

# Commercial Terms and Conditions for Contracts for Work

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

Issued by

Aircraft Industries, a.s.

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No. 27174841,

Registered in the Commercial Register maintained by the Regional Court  
in Brno, Section B, Insert No. 4444

## Preamble

Aircraft Industries, a.s. (hereinafter referred to as the "Customer") issues these Commercial Terms and Conditions for Contracts for Work (hereinafter referred to as the "CTCCW"); they are intended to complement and form an integral part of any and all Contracts for Work entered into between the Customer and other parties as Contractors.

## I Definitions

1. "Price of Work" – the final and unchangeable payment for which the Contractor will execute the Work for the Customer;
2. "Work" – making a thing, assembly or maintenance of a thing, carrying out an agreed repair or modification of a thing or an activity with other result;
3. "Customer" – Aircraft Industries, a.s., as defined above herein;
4. "Order" – a written proposal of the Customer leading to a conclusion of a Contract for Work;
5. "CTCCW" – these Commercial Terms and Conditions for Contracts for Work which complement and form an integral part of each Contract for Work;
6. "CC" – Act No. 89/2012 Coll., Civil Code, as amended;
7. "Contract for Work" – an expression of will by both Contracting Parties, usually in writing, on the basis of which the Contractor is obligated to execute the Work properly and in time and the Customer is obligated to take over the properly and timely executed Work and pay the Contractor the Price of Work. The Contract for Work may be in the form of an Order and acceptance of such Order;
8. "Contracting Parties" – the Customer and the Contractor under the Contract for Work and these CTCCW;
9. "Contractor" – a person executing the Work for the Customer under the Contract for Work;

## II Scope of CTCCW

1. These CTCCW complement the provisions of the Contracts for Work entered into between the Customer and the Contractor.
2. In case of discrepancy, the provisions of the Contract for Work shall prevail over the provisions of these CTCCW, provided that such contractual provisions are agreed in writing or in another manner that does not raise any doubts about the joint intention of the Customer and the Contractor to deviate from these CTCCW.
3. It shall be understood that any person or entity, who enters into a written Contract for Work referring to CTCCW and/or implicitly enters into a Contract for Work by executing the requested Work according to an Order, which has included a reference to CTCCW, thereby accepts in full the currently valid CTCCW.

## III Executing the Work

1. The Contractor is obligated to execute the Work at its own expense, at its own risk, at the top quality level, according to the design specifications described in the Contract for Work or, as the case

may be, described by a reference sample or by technical documentation (drawings, etc.) approved by both Contracting Parties. When assessing whether the Work has been executed according to the agreed design specifications, the compliance of the Work with technical documentation will be the most important factor.

2. The Contractor may assign execution of the Work or part of the Work to another entity only if it is expressly permitted in the Contract for Work. However, the Contractor will always remain liable to the Customer for execution of the Work, or part thereof, by such a third party. AI has always the right to be informed upon its request about other entities (including their identification) which shall be executing the Work.
3. When determining the manner of execution of the Work, the Contractor is bound by the Customer's instructions. The Contractor is obligated to notify the Customer in writing, if the Customer's instructions are inappropriate. If the Contractor fails to inform the Customer in writing without undue delay that the Customer's instructions are inappropriate, the Contractor will be liable for any potential defects in the Work and any damage caused by executing the Customer's inappropriate instructions.
4. The items which are required for execution of the Work will be handed over by the Customer to the Contractor at the Customer's registered office within the deadline set in the Contract for Work
5. The items required for execution of the Work must be suitable for execution of the Work. If the Contractor fails to inform the Customer within the next day after taking over these items at the latest, that these items have apparent defects or that they are not suitable for execution of the Work, these items will be deemed to be perfect and suitable.
6. The risk of damage to the items required for execution of the Work will be borne by the Contractor from the moment of taking over these items. The Contractor shall be liable for any damage caused by an item it used for executing the Work.
7. The Contractor must treat the items required for execution of the Work in the manner prescribed in technical standards or in a manner that is customary with regard to these items. At the same time, the Contractor is obligated to store these items separately from the Contractor's own items and from the items belonging to other parties. At the same time, the Contractor is obligated to mark these items by the Customer's company name.
8. The Customer has the right to inspect execution of the Work or have such execution inspected by an authorized person.
9. The Contractor shall ensure that all items used for execution of the Work 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.
10. In the event that the Contractor's activities in the performance of the Work would also include such outputs that are protected by industrial or other intellectual property rights, the Contractor shall grant the Customer a royalty free, irrevocable, unlimited perpetual worldwide license with sublicensing rights to use these outputs. The Contractor shall not further provide the result of the Work or its part to any third party or use it for its own needs without the prior written consent of the Customer.

## IV Handing Over the Work

1. The Contractor shall execute and hand over the Work duly and in time.



2. If not agreed in the Contract for Work otherwise, the Contractor shall demonstrate the Customer the capability of the Work to its purpose in the Customer's registered office at the presence of the Customer, or a person authorised by it, before the handover of the Work.
3. Handing over the Work means a formal takeover of the Work by the Customer subject to its previous proper completion and its demonstration according to the Article IV. 2. of these CTCCW. Based on the formal handover of the Work, the Customer confirms a delivery note in case the Work represents making of a thing, or a report on the formal acceptance of the Work by the Customer is made in case of any other Work.
4. Unless agreed otherwise in the Contract for Work, the handover of the Work shall take place in the registered office of the Customer. In case of handing over the Work at the Customer's registered office, the Contractor shall hand over the Work on weekdays and during the Customer's business hours, i.e. from 6.00 a.m. to 2.30 p.m. Any other time of handing over the Work must be agreed in advance between the Contractor and the Customer.
5. The Contractor shall notify the Customer in writing (by letter, e-mail, fax) of the date when the Work will be delivered to the place of handover to demonstrate the capability of Work to its purpose and to the handover of the Work. The Contractor shall notify the Customer 3 working days in advance at the latest. This stipulation does not affect the delivery date agreed in the Contract for Work.
6. The Contractor is entitled to hand over the executed Work by partial deliveries if this is agreed in the Contract of Work
7. If the Contractor fails to fulfil its obligation to execute and hand over the Work duly and in time, the Customer will have the right to charge a penalty of 0.5 % per day of the Price of the Work that has not been executed and handed over by the Contractor in time. The right to claim compensation for damage shall not be affected by this provision.
8. If the Contractor's delay with execution and handover of the Work exceeds thirty (30) days, the Customer will have the right to withdraw from the Contract for Work. The right to claim compensation for damage and the contractual penalty according to the point 6. of this article of CTCCW shall not be affected by this provision. The Customer is entitled to assert all claims individually and at the same time.
9. The Contractor shall ensure that all items used for execution of the Work of the type of substance, mixture, article (as defined in REACH) will comply with the legal requirements of REACH and shall provide Customer 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 Contractor is obliged to settle all claims of third parties resulting from such breach, in particular claims for damages.

## V.

### Price of Work and Payment Terms

1. The Price for the Work is agreed in the Contract for Work and it includes any and all costs associated with executing the Work including the costs for packing, transport, insurance, duties, fees, taxes etc.
2. The Price of Work is binding both on the Contractor and the Customer. An increase in the Contractor's input costs will not establish the right to unilaterally increase the agreed Price of Work.
3. The Customer will pay the Contractor the Price of Work and, as the case may be, make other payments according to the invoice issued by the Contractor. The invoice must especially contain the number of the Contract for Work, the identification data of both the Contractor and the Customer, including bank details, specification of the Work, the Price of Work, 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.

4. Unless agreed otherwise in the Contract for Work, the invoice due date occurs thirty (30) calendar days after the moment when both the invoice and the handed over Work corresponding with the invoice were for the first time available to the Customer at the soonest.
5. Any financial liabilities of the Customer vis-à-vis the Contractor shall be deemed to have been settled upon the moment when the respective amount is debited to the Customer's account in favour of the Contractor's account.
6. The Customer has the right to return the invoice without payment back to the Contractor if the invoice does not contain the information specified in par. 3 of this Article. In such case the due term is suspended and its running continues by the moment when the invoice which contains the information specified in par. 3 of this Article is delivered to the Customer.

## VI

### Liability for Defects in the Work and Warranty

1. The Contractor will be liable for defects in the Work existing at the time of handing over the Work to the Customer or, if the risk of damage to the Subject of Work passes on to the Customer later, at the time of such passing.
2. The Contractor will also be liable for any defect that occurs after the passing of the risk of damage to the Work, if this defect is caused by a breach of the Contractor's obligations or if the Work does not correspond with the result specified in the Contract for Work.
3. The Contractor will provide a warranty for the quality of the Work (including the Subject of Work) of twenty-four (24) months from handing over the Work to the Customer, unless otherwise stated in the Contract for Work. The warranty will be provided under the following terms and conditions:
  - a) the warranty shall guarantee that the Work executed has the agreed, and unless agreed, then common properties, which will be retained throughout the warranty period;
  - b) the warranty period will start at the moment of handing over the Work. The warranty period will be extended by the time when the Customer cannot use the Work due to defects which are the responsibility of the Contractor.
4. The Contractor shall be obliged to reimburse the Customer costs incurred by the Customer in connection with any quality warranty claims or in connection with any claims arising from the defects of the Work. The costs incurred by the Contractor in connection with exercising of the warranty or any claim for defects in the Work will be borne by the Contractor.
5. It is always at the Customer's discretion to choose the method of exercising the claims concerning liability for defects. With regard to specific circumstances of a defect on the Work, the Customer shall always have right to:
  - a) have the defects removed by executing substitute and perfect Work, executing the missing Work and removing legal defects;
  - b) have the defects remedied by repair of the Work provided that the defects are repairable;
  - c) a reasonable discount off the Price of Work;
  - d) withdraw from the contract.
6. An application of the right from the defects of the Work has no effect on right to claim damages or right to the contractual penalty. The Contractor shall settle the claims of the Customer within 30 days as of the assertion of the right from the defects of the Work at the latest.
7. Regardless of any other provision of these CTCCW, if the obligation to pay damages by the Customer to the Contractor



occurs, the Customer shall pay the actual damage to the Contractor up to the amount of the Price for the Work excluding VAT.

8. The Customer shall not be responsible for any failure to perform its obligations under the Contract for Work if such default or non-performance is attributable to an insurmountable obstacle, which occurred independently on the will of the Customer (hereinafter the „force majeure“). The terms for the fulfilment of respective Customer's obligations shall be prolonged by the time of the duration of the force majeure correspondingly.
9. The Customer is entitled to require the Contractor to fill in the Customer'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 Work.

## VII


### 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 Contract for Work under these CTCCW.
2. The Customer may update these CTCCW. The Customer will inform the Contractor about these CTCCW via the Customer's website and by making a reference to these CTCCW in the Contract for Work.
3. The newly updated version of these CTCCW will apply to all new Contracts for Work. The original contracts will be implemented according to the original version of CTCCW, unless the Parties agree otherwise.
4. Termination of the Contract for Work and/or these CTCCW or any of their provisions will not result in the termination of any claims for defects in the Work nor in the termination of the right to charge a penalty or to claim compensation for damage.
5. The Contractor shall not be entitled to assign, as a whole or in part, its liabilities and receivables under the Contract for Work, or assign the Contract for Work to any third party without the Customer's previous written consent; otherwise such act shall be invalid.
6. Any legal relationship arising from agreements and from CTCCW shall be governed by the law of the Czech Republic, in particular by the Civil Code.
7. If any of the provisions of the Contract for Work (including CTCCW) becomes invalid or ineffective, the validity and effect of the remaining provisions of the Contract for Work 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. the offer for entering into Contract for Work) 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 Contract for Work (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 contract (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 Contractor assumes the risk of a change in circumstances.
11. The Contractor and the Customer must attempt to resolve any and all disputes arising from the Contract for Work and these CTCCW through negotiations. If negotiations fail, the dispute will be dealt with by a court of competent territorial jurisdiction based on the Customer's registered office.
12. The Customer 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. The Contractor shall notify the Customer of occurrence of substantial safety or operational incident if such incident may endanger safety of Customer's information.
14. These CTCCW come into force on.

Kunovice, 12 May 2021



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