

## Commercial Terms and Conditions for Purchase Agreements

(Aircraft Industries, a.s. as a Buyer)

Issued by

**Aircraft Industries, a.s.**

Registered office: Na Záhonech 1177, 686 04 Kunovice, Comp.

Reg. No. 27174841,

Registered in the Commercial Register kept by the Regional Court  
in Brno, Section B, file No. 4444

### Preamble

These Commercial Terms and Conditions for Purchase Agreements (hereinafter referred to as "CTCPA") were issued by Aircraft Industries, a.s., (hereinafter referred to as the "Buyer") and they form an integral part of any and all Purchase Agreements entered into between the Buyer and other parties as the Sellers(s).

### I Definitions

1. "Delivery Terms and Conditions" – specific conditions in the Purchase Agreement applicable to the delivery of the Goods according to the international standards INCOTERMS 2000, 2010.
2. "Purchase Price" – the final and fixed remuneration, for which the Buyer buys Goods from the Seller;
3. "Purchase Agreement" – an expression of the will of both the Contracting Parties, usually in the written form, based on which the Seller is bound to provide the Buyer the Goods as well as documents related to the Goods, and make it possible for the Buyer to acquire ownership interest to the Goods, and the Buyer is bound to pay the Seller the Purchase Price. The Purchase Agreement may take the form of an Order and acceptance of the Order;
4. "Buyer" – Aircraft Industries, a.s., as defined above herein;
5. "Order" – a written proposal of the Buyer leading to a conclusion of a Purchase Agreement.
6. "CTCPA" – these Commercial Terms and Conditions for Purchase Agreements, which complement and form an integral part of any Purchase Agreement;
7. "CC" – Act No. 89/2012 Coll., Civil Code, as amended;
8. "Seller" – person selling the Buyer Goods based on a Purchase Agreement;
9. "Contracting Parties" – the Buyer and the Seller pursuant to the Purchase Agreement and these CTCPA;
10. "Goods" – a subject of purchase according to a Purchase Agreement.

### II Scope of CTCPA

1. The contents of any Purchase Agreement entered into by and between the Buyer and the Seller shall be complemented with reference to these CTCPA.
2. Any divergent arrangements in the Purchase Agreement shall prevail over the wording of CTCPA, if made in writing or in any other manner, which does not give rise to doubts as to the joint will of the Buyer and the Seller to depart from the wording of CTCPA.

3. It shall be understood that any person, who enters into a written Purchase Agreement referring to CTCPA and/or implicitly enters into a Purchase Agreement by delivering the Goods based on an Order, which has included a reference to CTCPA, thereby accepts in full the currently valid CTCPA.

### III

#### Purchase Price and Payment Terms and Conditions

1. The Seller shall be entitled to receive the Purchase Price of the Goods, which were delivered to the Buyer properly and in due time.
2. Unless agreed otherwise in the Purchase Agreement, the Purchase Price shall include the delivery of the Goods including its packaging pursuant to the Delivery Terms and Conditions to the place of destination specified in the Purchase Agreement.
3. The Purchase Price shall be binding for both the Seller and the Buyer. An increase in the Seller's input costs for the production of the Goods shall not give rise to any right to unilaterally increase the agreed Purchase Price.
4. The Buyer will pay the Seller the Price of Goods and, as the case may be, make other payments according to the invoice issued by the Seller. The invoice must especially contain the number of the Purchase Agreement, the identification data of both the Seller and the Buyer, including the bank details, specification of the Goods, including Goods number assigned by the Buyer, the Purchase Price, currency, invoice issue date, the date of taxable supply, the invoice due date and other information that was agreed upon in advance by the Parties or that is required by law.
5. Unless agreed otherwise in the Purchase Agreement, an invoice shall become due and payable 30 calendar days after the date when the invoice as well as the Goods corresponding to the invoice were simultaneously available at the Buyer's disposal for the first time at the soonest.
6. Any financial liabilities of the Buyer vis-à-vis the Seller shall be deemed to have been settled upon the moment when the respective amount is debited to the Buyer's account in favour of the Seller's account.
7. The Buyer shall be entitled to return an invoice to the Seller without payment if the invoice does not contain all particulars specified in paragraph 4 of this Article. In such case the due term is suspended and its running continues by the day when the invoice which contains the information specified in par. 4 of this Article is delivered to the Buyer.

### IV

#### Delivery of the Goods

1. The Seller shall be obliged to deliver the Goods to the Buyer properly and in time.
2. The Goods shall be deemed to have been delivered in time provided that they have been properly and without any defects handed over to the Buyer.
3. The Goods shall be deemed to have been properly delivered if:
  - a) In consistence with the Purchase Agreement and these CTCPA, the Goods were delivered to the place of destination and the Buyer has been allowed to dispose of the Goods; at the same time
  - b) A full documentation related to the Goods was handed over together with the Goods; and at the same time



- c) The Goods were accepted by the Buyer.
4. Unless agreed otherwise in the Purchase Agreement, the delivery of the Goods shall take place under DDP Kunovice (the registered office of the Buyer) in accordance with INCOTERMS 2010.
  5. The Seller shall be obliged to hand over to the Buyer the Goods in the quantity, quality and workmanship as defined in the Purchase Agreement and within the period of time and at the place as specified in the Purchase Agreement. If the quality or the workmanship is not contractually defined, the Goods shall be delivered by the Seller in the common workmanship and quality.
  6. The Goods must be packed and fitted by the Seller for the transport in the manner as defined in the Purchase Agreement or in the relevant technical specifications. Where the Purchase Agreement and/or the technical specifications fail to define the manner of how the Goods are to be packed or fitted for transport, the Seller shall pack and fit the Goods for transport in a manner as to prevent any damage to the Goods and, at the same time, in a manner that is common for the transport of the Goods of that nature, paying special attention to the relevant standard and purpose of use of the Goods. The Seller is obliged to notify the Buyer of the specific manner of the transport of the Goods, if any. The Seller shall ensure that all Goods falling within the category of substances and mixtures as defined in Regulation (EC) 1907/2006 of the European Parliament and of the Council concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) shall be classified, labelled and packaged in accordance with Regulation (EC) No 1272/2008 of the European Parliament and of the Council on classification, labelling and packaging of substances and mixtures.
  7. The place of delivery of the Goods shall be the Buyer's registered office, unless specified otherwise in the Purchase Agreement.
  8. The delivery date for the Goods shall be specifically defined in the Purchase Agreement. The Seller shall be authorized to deliver the Goods before the agreed delivery date with the Buyer's previous consent only.
  9. If the place of delivery of the Goods shall be the Buyer's registered office, the Seller shall hand over the Goods on business days within working hours of the Buyer, i.e. from 6:00 a.m. to 2:30 p.m. Any handover of the Goods outside these hours shall only be possible upon previous agreement with the Buyer.
  10. If the Seller fails to deliver the Goods properly and in time, the Buyer shall be entitled to claim a contractual penalty amounting to 0.5 % per day of the Purchase Price for the Goods, the delivery of which has been delayed by the Seller without prejudice to the right to claim damages.
  11. If the duration of the Seller's delay with the delivery of the Goods exceeds 30 days, the Buyer shall have the right to withdraw from the Purchase Agreement. Such withdrawal from the Purchase Agreement shall be made in writing and it is without prejudice to the Buyer's right to claim a contractual penalty and the right to claim damages.
  12. The Buyer shall acquire the ownership to the Goods as soon as the Goods are handed over to him. The Buyer acquires the ownership in good faith that the Seller is the owner of the Goods. If the third party claims the ownership of the Goods or limitation of the Buyer's ownership of the Goods, the Seller shall provide the Buyer the assistance in protection of his ownership.

13. The risk of damage to the Goods shall be transferred to the Buyer upon the time of delivery of the Goods.
14. The Seller shall ensure that all Goods of the type of substance, mixture, article (as defined in REACH) will comply with the legal requirements of REACH and shall provide Buyer with any cooperation that may be reasonably required by REACH or any other laws, rules, or regulations that apply to substances, mixtures or articles. In the event of a breach of these obligations, the Seller is obliged to settle all claims of third parties resulting from such breach, in particular claims for damages.

## V

### Liability for Defects of the Goods and Warranty

1. The Seller shall be liable for any defects shown by the Goods at the time when the risk of damage to the Goods is transferred to the Buyer.
2. The Seller shall also be liable for any defect occurring after the transfer of the risk of damage to the Goods, provided that the defect has been caused by any violation of the Seller's obligations or that the Goods do not correspond to the result defined in the Purchase Agreement.
3. The Seller shall assume warranty for the quality of the Goods for a period of 24 months after their handover, unless specified otherwise in the Purchase Agreement, under the following conditions:
  - a) The warranty shall guarantee that the Goods delivered have the agreed, and unless agreed, then common properties, which will be retained throughout the warranty period;
  - b) The warranty shall commence upon the time of handover and acceptance of the Goods. The warranty shall be extended by the period of time when the Buyer is not able to use the Goods due to a defect falling under the liability of the Seller.
4. The Seller shall be obliged to reimburse any costs incurred by the Buyer in connection with any quality warranty claims or in connection with any claims arising from the defects of the Goods. Any costs incurred by the Seller in connection with the Buyer's warranty claims or claims arising from the defects of the Goods shall be borne by the Seller.
5. It is always at the Buyer's discretion to choose the method of exercising the claims concerning liability for defects. With regard to specific circumstances of a defect on the Goods, the Buyer shall always have right to:
  - a) have the defects remedied by delivering new perfect Goods or by delivering the missing Goods and correcting any legal defects;
  - b) have the defects remedied by repair of the Goods provided that the defects are repairable;
  - c) receive a reasonable discount on the Purchase Price;
  - d) withdraw from the agreement.
6. An application of the Buyer's right from the liability for the defects of Goods as per the preceding paragraph has no effect on the right to claim damages or the right to claim a contractual penalty. The Seller is obliged to settle the claims of the Buyer within 30 days since the assertion of the claim arising from the liability for the defects of the Goods.
7. Regardless of any other provision of these CTCPA, if the obligation to pay damages by the Buyer to the Seller occurs, the Buyer shall pay the Seller the actual damage up to the amount of the Purchase Price of the Goods excluding VAT.



8. The Buyer shall not be responsible for any failure to perform its obligations under the Purchase Agreement if such default or non-performance is attributable to an insurmountable obstacle, which occurred independently on the will of the Buyer (hereinafter the „force majeure“). The terms for the fulfilment of respective Buyer's obligations shall be prolonged by the time of the duration of the force majeure correspondingly.
9. The Buyer is entitled to require the Seller to fill in the Buyer's forms - 8D Report and 5 Whys in case of quality warranty claim or in case of the claim arising from the defects of the Goods.

## VI Final Provisions

1. The Contracting Parties undertake to keep confidentiality vis-à-vis third parties in relation to any and all facts they come to know about in connection with the performance of the Purchase Agreement under these CTCPA.
2. The Buyer may update these CTCPA. The wording of the CTCPA shall be made available to the Seller by the Buyer at the Buyer's website as well as by reference to these CTCPA in the Purchase Agreement.
3. The new updated version of CTCPA shall apply to all new Purchase Agreement. The original contracts will be implemented according to the original version of CTCPA, unless the Parties agree otherwise.
4. Any claims arising from defects of the Goods as well as claims for contractual penalty or damages shall survive the termination or lapse of the Purchase Agreement and/or CTCPA or any provisions thereof.
5. The Seller shall not be entitled to assign, as a whole or in part, its liabilities and receivables under the Purchase Agreement, or assign the Purchase Agreement to any third party without the Buyer's previous written consent; otherwise such act shall be invalid.
6. Any legal relationship arising from agreements and from CTCPA shall be governed by the law of the Czech Republic, in particular by the Civil Code.
7. If any of the provisions of the Purchase Agreement (including CTCPA) becomes invalid or ineffective, the validity and effect of the remaining provisions of the Purchase Agreement shall not be thereby affected. In such case, invalid or ineffective provisions shall be replaced by the Contracting Parties by such valid and effective provisions which will have the same purpose and will have the same economic impact.
8. An acknowledgement of the Order (i.e. offer for entering into Purchase Agreement) within the meaning of Section 1740 (3) of CC with an addendum or derogation which does not significantly change terms and conditions of the Order, shall not mean acceptance of the offer for entering into the Purchase Agreement (the Order). An acknowledgement of the Order within the meaning of Section 1751 (2) of CC shall not mean acceptance of the offer for entering into the Purchase Agreement (the order).
9. The application of the provisions of Section 1757 (2) and (3) of CC, regulating a manner of concluding an agreement in the form of an acknowledgement letter, shall be excluded.
10. The Seller assumes the risk of a change in circumstances.
11. The Seller and the Buyer shall strive to find an amicable settlement to any and all disputes arising from the Purchase Agreement and from CTCPA. If negotiations fail, the dispute

will be dealt with by a court of competent territorial jurisdiction based on the Buyer's registered office.

12. The Buyer states that he is processing the personal data of natural persons in compliance with the Regulation (EU) 2016/679 of the European Parliament and of the Council. Up-to-date detailed information on processing of the personal data is available on the website [www.let.cz](http://www.let.cz).
13. These CTCPA come into force on 28 Feb 2020.

Kunovice, 28 Feb 2020



**Aircraft Industries, a.s.**  
Ilona Pišková  
General Director