

## Terms and conditions for hot dip galvanizing of SIGNUM spol. s r. o.

### 1. Introductory provisions

- 1.1 These Terms and Conditions (hereinafter referred to as "T&C") apply to the legal relations between SIGNUM spol. s r.o., with its registered office at Hustopeče, Nádražní 41, Postal Code 693 01, registered in the Commercial Register maintained by the Regional Court in Brno, Section C, Insert 1199 as the contractor (hereinafter also referred to as "SIGNUM spol. s r.o." or the "Contractor") and third parties as the Client (hereinafter also referred to as the "Client") in the performance of surface treatment of the material delivered by the Client (hereinafter also referred to as the "material", "item" or "product") by hot-dip galvanizing (clause 3.1 of the T&C) and related activities. These T&Cs shall apply to the modification of contractual relations if they are attached by the contractor to the offer (proposal for conclusion of the contract) or referred to in the relevant purchase order or contract for work (hereinafter also referred to as the "CfW"). Attachment to the offer within the meaning of the preceding sentence shall also be understood to include a reference in the offer to the web address of SIGNUM spol. s r.o. [www.signumcz.com](http://www.signumcz.com), where these T&Cs are published, if it follows from the inclusion of such a reference that part of the content of the CfW is to be governed by the T&Cs referred to therein. By concluding the relevant CfW, the Customer confirms that he has familiarised himself with these T&C prior to their conclusion and that he agrees to their wording as well as to the fact that the relevant content of the CfW shall be governed by them.
- 1.2 Any deviating provisions in the CfW shall prevail over the wording of these T&Cs.
- 1.3 All legal relations between SIGNUM spol. s r.o. and the Customer, which are covered by these T&C, are governed by the law of the Czech Republic.

### 2. Conclusion of the CfW

- 2.1 The CfW is generally concluded (see clause 2.2 of the T&C) by the Client and the Contractor completing the part of the Contractor's order sheet marked "ACCEPTANCE" at its left edge (hereinafter referred to as the "acceptance part of the order sheet") upon handover and acceptance of the material for the execution of the work, in which the Client shall provide in particular his identification data, including at least his name and surname, permanent address, telephone number, address of residence, telephone number, and telephone number. No. and e-mail address at which the client can be reached if the client is a consumer, or the name of the company or, if the client does not have a company name, the registered office or business address, the registration in the commercial register or other registration, if applicable, the registration number, VAT number, if any, the name (contact) of the person authorised to act for the client, tel. No. and e-mail addresses at which the client can be reached if the client is a business, and the type of material to be used for the work, the contractor shall provide his identification data in the scope of the company, registered office, registration in the commercial register, registration number, VAT number, data of the contractor's plant where the work will be carried out, including telephone No. and email address at which the contractor can be reached and the name (contact) of the person authorised to act on behalf of the contractor, and in which the client and the contractor agree at least the price for the execution of the work and the date of its execution; unless otherwise specified in the acceptance part of the order form, the work shall always mean the execution of the surface treatment of the material by hot-dip galvanising. The absence of any of the above information to identify the relevant contracting party shall not prejudice the conclusion of the CfW, provided that it is clear from the contents of the delivery note which contracting

parties are involved. The failure to state the price for the execution of the work and/or the date of execution of the work shall not prejudice the conclusion of the CfW if it can be assumed from the circumstances (e.g. previous cooperation between the client and the contractor, pre-contractual negotiations) in which the completion of the receipt part of the contract note took place that the client and the contractor intended to conclude the CfW even without stating the price for the execution of the work and/or the date of execution of the work in the receipt part of the contract note. The acceptance part of the contract note shall bear the signature of the persons authorised to act on behalf of the contracting parties at the conclusion of the CfW. The data contained in any order from the client delivered to the contractor before the completion of the delivery note may be taken into account for the purpose of determining the content of the CfW only if they do not conflict with the information contained in the order form signed by the parties. The preceding sentence applies mutatis mutandis to the contractor's offer delivered to the client before the completion of the acceptance part of the contract note.

- 2.2 While maintaining the written form, the CfW may also be concluded in another way that meets the requirements of the legal regulations, in particular Act No. 89/2012 Coll., Civil Code (hereinafter referred to as the "CC"), for the conclusion of the CfW (Sections 1731 et seq. in conjunction with Section 2586 CC), in particular by making a written proposal for the conclusion of the CfW and accepting it in writing otherwise than by using the contractor's order form.

### **3. Object of performance**

- 3.1 The object of performance under the relevant CfW is the surface treatment by hot-dip galvanizing (hereinafter also referred to as "galvanizing") of the material - the underlying metal handed over by the Customer to the Contractor (hereinafter also referred to as "the Work"). The galvanizing is carried out in accordance with the technical conditions specified in EN ISO 1461 or the technical conditions specified in the technical standard which replaces EN ISO 1461 at any time in the future, always in the version valid at the time of conclusion of the CfW. Any special requirements by the client. Any special requirements of the client that go beyond the scope of ČSN EN ISO 1461, or the technical standard that will replace the last mentioned technical standard ČSN EN ISO 1461 at any time in the future, the contractor will be obliged to comply with them only if he undertakes to comply with them in a special written agreement concluded with the client before the execution of the work.
- 3.2 The contractor undertakes to carry out the work at his own expense and risk for the client and the client undertakes to accept the work and pay the price of the work.

### **4. Price of the work and payment terms**

- 4.1 The price of the work shall be determined by agreement of the parties contained primarily in the CfW. Unless otherwise agreed in the CfW, the price of the work shall be understood in Czech currency. The price of the work depends mainly on the weight of the galvanized material. The price of the work is quoted without VAT, which shall be added to it at the legal rate.
- 4.2 The price of the work does not include the costs of shipping, packaging, loading, insurance and transport to the destination or other costs of delivery of the work, which, unless otherwise agreed in the CfW, are charged separately (hereinafter referred to as "costs of delivery of the work"). The amount of the costs of delivery of the work depends in particular on the chosen method of delivery.
- 4.3 The Contractor is entitled to payment of the price of the work (i.e. the right to invoice the price of the work), incl. VAT and any delivery costs without any deductions or reductions,

upon delivery of the galvanised material to the client. If the Client breaches its obligation to take over the galvanised material from the Contractor (e.g. if the Client fails to arrive at the Contractor's production plant on the agreed date to take over the galvanised material, or if the Client arrives but does not take over the galvanised material from the Contractor), the Contractor shall be entitled to payment of the price of the work (i.e. the right to invoice the price of the work), incl. VAT and any costs of delivery of the work without any deduction or reduction, at the time of breach. Unless otherwise specified in the CfW, the due date and enforceability of the price of the Work shall be the same time as the Contractor's right to payment of the price of the Work. The Contractor's right to require the Client to pay an advance on the price of the work is not affected by the preceding sentences.

- 4.4 The Contractor and the Client shall generally agree in the CfW on one of the following methods of payment of the price of the work incl. VAT and delivery costs:
- a) payment in cash at the Contractor's cash desk upon acceptance of the work at the Contractor's plant where the work was performed (at the place of performance),
  - b) payment by bank transfer to the contractor's account indicated on the invoice issued by the contractor, usually within the time limit indicated on the invoice,
  - c) payment in advance on the basis of an advance invoice (hereinafter referred to as 'advance invoice'), within the due date stated on such invoice,
  - d) payment on delivery on delivery of the completed work to the billing or delivery address specified in the CfW.
  - e) If no method of payment of the price of the work is agreed in the CfW, incl. VAT and delivery costs, the price of the work, incl. VAT and delivery costs of the work shall be paid by bank transfer to the Contractor's account specified in the invoice issued by the Contractor within the time limit specified in the invoice.
- 4.5 The Contractor shall be entitled to request the Client to pay an advance payment in the amount specified by the Contractor at any time after the conclusion of the CfW, and the Client shall be obliged to pay the advance payment to the Contractor within the time limit specified on the advance invoice, otherwise within five days of the advance invoice; until the advance payment is made, the Contractor shall be entitled to postpone its performance, provided that the time of performance (the time limit for the performance of the work) shall be extended by the period from the issuance of the advance invoice by the Contractor until the advance payment is made by the Client. The Contractor is not obliged to start or continue the work before the Client has paid the advance. If the Client is in delay with the payment of the advance payment or part thereof for more than five working days, the Contractor is entitled to withdraw from the CfW. The contractor shall account for the advance payment in the final invoice, which is a tax document.
- 4.6 The contractor shall be entitled to unilaterally increase the price of the work if it is found that the coating thickness on the material with an unsuitable chemical composition exceeds the minimum average coating thickness as specified in EN ISO 1461 by more than 100% on average. In the case according to the previous sentence, the Client is not entitled to withdraw from the CfW, nor to terminate the CfW, and is obliged to pay the Contractor the unilaterally increased price of the work. The contractor shall inform the client of the increase in the price of the work without undue delay.
- 4.7 The contractor reserves the right to unilaterally adjust the price of the work if there is a decrease or increase in costs between the time of conclusion of the CfW and the execution (completion) of the work, in particular due to changes in the prices of inputs (especially raw materials and/or energy). In the case according to the previous sentence, the Client is not

entitled to withdraw from the PPA or terminate the PPA and is obliged to pay the Contractor the unilaterally adjusted price of the work, unless it is a substantial price increase in relation to the Client, who is a consumer. A substantial price increase is defined as a price increase of more than 20 %. Upon request, the contractor shall demonstrate to the client the factors decisive for the adjustment of the price of the work and the corresponding increase or decrease.

- 4.8 If the contracting parties agree to extend the scope of work after the conclusion of the CfW and fail to agree on the consequences for the amount of the price, the client is obliged to pay an appropriately increased price.

## **5. Execution of the work**

- 5.1 The time of performance is set in favour of the Contractor and, unless otherwise specified in the CfW, the Contractor shall complete the Work within 30 days of the handover of the material by the Client to the Contractor. Unless otherwise stipulated in the CfW, it shall apply that by concluding the CfW, the Client, who is a consumer, requests the Contractor to commence the performance of the Work even before the expiry of the withdrawal period, provided that if such Client withdraws from the CfW, it shall be obliged to pay the Contractor a proportionate part of the price of the Work for the performance provided up to the time of withdrawal from the CfW in accordance with the provisions of Section 1834 CC.
- 5.2 If, at the Contractor's discretion, the Client's cooperation is necessary for the performance of the Work, the Contractor shall notify the Client of this fact and invite the Client to provide the cooperation. The Contractor shall be entitled to suspend the execution of the work or not to commence the execution of the work until such cooperation is provided. The time limit set for the completion of the work shall be extended by the time caused by the interruption or failure to start. The contractor shall be entitled to reimbursement of the costs associated with the interruption or non-commencement of the work.
- 5.3 The place of performance shall be the contractor's production plant for galvanizing the material. The designation of the contractor's production plant as the place of performance is generally indicated in the receipt section of the order form.
- 5.4 The work is completed by carrying out the galvanising process. Unless otherwise specified in the CfW, neither testing nor demonstration of the fitness for purpose of the work is required to prove completion of the work.
- 5.5 The Contractor shall hand over the completed Work to the Client at the agreed location, otherwise at the place of performance. The client is obliged to take over the completed work from the contractor at the place according to the previous sentence. It shall also apply that the work is complete if it has only minor defects that do not prevent the work from serving its purpose (hereinafter referred to as "minor defects").
- 5.6 If the work is handed over to the client at the place of performance or destination, the work shall be deemed to have been handed over to the client by written confirmation by the client or by acceptance of the work by the client without written confirmation or by refusal to accept work that has only insignificant defects or by the client's delay in accepting the offered work.
- 5.7 If the Contractor is to dispatch the completed Work under the CfW, the Work shall be deemed to have been handed over to the Client upon handing over to the first carrier for transport for the Client if the Contractor enables the Client to exercise the rights under the transport contract against the carrier and if the Contractor clearly and sufficiently identifies the Work (item) as a shipment for the Client. On dispatch, the effects of the handing over of the work to the customer shall take place when the work is handed over to the carrier, if the contractor marks the work (thing) as a shipment for the customer. If the contractor does not mark the

work (item), the effects of the handover within the meaning of the preceding sentence shall take place if the contractor notifies the customer without undue delay that he has dispatched the work (item) to him and sufficiently identifies (specifies) the work (item) in the notification. Without such notification, the work is not handed over to the customer until it is handed over to him by the carrier.

- 5.8 If the contractor is obliged under the CfW to personally transport the work to the destination and unload the work at the destination, the client is obliged to pay the contractor the associated costs, which include in particular the costs of packaging, transporting the work and unloading it. In the case of the preceding sentence, the client is also obliged to create conditions for the contractor at the place of destination such that the unloading of the work is carried out without any difficulties and problems, i.e. in particular the client shall allow the car to be driven freely and safely to the unloading points. The client undertakes to provide the necessary assistance for the unloading of the work, in particular the provision of mechanical means and properly trained personnel. If the Contractor incurs damage during the unloading of the Work as a result of the Client's failure to provide cooperation or as a result of a breach of the Client's obligations under this clause 5.8 of the T&C, the Client shall be obliged to compensate the Contractor for such damage in the amount determined by the Contractor.
- 5.9 The Contractor and the Client shall confirm the handover and acceptance of the completed work in writing. The written confirmation within the meaning of the preceding sentence shall normally be indicated in the relevant part of the order form. The finished work shall be handed over to the client by the contractor or a person authorised by him. The client shall accept the completed work with or without reservations. The client is obliged to state any reservations regarding the execution of the work (criticism of defects) when taking over the work. The customer is entitled to request that his reservations within the meaning of the preceding sentence be indicated in the relevant part of the order form at the time of acceptance of the work.
- 5.10 Unless otherwise stipulated in the CfW, the client is obliged to take over the completed work within 8 days of notification of completion.
- 5.11 In the event of delay by the client in taking over the work (clause 5.4, first sentence of the PO in conjunction with clause 5.10 of the T&C), the Contractor is entitled, without prejudice to its other rights under the CfW and legal regulations, to charge the Client a storage fee for storing the Work on the Contractor's premises, in the amount of 0.5% of the price of the Work for each commenced month of storage of the Work, and the Client is obliged to pay the storage fee to the Contractor in the amount specified; unless otherwise specified in the CfW, the storage fee will be charged to the Client monthly. If the Customer's default continues with the acceptance of the work for more than one month, the contractor is entitled to sell the item on which the work has been carried out in a suitable manner at the client's expense, even if the client is not the owner of the item. The contractor shall notify the client of the intended sale and give the client a grace period of one month to take over the work. After the expiry of the grace period, the contractor is entitled to sell the item. The contractor shall deliver the proceeds of the sale to the client after deducting the client's outstanding debts (in particular the price of the work, any delivery costs, storage costs, accrued contractual penalties and default interest) and the necessary costs of the sale.

## **6. Rights and obligations of the parties, technical conditions**

- 6.1 The Client is obliged to provide the Contractor with all the cooperation necessary for the performance of the Work (i.e. for the completion and handover of the Work) and to pay the

- Contractor the price of the Work as well as other sums of money to which the Contractor is entitled under the CfW.
- 6.2 All items (in particular the material on which the galvanizing is to be performed) which the Client is obliged to hand over to the Contractor for the purpose of performing the Work shall be handed over by the Client to the Contractor on time and in a condition enabling the proper performance of the Work - galvanizing.
- 6.3 The Client is responsible for the accuracy and completeness of the documents and data submitted to the Contractor. Prior to commencement of the work (galvanizing), the Client is obliged to provide the Contractor with information required by generally binding legal regulations, as well as information which the Client is obliged to provide or which the Contractor is entitled to require from the Client according to the relevant technical standards (including CSN standards and standards), in particular according to Annex A/A.1 and A.2 of the technical standard CSN EN ISO 1461, i.e. - but not exclusively - information on the composition and all properties of the (base) material, including specification of the condition of the steel (material) on delivery, information on whether there are flame, laser or plasma cut surfaces on the product, information on functional surfaces and their marking, information on places where surface irregularities would prevent the intended use of the plated product, including a drawing or other marking of these places, with the understanding that the Client shall discuss with the Contractor the procedure for solving this problem. The Client acknowledges that structures intended to be galvanized shall not be internally drilled. The Contractor has no way of ascertaining the presence of voids or venting. Information according to the additions of EN ISO 14713-1 and EN ISO 14713-2. If the client insists on carrying out the work despite the failure to provide the relevant information, its incorrectness or incompleteness, or the imposition of inappropriate instructions or the unsuitability of the item handed over to the contractor to carry out the work, the contractor shall not be liable for defects in the work, nor for any damage to the item, i.e. also the material, which has been handed over to the contractor to carry out the modification (galvanising). In cases according to the previous sentence, the contractor is entitled to withdraw from the CfW.
- 6.4 The client further declares that the material intended for hot-dip galvanizing meets the suitability of this material for the actual galvanizing by its chemical composition. The customer confirms that he is familiar with the influence of the chemical composition of the steel (material) on the zinc coating, in particular the content of silicon, sulphur and phosphorus. If any of the elements listed in Annex 1 to these GIs are present in the material to be hot-dip galvanized at levels exceeding those listed in Annex 1 to these GIs, the contractor shall not be liable for any defects in the surface finish or for any damage to the material resulting from non-compliance with this chemical composition.
- 6.5 The Client declares that he is aware of all requirements for the quality of the welded joints, which must not contain any ignitions, pores, cracks, bubbles, gas cavities, inclusions, imperforations or other impermissible defects. If the welded joints contain such defects, the Contractor shall not be responsible for the quality of the galvanizing in these joints, nor shall he be liable for any damage caused to the material. The Client acknowledges that when welding products to be galvanized, welding nozzle cleaning or spatter avoidance agents to be approved by the Contractor shall be used.
- 6.6 The Client acknowledges that hot dip galvanizing is an anti-corrosion system for which the decorative effect is not guaranteed. EN ISO 1461 specifically states that white rust attack of the hot dip galvanizing coating cannot be claimed, its occurrence is not related to the quality of the hot dip galvanizing coating applied. The customer further acknowledges and is aware

of the risk of deformation and/or destruction of the material due to the chemical process of hot dip galvanising and changes in internal stress due to thermal processes associated with uneven heating. The Contractor shall not be liable for such material changes as described above.

- 6.7 The Employer shall notify the Contractor in writing that paint will be applied to the product after galvanizing, and by what technology. If the client breaches its obligation under the preceding sentence, the contractor shall not be liable for defects or damage resulting from the fact that it did not take this into account in preparation for galvanizing or during galvanizing.
- 6.8 The total ungalvanised area to be repaired by the contractor shall not exceed 0.5% of the total surface area of the product. The individual unplated area to be repaired shall not exceed 10 cm<sup>2</sup>.
- 6.9 If the material handed over by the client to the contractor for galvanising does not meet the above requirements, the contractor shall not be liable for the impossibility of carrying out the work or for any defects and damages resulting therefrom.
- 6.10 By concluding the CfW, the Client confirms that he has been informed by the Contractor of the technical conditions for galvanizing the material supplied by him.
- 6.11 The contractor shall provide technical information on the correct manufacture of products intended for galvanizing at the written request of the client. Annex 1 to these T&C also lists suitable/unsuitable materials for galvanizing together with other technical information.
- 6.12 The provisions of clause 3.1, last sentence, of these T&C shall apply to any requirements of the Customer that go beyond EN ISO 1461.

## **7. Liability for defects**

- 7.1 The contractor's liability for defective performance is only based on such defect as the work has at the time of the transfer of risk, i.e. when handed over to the client by the contractor at the place of performance or at the place of destination, when handed over to the carrier by the contractor for transport for the client.
- 7.2 The Client is obliged to inspect the Work upon acceptance at the place of performance or at the place of destination if the Contractor is obliged under the CfW to dispatch or personally transport the completed Work to the place of destination.
- 7.3 The Client shall notify the Contractor:
  - a) apparent defects in the work upon acceptance of the work,
  - b) any hidden defects in the Work without undue delay after it has discovered them or should have discovered them with due care, but at the latest within six months of the handover of the Work within the meaning of clause 7.1 of these T&C, if the Client is an entrepreneur and it is clear from the circumstances at the time of conclusion of the CfW that the Work also concerns its business activities, in other cases within two years of the handover of the Work within the meaning of clause 7.1 of these T&C.
- 7.4 The client is obliged to notify the contractor of defects by a written entry in the relevant part of the order form or by a written notification delivered to the contractor at the address of its registered office. The Client, who is a consumer, shall also notify the Contractor of defects at any other hot-dip galvanizing plant of the Contractor where the receipt of such notification is possible in view of the nature of the services provided, at any time during the operating hours of the relevant hot-dip galvanizing plant. In the notification of defects, the client shall indicate the order number in respect of which he claims a right of defective performance, describe in a concise and concise manner the condition in which he sees the defect in the work, including

- how the defect manifests itself, and shall substantiate it with appropriate documents (e.g. photograph, report, expert technical report).
- 7.5 Delayed notification by the Customer or notification not made in accordance with clause 7.4 of these T&C shall not constitute proper notification of defects and shall not give rise to a right of defective performance.
- 7.6 If the defective performance is a material breach of the CfW (a material breach is a breach of an obligation of which the breaching party already knew or must have known at the time of the conclusion of the contract that the other party would not have concluded the contract if it had foreseen the breach; in other cases, the breach is deemed not to be material), the Client shall be entitled, at its option, to replacement work, repair, a reasonable price reduction or withdrawal from the contract. If the defect is an insubstantial breach of the CfW, the Client shall be entitled to have the defect rectified or a reasonable reduction in the price of the work. If the Client is entitled to a defective performance right on the basis of the Client's notification and if the Client does not inform the Contractor in the defect notification what specific defective performance right it claims or if it claims a right that it is not entitled to, the Contractor shall determine how the Client's defective performance right will be satisfied, i.e. whether it will remedy the defect or provide the Client with a reasonable discount from the price of the work.
- 7.7 The Contractor shall not be obliged to satisfy the Client's right from the defective performance during the period of the Client's delay in payment of the price of the work. The provisions of the preceding sentence shall not apply in relation to the client who is a consumer.
- 7.8 The client shall not be entitled to the right of defective performance if the defect was caused by the client himself (e.g. mechanical damage to the coating after handover of the work), if the alleged defect is the result of a surface defect in the substrate material or its unsuitable chemical composition, unsuitable construction, impurities that cannot be removed by pickling, a gap, pore or inflammation in the weld, failure to use or failure to use the contractor's pre-approved means for cleaning the welding nozzles and preventing spatter formation, etc.
- 7.9 The contractor shall decide immediately on defects raised by the client, who is a consumer, and in complex cases within three working days. The reasonable time required for a professional assessment of the defect shall not be included in the time limit referred to in the preceding sentence. The defect complaint, including the rectification of the defect, must be dealt with without undue delay, at the latest within 30 days from the date of the defect complaint, unless the contractor agrees with the consumer customer on a longer period. The expiry of this time limit in vain shall be considered a material breach of the CfW.

## **8. Interest, contractual penalty, right of retention**

- 8.1 In the event of the Client's delay in paying the price of the work or part thereof, as well as in paying any other sum of money to which the Contractor is entitled under the CfW, the Client is obliged to pay the Contractor statutory default interest, the amount of which is set by government regulation.
- 8.2 In the event of the Client's delay in payment of the price of the work or part thereof, the Client is obliged to pay the Contractor a contractual penalty of 0.2% of the amount due for each day of delay, even if only for the commenced day. Payment of the contractual penalty does not relieve the client of the obligation to pay the contractor the price of the work or any part thereof, the payment of which is in default. Payment of the contractual penalty shall not affect the contractor's right to compensation.

- 8.3 In the event of the Client's delay in accepting the completed work (clause 5.4, first sentence, of the PO in conjunction with clause 5.10 of the PO), the Client is obliged to pay the Contractor a contractual penalty of 1% of the price of the work for each month of delay. The right to payment of the contractual penalty pursuant to the preceding sentence and its payment shall not affect other rights of the contractor, in particular its right pursuant to clause 5.11 of these General Conditions.
- 8.4 The Contractor is entitled to charge the Client a flat-rate administrative fee of CZK 150 for each individual reminder to fulfil an obligation which the Client is in default in fulfilling, and the Client is obliged to pay the fee to the Contractor; the fee becomes due upon sending the reminder to the Client.
- 8.5 If, after the conclusion of the CfW, circumstances arise on the part of the Client which could even suggest that the Client may be in danger of over-indebtedness or that the Client may be unable to fulfil its obligations in the long term, the Contractor is entitled to demand payment of all outstanding claims against the Client at the same time. In the event of default by the Client in payment of the price of the work or part thereof, all other claims of the Contractor against the Client, if any, shall become due after the expiry of the additional period of 2 weeks and the Contractor shall be entitled to withhold delivery of the material to the Client until all its claims against the Client have been paid. No legal action on the part of the contractor (e.g. notification of the commencement of the additional period, etc.) is required for the effect of the preceding sentence to take effect.
- 8.6 The contractor shall have a lien on the item handed over to him by the client for the performance of the work for as long as it is in his possession to secure the client's outstanding debts arising from the CfW.
- 8.7 The Contractor is also entitled to exercise a right of retention over the item referred to in the preceding clause 8.6 of these GTC to secure the Client's outstanding debt,
- if the Client fails to secure the debt in another way, although it should have been secured under the CfW or by law, or
  - if the Customer declares that it will not fulfil the debt; or
  - if it otherwise becomes apparent that the Client will not fulfil the debt as a result of a circumstance that has arisen in the Client's case and that could not have been known to the Contractor when the CfW was concluded.
- 8.8 The Contractor shall notify the Client in writing without undue delay of the exercise of the right of retention pursuant to the preceding clause 8.7 of these GC.
- 8.9 During the period of the lien, the contractor is not obliged to deliver the item to the client or to a third party, unless the contractor has been provided with sufficient security or the secured debts of the client have otherwise ceased.
- 8.10 If the client fails to fulfil its debt to the contractor even within a reasonable alternative period of time granted by the contractor for this purpose, the contractor is entitled to sell the item in an appropriate manner and to satisfy its claims against the client from the proceeds, including the necessary costs incurred in the implementation of the retention right. The contractor shall deliver any surplus from the sale to the client without undue delay after satisfying its claims.
- 9. Withdrawal from the CfW**
- 9.1 The Contractor is also entitled to withdraw from the CfW in the following cases:
- the client is over-indebted, or
  - insolvency proceedings have been initiated against the Client, or
  - a bankruptcy order has been issued against the Client, or

- d) the Client has entered into liquidation or has been dissolved (except in cases of merger and/or conversion), or
  - e) measures are being taken to enforce a lien on the Client's assets, or
  - f) enforcement and/or execution proceedings have been initiated against the Client; or
  - g) if it otherwise becomes apparent that the Client is in breach of its obligation to pay the price of the work as a result of a circumstance that has occurred, or
  - h) the client is in default of acceptance of the work for more than one month, or
  - i) the client has failed to provide the necessary cooperation for the performance of the work, even at the second request of the contractor; or
  - j) an act is performed and/or a circumstance occurs which has a similar effect to the acts or facts referred to in the preceding paragraphs of this clause 9.1 T&C above.
- 9.2 Withdrawal from the CfW shall be effected by written notice sent to the address of the other Party specified in the CfW.
- 9.3 Withdrawal from the CfW shall not affect the right to payment of a contractual penalty or default interest if it has already been incurred, the right to compensation for damages arising from a breach of a contractual obligation, or arrangements which, by their nature, are intended to bind the parties even after withdrawal from the CfW, in particular arrangements for dispute resolution. The withdrawal from the CfW does not affect the security of the customer's debt by a lien or otherwise.
- 9.4 If the contractor's obligation to carry out the work ceases for a reason for which the contractor is not liable, the contractor is entitled to claim payment from the client for the price of the items used, including energy, and the work carried out until the obligation has ceased.
- 9.5 The preceding provisions are without prejudice to the Client's right to withdraw from the CfW in accordance with the relevant statutory provisions.

## **10. Common provisions**

- 10.1 If the CfW requires that a particular legal act or notification of a party be in writing, the written form shall be deemed to be complied with if such act or notification is written and signed (hereinafter referred to as the "writing").
- 10.2 The parties shall deliver the Writings to each other:
- a) in personal contact, by delivery and receipt - the document is served by its receipt; the effect of service shall include refusal to accept receipt,
  - b) by means of a public data network to a data box - a document delivered to a data box shall be served at the moment of logging in to the data box,
  - c) using a postal service provider to the registered office address specified in the CfW or notified to the party in accordance with the procedure under clause 10.3 of these T&Cs - the document shall be delivered on the date of receipt; in case of doubt, the document shall be deemed to have been received on the third working day following its dispatch by the relevant party. If a party refuses to accept a document delivered to a postal address, the document shall be deemed to have been delivered on the date of refusal to accept,
  - d) by electronic mail to the electronic address specified in the CfW or notified to the party in accordance with the procedure set out in clause 10.3 of these T&Cs - the document shall be deemed to have been delivered on the date on which it was delivered to the addressee's e-mail inbox; in case of doubt, it shall be deemed to have been delivered on the date of its dispatch by the sender.
- 10.3 The parties are obliged to notify each other without undue delay, at the latest on the next working day, of changes in any facts relevant to service, in particular to notify each other of a

change of postal or electronic address. If a party fails to comply with the obligation under the preceding sentence without excusable cause, such failure shall be deemed to constitute a failure to serve and a document served at a postal address shall be deemed to have been served on the third working day after dispatch, and a document served at an electronic address shall be deemed to have been served on the day of dispatch, even if the party to whom it is addressed has not had the opportunity to acquaint himself with the contents of the document.

- 10.4 The Client is not entitled to assign its rights or transfer its obligations under the CfW without the prior written consent of the Contractor. The contractor is entitled to transfer all rights and obligations under the CfW (including the CfW as a whole) to any other person without the consent of the Client. Assignment of the CfW or any part thereof by the Client shall be effective against the Contractor from the effective date of the Contractor's written consent to such assignment. Assignment of the CfW or any part thereof shall be effective against the Client at the time the Client is notified of the assignment.
- 10.5 The Client shall not be entitled to set off any claim of the Client against any claim of the Contractor against the Client without the Contractor's prior written consent. The Contractor shall be entitled to set off any claim of the Contractor against any claim of the Client against the Contractor without further delay. The parties hereby exclude the application of Section 1987(2) CC and agree that even an uncertain and/or indeterminate claim is eligible for set-off.
- 10.6 Should the Client have any reasons that could give rise to a statutory liability or other liability of the Contractor for the Client's tax obligations, the Client shall inform the Contractor of such facts in writing without delay.
- 10.7 The Contractor shall only be obliged to reimburse the Client who concludes the CfW in connection with its business activities for damages caused to such Client by a breach of any of the obligations set out in the CfW in the form of wilful misconduct and/or gross negligence. The client referred to in the preceding sentence hereby waives the right to compensation for damage caused by the contractor's invalidity of the CfW, unless such damage was caused intentionally and/or through gross negligence.
- 10.8 The parties hereby declare that they have had a real opportunity to influence the content of the CfW, including its basic terms and conditions, and that it is not a contract of adhesion within the meaning of § 1798 et seq. of the Civil Code.

## **11. Final provisions**

- 11.1 The Contractor reserves the right to change these T&C without prior notice, provided that the Client undertakes to monitor the website [www.signumcz.com](http://www.signumcz.com), where the current version of the GTC is always published. In the course of the work, the PO may be amended, supplemented or cancelled only by written, continuously numbered contractual amendments, which must be identified as such and signed by both parties.
- 11.2 All amendments and additions to the CfW shall require a written form for their validity; this shall also apply to waivers of the written form requirement.
- 11.3 All disputes arising out of or in connection with the CfW, including disputes concerning validity and interpretation, the parties undertake to attempt to resolve amicably by mutual agreement. If such a solution is not possible, the matter shall be submitted to a court of competent jurisdiction in the Czech Republic located in the place of the Contractor's registered office if the Client is an entrepreneur and it is clear from the circumstances at the



time of conclusion of the CfW that the work also concerns its business activities, in other cases to a court of competent jurisdiction according to the applicable procedural regulations.

11.4 If any provision of the CfW (including these POs) is or becomes invalid or ineffective at any time after the conclusion of the CfW, the validity and effectiveness of the other provisions of the CfW (including these T&Cs) shall not be affected. and these T&Cs) or for the regulation of legal relations which are not addressed by the CfW (including these T&Cs), the provisions of the CC and other applicable Czech legislation which are closest in content and purpose to the content and purpose of the CfW (including these T&Cs) shall apply.

11.5 These T&C shall come into force and effect on 1 January 2017. The General Terms and Conditions of the Contractor dated 1.12.2014 are hereby repealed. These T&Cs shall apply to CfWs concluded from the date of their entry into force.

## **Annex No. 1 - Technical information to the business conditions for hot dip galvanizing of SIGNUM spol. s r.o.**

### **Hot-dip galvanizing - EN ISO 1461**

It is a special technique of plating by immersion. Zinc produces a strong and impermeable coating with a long service life, which protects the steel electrochemically. Unlike other surface treatments, not only a coating of zinc is formed on the steel, but an intermetallic phase of iron and zinc with high hardness and abrasion resistance is formed. The thickness of the layer formed is usually in the range of 50-190 microns depending on the galvanizing temperature, the length of the dip, the thickness of the part to be plated, and the silicon, phosphorus and other trace element content of the steel.

### **Before you decide to galvanise**

The chemical composition, surface, weight, grade, thickness and roughness of the base material will affect the appearance, deposition and texture of the zinc coating. Surface irregularities, welds, scale and deep corrosion remain visible and emphasized after galvanizing. The variety of construction (sheet metal, profile steel - different thicknesses) causes different surface appearance and possibly thermal deformation on cooling. For these reasons, it is advisable to galvanise the sheet metal components separately. The galvanizing plant is not responsible for shape changes or damage to parts caused by the release of internal stresses. The structure is galvanised on both sides at 450 °C. It is imperative that the cavities have a sufficiently large inlet and outlet opening. Improperly constructed parts may deposit flux residues and zinc ash. Furthermore, gaps, pores and ignition in welds must be avoided. Welding should also be carried out using welding nozzle cleaners and spatter preventers approved by the galvanizing shop. After galvanizing, residues of flux, pickling agent may run off from such cavities and damage the galvanized surface. Laser baked products shall have edges deburred and burnished baked surfaces. This is important for better adhesion of the zinc just on the edges of the products. Individual parts must have holes for hanging. Bar material up to 2.0 m long must have one hole at the end, longer parts at least two holes at both ends. Mounting holes below 8 mm shall be sealed after galvanizing. For larger holes, an allowance is necessary with regard to the thickness of the material. The threads must be cleaned or protected from zinc.

### **Recommendations for the selection of suitable steel for hot-dip galvanizing**

Hot-dip galvanizing is a metallurgical process in which an alloy coating is formed on a steel part by the mutual reaction of the steel with a zinc melt at a temperature of around 450°C. When the part is immersed in the zinc melt, intermetallic phases of iron and zinc are formed, which are the main components of the resulting coating. The top phase of the alloy coating is often coated with pure zinc. In this case, the surface is light grey and metallic in lustre. Coatings may be produced on silicon-annealed steels which are composed only of the alloy phases. These coatings are generally thicker than the standard thickness, coarser and dark grey. Sometimes the glossy and matt areas may alternate on the surface and form cellular patterns. The differences between glossy, light and dark grey coatings



are only visual. Corrosion protection, as the primary purpose of hot-dip galvanising, is not affected in these cases. The corrosion protection time for dark grey coatings may be longer due to the greater thickness of the coating. However, excessive coating thickness is associated with higher zinc consumption and leads to an increase in costs. There is also some evidence that coatings with excessive thickness produced by accelerated metallurgical reactions are more brittle and less adhesive.

To achieve optimum zinc coating appearance, it is recommended to select steels with defined silicon (Si), phosphorus (P), carbon (C), manganese (Mn) and aluminium (Al) contents.

We do not recommend galvanizing steels with silicon content in the range of 0.03 - 0.12 wt% (Sandelin effect) and steels with silicon content above 0.22 wt% (high silicon steels). These steels develop dark grey, uneven coatings with excessive thickness.

In cases where the appearance of the coating is a very important factor, we recommend the use of steels with silicon, phosphorus, manganese, carbon and aluminium in the following composition.

Applies to low silicon steels:

Cold-rolled steel:  $Si < 0.03$  wt% and  $Si + 2.5 \times P < 0.04$  wt%.

Hot-rolled steel:  $Si < 0.03$  wt% and  $Si + 2.5 \times P < 0.09$  wt%.

For both types of processing:

$Al < 0.03$  wt%.

$Mn < 1.2$  wt%.

$C < 0.24$  wt%.

The disadvantage of these steels is that in some cases it is difficult to achieve the required thicknesses according to EN ISO 1461.

If the customer uncompromisingly requires compliance with the coating thicknesses according to EN ISO 1461, or even higher thicknesses, the following chemical composition of the steels is recommended:

Applies to silicon-soothed steels:

Si in the range of 0.15 to 0.20 wt% and at the same time  $P < 0.035$  wt%.

$Al < 0.03$  wt%.

$Mn < 1.2$  wt%.

$C < 0.24$  wt%.

### **White rust, storage and transport**

Over a period of several weeks, a protective layer of alkaline zinc carbonate forms on the surface of the zinc. The formation of this layer is dependent on the amount of CO<sub>2</sub> in the air. The lack of this, as well as water on the surface of the galvanised parts, prevents the formation of the protective layer. In this case, white rust forms on the surface. The development of white rust depends on the humidity of the environment and the season. The white rust visually damages the image of the galvanizing, but the silver coating and the shine of the freshly galvanized material will mature and turn to a dull grey colour within a few weeks. This is the result of a reaction between the zinc and the air. The formation of white rust will not affect the quality of the hot dip galvanizing and is not a cause for complaint. In order to



partially prevent the formation of white rust, it is necessary to make the right decisions on how to store and transport galvanized parts.