.6. If a defect is removed by replacement, this method of removal of the defect shall not establish the effects of the start of a new warranty period for exercising rights from defective performance. However, if the remainder of the warranty period is shorter than 12 months, the warranty period shall be 12 months.