

# General Business Terms and Conditions of Achilles CZ S.r.o.

In compliance with Act No. 89/2012 of Coll., the Civil Code (hereinafter referred to as the "**Civil Code**"), in particular with the provisions of Section 1751 et sequentur of the Civil Code, the General Business Terms and Conditions (hereinafter referred to as the "**GBTC**") are presented as an integral part of work contracts executed between relevant business entities as clients and the company Achilles CZ s.r.o., IN: 60850655, with its registered seat at Planá 81, České Budějovice County, zip code: 370 01 (hereinafter referred to as the "**Contractor**") as the contractor.

## **Article I – General Provisions**

The contractual relationships between the Client and the Contractor are regulated in a work contract executed pursuant to Section 2586 et sequentur of the Civil Code, while copyright relationships are subject to the applicable provisions of Copyright Act No. 121/2000 of Coll. and Section 2358 et sequentur of the Civil Code (hereinafter referred to as the "**Contract**"). In the case that any provision of the Contract differs from these GBTC, such a provision of the Contract shall have priority. The subject-matter of the Contract is understood to mean the production of a work, which is part of the business activity of the Contractor (hereinafter referred to as the "**Work**").

The contractual relationships are established as follows:

1. The Client shall send the Contractor an inquiry specifying as accurately as possible the requested Work, completion time, price, quantity, production method, etc. (hereinafter referred to as the "**Inquiry**").
2. The Contractor shall propose the price of the Work, including completion time and production method, to the Client.
3. The Client shall order the Work under the terms and conditions offered by the Contractor.
4. If the contracting parties agree and the value of the Work exceeds 100,000 CZK without V.A.T., the contracting parties shall execute a written Work Contract, an integral part of which shall be these GBTC, immediately after the order was placed; however, no later than 10 workdays after the consent of both contracting parties.
5. In the case that the value of the Work is less than 100,000 CZK without V.A.T., the contracting parties shall not execute a written Work Contract, unless they agree otherwise, and their contractual relationship shall be regulated by the applicable provisions of the Civil Code. V

## **Article II – Rights and Obligations of the Contracting Parties**

1. The Contractor undertakes to properly perform the Work and to hand it over to the Client in a

timely manner. The Client undertakes to accept the Work and to pay the agreed price.

2. The Client undertakes to provide the Contractor with production documentation for performing the Work, which was approved by the Client, by the agreed time-limit for its handover or by the time reasonable with respect to the nature of the Work.
3. The contracting parties undertake to cooperate with each other. The time-limits for their mutual cooperation are agreed upon in the Contract or in a production schedule, which – based on a previous agreement – can constitute a part of the Contract.
4. In the case that the Client's cooperation is necessary for the production of the Work, the Contractor shall give the Client a reasonable time-limit for the provision of such cooperation. In the case that the time-limit vainly expires, the Contractor shall have the right to either provide an alternative Work at the expense of the Client or to withdraw from the Contract provided that the Contractor advised the Client about such a fact.

## **Article III – Subject-Matter of the Work and Work Documentation**

1. In its Inquiry, the Client shall specify in detail, among other things, all technical, technological and other potential requirements concerning the production of the Work (hereinafter referred to as the "**Production Documentation**"). In the case that the Inquiry does not include some Production Documentation, the Contractor shall request such Production Documentation from the Client, providing the Client with a reasonable time-limit. In the case that the time-limit vainly expires, the Contractor shall have the right to either proceed at its own discretion or to withdraw from the Contract.
2. If the contracting parties agree, the Contractor shall confirm the aforesaid Production Documentation and the proposed price of the Work in its price proposal.
3. The Client undertakes to hand over the Production Documentation no later than on the day of execution of the Contract or within a different agreed time-limit. The Client shall be obliged to notify the Contractor about a late provision of the Production Documentation beforehand. In the case that the Client provides the Production Documentation late, the Contractor shall not be obliged to observe the time-limit for the production and handover of the Work agreed or proposed by the Contractor.
4. The Contractor shall then confirm to the Client in writing (by e-mail) the fact that the time-limit for the production and handover of the Work shall not be observed and shall propose a new time-limit to the Client. The Client shall be obliged to

discuss the new time-limit or production schedule with the Contractor within three days of such notification.

5. The Production Documentation shall remain the property of the Client provided that it was ordered or prepared at the expense of the Client. The price of the Production Documentation shall be shown in an accounting document (invoice) as a separate item. In such a case, the Contractor shall not be obliged to archive the Production Documentation.
6. The Contractor shall be obliged to notify the Client about any unsuitability of the Production Documentation immediately after the Contractor discovered it and to propose a way of remedying such a fact. The Client shall be obliged to pay any potential extra cost of the new Production Documentation replacing the unsuitable Production Documentation or the modification cost of the unsuitable Production Documentation.
7. A Work sample provided by the Client and signed by the authorized representative of the Client must be a part of the Production Documentation (hereinafter referred to as the "**Work Sample**"). In the case that the Work Sample is not provided, the Contractor shall not guarantee the required quality of the Work. In such a case, the Work shall be considered properly produced if its quality corresponds with the regular quality of a similar work and other Production Documentation.
8. If the contracting parties agree, the Contractor can make the Work Sample at the expense of the Client. In such a case, the Work Sample must be approved by the Client and signed by the authorized representative of the Client.

#### **Article IV – Work Quantity and Quality**

1. The Work shall be delivered in the quality corresponding with the Work Sample and, if there is no Work Sample, in the quality customary at the place and time of the production of the Work, based on the resources of the Contractor. In view of the production technology, it is understood that the Contractor performed the Contract or the order in the proper manner and in the required quantity and quality with this quantity tolerance:
  - a) in case of delivery of up to 1,500 pieces,  $\pm 5\%$  from the volume of individual types of ordered quantity;
  - b) in case of delivery between 1,501 and 5,000 pieces,  $\pm 4\%$  from the volume of individual types of ordered quantity;
  - c) in case of delivery between 5,001 and 10,000 pieces,  $\pm 3\%$  from the volume of individual types of ordered quantity;
  - d) in case of delivery of 10,001 pieces and over,  $\pm 2\%$  from the volume of individual types of ordered quantity;
  - e) furthermore, if the Contractor cannot deliver the already produced Work, or part thereof, due to the Client's default on payment of previous deliveries;

- f) in case of the aforesaid permitted deliveries within the limits specified in Article IV, the Client shall be obliged to accept and pay the price of such delivered Work;
- g) in the case that the Client does not accept the Work at the agreed time, the Work shall be considered produced and delivered in a proper and timely manner. In such a case, the Contractor can store the Work at the expense and risk of the Client and the Contractor shall have the right to demand that the Client pay the cost of Work storing at the price of 125 CZK per pallet and calendar week of storing.

#### **Article V – Time and Place of Work Completion and Handover**

1. The time of Work completion shall be agreed on in the Contract. The Contractor undertakes to hand the Work over at the agreed time on the ramp of the production plant of the Contractor or at the dispatching site specified by the Client. The Client shall be obliged to pay the Contractor the cost of transportation to the dispatching site specified by the Client.
2. The contracting parties shall agree upon the time of Work completion with one week accuracy, specifying, however, the latest day of delivery.
3. The Client hereby waives the potential right to compensation of damage caused by late delivery of the Work if the Client failed to notify the Contractor about such potential damage in writing sufficiently in advance.
4. The Client undertakes to accept the Work either at the Contractor's site or at the dispatching site specified by the Client. In the case that the consignee is not present, the person authorized by the Client shall have the right to accept the goods.
5. In the case that the Contractor has any past due receivables from the Client, the Contractor shall have the right to postpone a delivery of the Work, and such Work shall be considered completed and handed over by the Contractor in a proper and timely manner. In such a case, the Contractor shall have the right to store the Work at the expense and risk of the Client and to demand that the Client pay the cost of Work storing.
6. The Contractor shall provide the Client with all documents necessary for accepting the Work no later than upon delivery of the Work at the dispatching site.
7. The ownership right to the Work and the risk of damage to the Work shall pass onto the Client upon acceptance of the Work, or part thereof, unless the contracting parties agree otherwise.

#### **Article VI – Price and Payment Terms**

1. The price of the Work for each type of goods shall be agreed upon by the contracting parties and specified in the Contract.
2. The agreed price does not include the so-called indirect non-printing costs (graphical designs, blocks, transportation costs, the production cost of auxiliary instruments, pallets, etc.). The

Contractor shall show such costs as special secondary invoiced items on each invoice.

3. The Contractor shall have the right to charge the Client with the extraordinary cost of a requested early delivery, provided that the Contractor notified the Client about such a fact in writing beforehand. This concerns e.g. works performed on weekends and higher transportation costs. In the case that the Client provides a material for further processing and such material cannot be processed or can be processed only with higher costs, the Contractor shall charge any additional incurred costs to the Client, provided that the Contractor notified the Client about such unsuitable material in writing.
4. A statutory value added tax shall be charged to the price of the Work and other payments.
5. In the case that the Client requests a change in the requested Work during its production, the Contractor shall have the right to notify the Client about a new price of the Work or to provide the Client with a new price budget. In the case that the Client does not agree with the new price of the Work, the Client shall reimburse the Contractor for all already incurred costs of such Work, and the Contractor shall stop the production.
6. The due date of an invoice shall be set up with the Client on a one-to-one basis and shall become an integral part of the Contract. However, unless the Contract states otherwise, an invoice shall be due within 14 calendar days of its issuance. The Client's obligation shall be considered satisfied when the invoiced amount is credited to the Contractor's account or paid in cash to the Contractor.
7. The Contractor shall have the right to request an advance of up to 100%, which shall be due 14 calendar days prior to the requested start of the Work.
8. Failure to pay the agreed advance (if agreed) by its due date shall be considered a breach of the Contract, based on which the Contractor shall have the right not to start the Work. In such a case, the Contractor shall not be bound by the agreed delivery term.

#### **Article VII – Work Dispatch**

1. Partial deliveries of the Work shall be permitted only if explicitly agreed upon in the Contract.
2. **Transportation** – the Contractor shall be obliged to handle the Work so as to avoid any damage of the Work during transportation. In the case that the Contractor transports the Work, it must be transported in dry, clean and covered means of transportation.
3. **Packaging** – the Work, and parts thereof, shall be usually delivered in carton boxes or EUR boxes. Boxes shall be delivered on pallets (EUR or non-returnable pallets) and secured with wrapping foil. The quantity on the pallet shall be marked on an accompanying label. The same price of 300 CZK/pc shall be charged for EUR pallets. If pallets are returned, this amount shall be credited.

4. **Storing** – products shall be stored in such a way that would protect them from direct weather conditions and soiling. Products shall not be stored nearby heaters. In the case that the Client stores, or ensures the storing of, the Work, it must do so in areas at the temperature of 18-25°C and with relative humidity of 50-60%. In the case that the Client stores the Work incorrectly, the Client shall not have the right to file a complaint regarding insufficient quality of the Work or damage caused by incorrect storing.

#### **Article VIII – Work Defects**

1. When accepting the Work, the Client shall be obliged to check the delivery as to quality, total quantity, packaging integrity and content identification. The Client shall be obliged to report any discovered defects in the Work to the Contractor in writing within three days of the acceptance of the Work. The seller shall be liable for the actual damage of the Work only. Any potential damage compensation claims for any other legal reason shall be limited up to the price of the Work, provided that the Client provides an indisputable proof of damage. The contracting parties shall write up a complaint report concerning all discovered defects, and the Contractor shall be obliged to handle the defects provably caused by the Contractor within a reasonable time, depending on the nature of a defect, and at its own discretion:
  - a) by repair;
  - b) by providing new goods;
  - c) by providing a price discount;
  - d) by providing a financial compensation adequate to the usability of the defective Work, provided that the defects cannot be repaired.
2. The Client shall have the right to file a complaint concerning hidden defects in quality, which were discovered later, during the time period of three months after the acceptance of a partial delivery of the Work.
3. A complaint is not a reason for not paying the price of the Work, or part thereof.
4. The Contractor shall not answer for defects in the Work caused by unsuitable Production Documentation, about which the Contractor notified the Client in writing.

#### **Article IX – Work Production**

1. The Contractor shall produce the Work based on the state of technology within the technically necessary technological tolerance of  $\pm 1.5$  mm on each side if no specific standards for the order in question are set.
2. Technical information and instructions for processing documentation or materials are also available on the Internet at [www.achilles.cz](http://www.achilles.cz) and subject to technological tolerance in the production of the Work.
3. The Client shall be obliged to notify the Contractor if a material provided by the Client for the production of the Work shows any deviation from technical information or previous orders. In the case that the Client fails to do so,

the Contractor shall not be liable for any potential defect in the Work caused by such a deviation.

**Article X – Sanctions**

1. In the case that the Client is late with payment of the price of the Work based on a tax document, the Contractor shall have the right to charge a sanction of 0.05% on the delinquent amount for each day of delay. The due amount shall be considered paid on time if credited to the Contractor’s account by the due date.
2. In the case that the Client does not pay its previous financial obligations towards the Contractor by their due date, the Contractor shall have the right to unilaterally set a new date for providing the Work based on the Contract.

**Article XI – Arbitration Clause**

1. Any dispute arising from these GBTC, the Contract and/or individual obligations arising from the Contract shall be submitted for final decision to the Arbitration Court by the Economic Chamber of the Czech Republic and the Agrarian Chamber of the Czech Republic (hereinafter referred to as the “**AC by the EC of the CR and the AC of the CR**”).
2. The Contractor and the Client hereby explicitly agree that a dispute shall be decided based on the rules of the AC by the EC of the CR and the AC of the CR by one arbiter and authorize the president of the AC by the EC of the CR and the AC of the CR to appoint such an arbiter. Furthermore, the contracting parties have agreed that the arbiter can decide a dispute without a hearing, based on submitted documentation only. The contracting party that loses the case shall be obliged to reimburse the other contracting party for the cost of the arbitration proceedings. The provisions of the Civil Procedure Code shall apply accordingly to the decision on reimbursement of the cost of arbitration proceedings.

**Article XII – Final Provisions**

1. The Client declares that it is the authorized holder of copyrights necessary for dissemination of products and confirms this fact by signing the Contract.
2. The Client declares that it is authorized to execute the Contract and has enough funds to pay the price of the Work agreed upon in the Contract.
3. The legal relationships established based on the Contract shall be governed by the applicable provisions of the Civil Code, unless these GBTC or the actual Contract states otherwise.
4. The contracting parties undertake to settle any potential dispute out of court at first.
5. The place of delivery and payment shall be the registered seat of the Contractor, unless the contracting parties agree otherwise.
6. These GBTC, the Contract and all legal relationships shall be governed by the Czech law.

7. Any change in the Contract shall be made only by written amendments confirmed by both contracting parties.
8. These GBTC constitute an integral part of all Contracts executed after these GBTC were signed by both contracting parties.
9. The Contractor shall have the right to unilaterally change these GBTC, and the new GBTC shall come into effect for the Client 30 days after the Contractor notified the Client about the new GBTC in writing and provided the Client with a time-limit to express its disapproval. In the case that the Contractor receives the Client’s disapproval with the new GBTC within the said time-limit, the legal relationship between the Contractor and the Client shall be governed by the last approved GBTC.
10. By signing the Contract, the Client declares, pursuant to Section 630 of the Civil Code, that the Client agrees with extending the statutory limitation period, during which the Contractor shall have the right to lodge claims against the Client that incurred based on the Contract or these GBTC; i.e. for 10 years starting on the first day of the statutory limitation period.
11. The contracting parties agree that any notice, communication or any other information that is part of regular business and provided between the contracting parties can be sent to the other contracting party by e-mail or fax, except for withdrawals from the Contract that must always be sent by post and no other delivery is permitted. An e-mail or fax message shall be considered delivered upon the moment of its sending. A notice sent by post shall be considered delivered on the 4<sup>th</sup> (in words: fourth) day after the notice was provably sent to the address of the other contracting party even if the contracting party refused to accept the notice; the aforesaid does not apply if delivery is proven in an another way.
12. These GBTC have been approved by the Contractor and come into force on 1 September 2014.

In České Budějovice, on.....

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Contractor

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Client