

Terms and Conditions for the Execution of Work effective from 01.11.2020 („T&C“)

I. Subject of Contract, Work

1.1. By concluding a contract between the Contractor and the Client (the „Parties“), the Contractor undertakes to perform at their own expense and risk for the Client the work („Work“) specified in deeper details in the contract, which includes these T&C („Contract“), and the Client undertakes to take over the Work and pay the price of the Work under the conditions set out in in the Contract.

1.2. When performing the obligations under the Contract, the Contractor is obliged to proceed with due diligence of expert and according to their best skills and knowledge. When performing the obligations under the Contract, they are obliged to proceed in accordance with the interests of the Client and in accordance with the Client's instructions. The Contractor is obliged, with due diligence of expert, to evaluate the Client's instructions immediately after receiving them, however always before the commencement of execution of such instructions. In case of inappropriate instructions of the Client, the Contractor is obliged to immediately notify the Client in writing or, if this is not possible due to the circumstances, then orally, of the unsuitability of such instructions, with a suitably detailed justification. Otherwise, the Contractor shall be liable for defects as well as for detriment caused to the Client and / or to third parties as a result of inappropriate instructions.

1.3. The Contractor shall perform the Work in the manner, quality and embodiment specified in the Contract and free from all defects. The Contractor shall further perform the Work in the manner specified by the standards for the relevant type of Work.

1.4. The ownership right and the risk of damage to the Work passes to the Client at the moment of take-over of the Work by the Client. At the same time, the Contractor shall transfer to the Client all rights necessary for its proper use and disposal of the Work.

II. Handover and Take-over of the Work

2.1. The Contractor shall deliver the completed Work to the address of the Client's registered office DAP (INCOTERMS 2020) within the deadline specified in the Contract, or if it is not specified, then without undue delay.

2.2. The Contractor is entitled to deliver the Work prior to the delivery date only with the consent of the Client.

2.3. Along with the Work, the documents stipulated in the Contract or documents that are usual in the given case with regard to the nature of the Work and the required type of certificate shall also be handed over.

2.4. The Work is taken over by the Client at the moment of signing the protocol on the handover and take-over of the Work, which shall be signed by both Parties. Prior to signing the protocol, the Contractor shall allow the Client an inspection of the Work and any tests, for the performance of which they shall provide cooperation to the extent required by the Client. In the event of take-over of the Work with Defects, the Parties shall enter in the report a description of the detected defects and the date of their elimination by the Contractor.

2.5. Without breach of the Contract, the Client is entitled to refuse to take over the Work if, in its assessment, it suffers from any defects. If the Client refuses to take over the Work for the specified reason, the Contractor is obliged to heal the defects according to the Client's requirements within a reasonable time, usually 7 days, and repeat the handover within the deadline set in agreement with the Client.

2.6. The Contractor is obliged to notify the carrier of any specific mode of transport of the Work, if required.

III. Price; Maturity and Invoicing

3.1. The price of the Work shall be final and shall include all costs of the Contractor associated with the execution, delivery and handover of the Work (in particular the costs of transport, packaging, assembly, installation or creation). Unless otherwise specified in the Contract, the price is stated without VAT and VAT will be added to the price in accordance with the applicable legislation. Each Party shall pay its bank charges.

3.2. The price of the Work shall be due on the basis of an invoice issued by the Contractor and delivered to the Client not sooner than after the take-over of the Work by the Client. The invoice shall meet all the requirements of a tax document within the meaning of the relevant legislation in force on the territory of the Czech Republic and contain materially correct and sufficiently detailed data in relation to the provided performance. The Client is entitled to return the invoice to the Contractor if it does not contain all the requirements. By delivering a new, properly issued invoice, a new due date begins to run.

3.3. The invoice shall not be due sooner than 60 days after the invoice is delivered to the Client. The debt is fulfilled by debiting the relevant amount from the Client's bank account.

3.4. If, in accordance with Act No. 235/2004 Coll., On Value Added Tax, as amended, the Contractor (i) is determined by a decision of the Tax Administrator to be an unreliable payer; or (ii) demand payment for a taxable supply provided under the Contract to a bank account that is not disclosed by the tax administrator in a manner enabling remote access, or a bank account to an account maintained by a payment service provider outside the Czech Republic; the Client is entitled to pay only the price of the Work without VAT to the Contractor's bank account. If VAT is charged and if it is included in the payment by the Client, the Client is entitled to pay the VAT on behalf of the Contractor to the account of the relevant tax administrator. In such a case, the Client's debt to the Contractor is deemed to have been fulfilled and the Contractor is not entitled to apply interest on late payment or contractual penalties.

IV. Defective Performance Rights and Guarantee for Quality

4.1. The Contractor declares that the Work will retain the properties specified in the Contract for a period of 48 months beginning on the day of take-over of the Work by the Client. The Contractor further declares that the Work will retain its quality during this period, in particular during this warranty period there will be no defects in the material used in case that the Work was made of material procured by the Contractor, defects in components, structure, method of embodiment, technology used or manufacturing defects.

4.2. In case of falsity of the Contractor's statement according to point 4.1. of the T&C, the Work is defective. The Client has the rights from defective performance of the Work even if the defect arises after the moment of the transfer of the risk of damage to the Work, if it is caused by a breach of the Contractor's obligations.

4.3. The Client is obliged to notify the Contractor in writing of a defect in the Work that occurred during the warranty period in accordance with point 4.1. T&C after its detection. The Contractor shall eliminate the defect no later than within 30 days from the date of notification of the defect. For the avoidance of doubt, it is stated that the elimination of a defect shall mean a delivery of a new Work with corresponding properties and without defects, or

Terms and Conditions for the Execution of Work effective from 01.11.2020 („T&C“)

a repair of the Work leading to restoration of the full functionality or properties specified in the Contract, or a provision of a reasonable discount on the price of the Work. If the defect has been eliminated by delivery of a new Work, its warranty period shall be 48 months.

4.4. In case that the transport of the Work for the purpose of eliminating defects would be ineffective, the repair shall be performed at the place where the Work is located. The Contractor shall bear all costs associated with the repair at the place of repair, including travel expenses.

V. Commitment Confirmation

5.1. In case of breach of the Contractor's obligation under points 1.3. or 4.3. of the T&C, the Contractor shall pay to the Client a contractual penalty in the amount of 0.05% of the price of the Work for each even commenced day of delay.

5.2. In case of breach of the Contractor's obligation under point 7.1. of the T&C, the Contractor shall pay to the Client a contractual penalty in the amount of 30% of the value of the Contract.

5.3. The contractual penalty is payable at the request of the Client. The exercise of the right to payment of the contractual penalty or its payment shall be without prejudice to the right to claim full compensation for the detriment.

5.4. Termination of the Contract shall not affect the Parties' claim for compensation for detriment, payment of a contractual penalty or other claims which, by their nature, are to continue even after the termination of the Contract.

5.5. In addition to the rights arising from defective performance, the Client is also entitled to claim compensation for detriment, including, for the avoidance of doubt, also lost profits related to the suspension or delay of the Client's production due to a defect in the Work.

VI. Export Control

6.1. If export or import licenses are required for the delivery of the Work, the Contractor is obliged to ensure an export license and the Client an import license.

6.2. The Contractor undertakes to strictly comply with all applicable export control legislation and to establish their effective internal system of compliance therewith. In particular, the Contractor undertakes to provide the Client with all cooperation in obtaining export or import licenses, in particular to ensure the preparation of EUC (End User Certificate) or IIC (International Import Certificate) and shall work closely with the Client to eliminate as soon as possible the defective condition in case of any violation of any export control rule. The Contractor shall ensure demonstrable compliance with these obligations in relation to the Contractor's subcontractors and shall submit written evidence about that to the Client at the request of the Client.

6.3. Without breach of the Contract, the Parties are not obliged to comply with the Contract to the extent affected by the administrative restrictions in the area of export/import control not caused by the Party concerned (e.g. withdrawal of the license).

VII. Other Arrangements

7.1. The Parties undertake to maintain confidentiality with respect to all facts which they become aware of in connection with the performance of the Contract. These facts are a trade secret of the Client. The Contractor is not entitled to use these facts other than for the purpose of performing the Contract.

7.2. The Contractor is obliged to adequately comply with the Code of Ethics and the Client's Anti-Corruption Code available at:

<http://www.aero.cz/cz/o-nas/spolecnost/vize-mise-strategie-spolecnosti/>.

7.3. The Client is entitled to update the T&C. The new wording shall be published by the Client on the website www.aero.cz at least 30 days before the effective date of the change. The Client informs the Contractor about changes to the T&C also in writing, usually by notification in a form of an e-mail message, and the Contractor undertakes to familiarize themselves with the updated T&C. If the Contractor does not express explicit written disagreement within 10 days before the effective date of the T&C change at the latest, the new wording of the T&C becomes binding on all contractual relations between the Parties.

7.4. For the purposes of these T&C, the contract also means a purchase order received.

7.5. Unless otherwise stated in the proposal to conclude the Contract (in the purchase order), the time limit for accepting the proposal for the conclusion of the Contract (purchase order) is 15 days.

7.6. The Contractor's obligation to compensation for damage also includes the obligation to compensate for detriment.

7.7. Breach of the Contractor's obligation referred to in points 1.3., 4.3. or 7.1. of the T&C shall be deemed to be a material breach of the Contract.

7.8. If the Party substantially violates the Contract, the other Party may withdraw from the Contract within 2 months at the latest from the date on which it became aware of such breach.

7.9. A party, which is prevented from fulfilling an obligation under the Contract by an insurmountable obstacle arising independently of the will of such a Party, is obliged to inform the other Party of such obstacle without delay after the occurrence of such circumstances. To avoid any doubts, it is stated that such obstacles shall not be considered to be changes in the prices or availability of input raw materials or delays for suppliers of the obligatory Party. If such circumstances last for more than 45 days, either Party shall be entitled to withdraw from the Contract.

7.10. The Contractor may not transfer or assign their obligations and claims from the Contract to a third party, not even partially. The Contractor is not entitled to set off a claim against the Client; an uncertain or indefinite claim of the Client is eligible for set-off.

7.11. The Client, within the meaning of Section 1740 of the Act No. 89/2012 Coll., Civil Code, as amended („OZ“) excludes the possibility of accepting an offer with an amendment or derogation.

7.12. The Contractor assumes to themselves, within the meaning of Section 1765 (2) and Section 2602 (2) of the Civil Code, the risk of change of circumstances.

7.13. In case of discrepancies between the Contract and these T&C, the provisions contained in the Contract shall prevail, but the remaining provisions of the T&C shall apply as far as possible.

7.14. The Contract may be changed only by written amendments signed by authorized representatives of both Parties.

7.15. The following provisions of the OZ shall not be applicable for the purposes of the Contract: Sections 557, 1799, 1800, 1930 (2), 1978 (2), 2595, 2605 (2), 2606 - 2607, 2610 (2), 2611.

Terms and Conditions for the Execution of Work effective from 01.11.2020 („T&C“)

7.16. The Contract and the legal relations resulting therefrom shall be governed by the law of the Czech Republic.

7.17. If the subject of the Contract is making a Work within which waste is generated, the Contractor shall be the originator of this waste.

7.18. If this is usual due to the nature of the Work, the Contractor is obliged to have concluded a general liability insurance for damage caused in connection with the performance of the Contract for the period of performance of the Contract. The terms of such insurance shall comply with the standards in the given industry. At the request of the Client, the Contractor is obliged to provide the Client with proof of the duration of the insurance.

7.19. In cases where the making the Work consists in an activity, the result of which is an eligible subject of intangible property rights, but is not protected by industrial property rights or copyright, the Contractor is not entitled to provide the result of this activity to other persons other than the Client. In case that the result is protected by copyright or industrial property rights, it shall apply that the Contractor has granted the Client an exclusive license to use the same to the widest extent permitted by applicable legislation. The Client is not obliged to use the license.

7.20. T&C become effective on 01.11.2020.