

Commercial Terms and Conditions for Contracts for Work

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

Issued by

Aircraft Industries, a.s.

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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 "Contractor") 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 Contractor and other parties as Customers.

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. "Contractor" – Aircraft Industries, a.s., as defined above herein;
4. "Offer" – a written proposal of the Contractor 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 Offer and acceptance of such Offer;
8. "Contracting Parties" – the Customer and the Contractor under the Contract for Work and these CTCCW;
9. "Customer" – a person ordering the Work at the Contractor 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 accepting the Work implemented according to an Offer, 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. However, the Contractor will always remain liable to the Customer for execution of the Work, or part thereof, by such a third party.
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, if the Customer's instructions are inappropriate. If the Contractor fails to inform the Customer 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 Contractor's registered office within the deadline set in the Contract for Work, or within the deadline according to Article IV (4).
5. The items required for execution of the Work must be suitable for execution of the Work. The Contractor has the right to claim a defect of the item required for the execution of the Work and handed over to the Contractor by the Customer towards the Customer. In such case, the Customer is obligated to hand over to the Contractor the items required for the execution of the Work without undue delay after the defect was claimed by the Contractor. The delivery time for the execution of the Work shall be prolonged by the time of the delay of the Customer with the hand over of the items required for execution of the Work correspondingly.
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. The Contractor shall observe special conditions for storing and using items taken over from the Customer to execute the Work if it has been advised of such special conditions by the Customer in writing in advance.
8. The Customer has the right to inspect execution of the Work or have such execution inspected by an authorized person upon the prior written agreement with the Contractor. The Customer is obligated to pay to the Contractor provable, purposely spent costs incurred by the Customer in connection with the inspection.
9. Any extra work shall be mutually agreed between both the Contracting Parties in advance.
10. If the Work or its part is subject to the industrial or other intellectual property rights, the Contractor is entitled to provide the Work or its part to other entities than the Customer.

IV

Handing Over the Work

1. The Contractor shall execute and hand over the Work duly and in time.
2. If it is agreed in the Contract for Work, the Contractor shall demonstrate the Customer the capability of the Work to its purpose in the Contractor'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. 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 under EXW Kunovice (the registered office of the Contractor) in accordance with INCOTERMS 2010. In case of handing over the Work at the Contractor's registered office, the Customer is obligated to accept the Work on weekdays and during the Contractor's business hours, i.e. from 6.00 a.m. to 2.30 p.m. Any other time of the acceptance of the Work must be agreed in advance between the Contractor and the Customer.
5. The Contractor is entitled to hand over the Work by partial deliveries unless it is agreed in the Contract of Work otherwise.
6. 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 in writing.
7. The Customer shall acquire the ownership to the Work as soon as the Price for the Work has been paid at full.

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.
2. The Price of Work is binding both on the Contractor and the Customer. If the Price is determined on the basis of a budget, this budget shall be deemed to be made with a reservation that its finality is not guaranteed and with a reservation that the budget is non-binding.
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 Contractor's 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 the invoice was for the first time available to the Customer at the latest.
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 credited to the Contractor's account.
6. The Customer has the right to return the invoice without payment back to the Contractor within the due term 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 from the moment when the invoice which contains the information specified in par. 3 of this Article is delivered to the Customer.
7. If the Customer fails to meet its obligation to pay the Price of the Work within the due term, the Contractor shall be entitled to claim a contractual penalty amounting to 0.05% per day of the debt. The right to claim damages shall not be affected by this provision.
8. If the duration of the Customer's delay exceeds 30 days, the Contractor shall have the right to withdraw from the Contract for Work. Such withdrawal from the Contract for Work shall be made in writing and it is without prejudice to the Contractor's right to claim a contractual penalty or to claim damages.
9. If a payment of the Price for the Work in instalments has been stipulated and the Customer has failed to pay any of the instalments, the Contractor has the right to have the entire claim discharged (loss of the benefit of instalments).
10. The Customer shall upon the written notice of the Contractor provide the Contractor required security of his claims towards the Customer within the time determined by the Contractor in such written notice.
11. The Customer is not entitled to condition the payment for the Works in any way.

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.
3. The Contractor will provide a warranty for the quality of the Work (including the Subject of Work) if stipulated in the Contract for Work, in the length stipulated by 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 any provable, reasonable and purposely spent costs incurred by the Customer in connection with any justified quality warranty claims or in connection with any justified claims arising from the defects of the Work up to the amount of the Price for the Work excluding VAT. The costs incurred by the Contractor in connection with justified exercising of the warranty or any claim for defects in the Work will be borne by the Contractor. In case of unjust assertion of warranty for quality or a claim arising from the defects of the Goods by the Customer, all costs shall be borne by the Customer.
5. It is always at the Contractor's discretion to choose the method of exercising the claims concerning liability for defects. The Contractor shall have right to:
 - a) remove the defects by executing substitute and perfect Work, executing the missing Work and removing legal defects; or
 - b) remedy the defects by repair of the Work provided that the defects are repairable; or
 - c) provide the Customer a reasonable discount off the Price of Work;
6. In case that a defect of the Work is not remedied by the Contractor, the Customer shall be entitled to withdraw from the Contract for Work in writing.
7. An application of the right from the warranty for quality of the Work or defects of the Work has no effect on Customer's obligation to pay the Contractor the Price for the Work.
8. Regardless of any other provision of these CTCCW, if the obligation to pay damages by the Contractor to the Customer occurs, the Contractor shall pay the actual damage up to the amount of the Price for the Work excluding VAT.
9. Damage to a thing incurred after the risk of damage passes to the Customer does not affect the duty of the Customer to pay the Price for the Work.
10. The Contractor 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 Contractor (hereinafter the „force majeure“). The delivery time for the hand over of the Work to the Customer shall be prolonged by the time of the duration of the force majeure correspondingly.

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 Contractor may update these CTCCW. The Contractor will inform the Customer about these CTCCW via the Contractor'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 Customer 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 Contractor's previous written consent; otherwise such act shall be invalid. The Customer shall not be entitled to unilaterally set off his claims arising from the Contract for Work against the claims of the Contractor towards the Customer.
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 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 Offer, shall not mean acceptance of the Offer for entering into the Contract for Work. An acknowledgement of the Offer within the meaning of Section 1751 (2) of CC shall not mean acceptance of the Offer for entering into the Contract for Work.
9. The application of the provisions of Section 558 (2) of CC, regulating the application of business customs, shall be excluded.
10. 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.
11. The Customer assumes the risk of a change in circumstances.
12. 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 Contractor's registered office.
13. 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.

14. These CTCCW come into force on 18 Jun 2018.

Kunovice, 18 Jun 2018



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