

# General Business Terms and Conditions

## Česká letecká servisní a.s.

### PREAMBLE

The Company Česká letecká servisní a.s., having its registered office and administration building at Airport – Kbely, Mladoboleslavská str., 197 21 Prague 9 – Kbely, was established and organized according to the rule of laws of the Czech Republic on January 21, 1997. The Company is incorporated in the commercial register kept by the Metropolitan Court in Prague, Section B, Insert 4510, business ID No.: 25101137, tax ID: 25101137.

Česká letecká servisní a.s. is the holder of an Aircraft Maintenance and Repair License issued by the Civil Aviation Authority of the Czech Republic (hereinafter referred to as 'CAA') under reg. No. CAA CZ 145.003 according to the procedures given in PART 145, PART 21 DOA, and of a License to Produce and Maintain Military Aviation Technologies. The Company has been certified by Lloyd's Register Quality Assurance according to ISO 9001.

### I. EXPLANATION OF TERMS

- These General Business Terms and Conditions (hereinafter referred to as 'GBTC') are part of the Contract and as business terms and conditions within the meaning of the Civil code 89/2012 (§1751) they define the rights and obligations of contracting parties. GBTC apply in full extent, unless some of the conditions are agreed otherwise between the seller and the buyer in a written contract.
- For the purpose of these GBTC the following terms have the meaning given below:
  - 'CLS' – The Company Česká letecká servisní a.s., having its registered office and administration building at Airport – Kbely, Mladoboleslavská str., 197 21 Prague 9 – Kbely, and undertaking business activities in the aviation industry.
  - 'GBTC' – These general business terms and conditions.
  - 'Performance' – Goods or a service supplied or provided by CLS in accordance with the nature and scope of its business activities.
  - 'Goods' – A movable thing whose kind, quality and quantity are unambiguously defined.
  - 'Customer' – A natural person, a legal person or an entity that intends to make, or already made, a contractual relationship with CLS to purchase goods or services (hereinafter referred to as 'the Subject Matter of Performance') from CLS based on the so made Contract or Order Confirmation according to these GBTC.
  - 'Order' – The Customer's unilateral legal act made towards the Company CLS with the aim to conclude a contractual relationship in order to receive CLS's Performance.
  - 'Contractual Parties' – Parties to a contractual relationship between which the legal act of making the Contract took place based on their free will.
  - 'Contract' – A contractual covenant in writing that expresses the Contractual Parties' will to supply the Subject Matter of the Performance of contractual arrangements, to take it over, and to pay for it an agreed upon price subject to mutually agreed upon terms and conditions.
  - 'Price' – a contractual consideration for which CLS transfers onto its Contractual Partner property right to the Goods, or for which it provides the Contractual Partner with a service on the basis of a concluded Contract or an Order in accordance with GBTC.
  - 'Delivery Terms and conditions' – Specific terms and conditions of the supply of the goods as applied in the Contract or in the Order in accordance with the international standards of INCOTERMS 2010 issued by the International Chamber of Commerce (ICC), Paris.
  - 'Defective Goods' – The Subject Matter of Performance that exhibits obvious or hidden defects, or that does not correspond with the parameters according to technical or quality standards, or that does not correspond with specific requirements for the Subject Matter of Performance stated in the Contract or in the Order.
  - 'Electronic Delivery' – A method of delivering papers or documents in an electronic form (by e-mail). If a delivered document carries the written expression of the Contractual Party's will signed by a person authorized to act on behalf of the Contractual Party, the document must be sent in a scanned form.

### II. INTRODUCTORY PROVISIONS

- Any party concluding a Contract/Order with CLS, making reference to these GBTC, or agreeing to CLS's offer that refers to GBTC, hereby accepts the valid GBTC in their entirety. The Customer further accepts GBTC by issuing any Order addressed to CLS.
- Contractual arrangements to the contrary prevail over the text of GBTC provided that they were agreed upon in writing or in another manner that does not establish doubts over the joint will of the Contractual Parties to depart from the wording of GBTC.

### III. ORDER AND CONTRACT

- In his Order the Customer will state the data he considers decisive with regard to the Contract to which the Customer's Order may lead.
- The Order must contain basic identification data on the Customer as well as all other substantial requisites regarding the Customer, unless they have already been submitted to CLS (a valid abstract from the commercial register, or a copy of a trade license, a VAT registration certificate). The other essentials of the Order include the specifications of the required Subject Matter of Performance, price, place and time of Performance.
- The Customer shall deliver the Order to CLS (by standard post, by electronic mail or by fax). CLS shall either confirm the Order (acceptance) within a period stated in therein, or shall call upon the Customer to make the Contract.
- The Order confirmed by CLS becomes binding upon both the Customer and the CLS and substitutes, in this simplified form, the Contract.
- In special situations, the Customer may file an Order with CLS by phone. Afterwards, the Customer is obliged to send the same Order to CLS in writing within 7 days. Failing that, the previous telephone Order will not be considered and the costs spent in connection with the Order will be debited to the Customer.
- If CLS considers the data provided in the Order inaccurate, ambiguous or insufficient for determining the contents of the Contract or for the acceptance of the Order, it will immediately notify the Customer and call upon him to provide required information.
- Any and all costs and damages connected with the improperly delivered Subject Matter of performance on the basis of an incomplete Order, inaccurately defined

Subject Matter of Contract Performance, or incomplete, incorrect data or data that do not correspond with the current status and that were submitted by the Customer, will be debited to the Customer.

- If CLS fails to explicitly confirm the Order, or if it fails to refuse it within a period stated in therein, whereas it will supply the Subject Matter of Performance within a period decisive for the acceptance of the Order - i.e. in 15 calendar days - CLS will be deemed to have accepted the Order, whereby making the Contract by completing an act, i.e. by sending the Goods.

### IV. CONTRACT CHANGES AND AMENDMENTS

- During their contractual relationship the Contracting Parties may agree upon additional contractual arrangements or changes in the original version of the Contract.
- Changes in the Contract must be performed in the form of a bilaterally approved written contractual arrangement - an amendment to the Contract.
- An amendment to the Contract must contain the sequential number of the amendment, the marking of the Contract to which the amendment relates, the purpose of the amendment and the date of its signature, which simultaneously constitutes the day on which the amendments comes into force.

### V. PRICE AND PAYMENT TERMS AND CONDITIONS

- The Price of the Subject Matter of Performance includes the delivery of the Subject Matter of Performance according to the Delivery Terms and Conditions to the place of destination shown in the Order or the Contract.
- The contractual Price set out in the Order or the Contract is given in a specific currency and with relevant tax data.
- The Price is payable against an invoice issued by the Company CLS on the date specified in the invoice. If the payment date is not indicated on the invoice, maturity sets in on the 30th day from the date of taxable performance.
- An invoice is a tax document that contains the following:
  - The Customer's and CLS's identification data, including their tax ID's,
  - The registration number of the document, issuance date, taxable performance date, maturity date,
  - Marking and specification of the Fulfillment, quantity and unit prices,
  - Total Price w/o VAT, basic or reduced VAT rate, or statement of tax exemption,
  - Total Price to be paid, accounting of provided advances,
  - Numbers and specifications of invoicing data, if they were issued (handover protocols, delivery notes, work order sheets, etc.),
  - In case of a contractual partner from the European Community VAT payer No. has to be indicated too.
- The Customer has the right to return an invoice to CLS without paying it provided that the invoice does not present the essentials given in paragraph 4 hereunder.
- A pecuniary commitment is met on the day a relevant invoiced amount is credited to the bank account of CLS.
- The contractual Price is binding upon the Company CLS. An increase in CLS's input costs of the production of the Goods, or the provision of services does not establish right to increase the Price, or to withdraw from the respective Contract, or to change its terms and conditions in any manner, unless agreed otherwise by the Contracting Parties.
- In case of the amendment of Act No. 235/2004 Sb. on value added tax, the relevant change will be reflected in the Price provided that the Price is affected by such a change.
- The Customer is held liable for the accuracy and completeness of the data that he submits to the Company CLS and that are required for the perfect fulfillment of the Subject Matter of Performance (including but not limited to accompanying technical documentation, bulletins, aircraft logbooks, and manuals). If the Company CLS incurs extra costs in connection with the Customer's fault (for instance, the Customer provided improper and incomplete accompanying technical documentation), CLS is entitled to request that the Customer pay all the extra costs, including related acts.

### VI. DELIVERY AND HANDOVER OF THE SUBJECT MATTER OF PERFORMANCE

- CLS shall hand over the Subject Matter of Performance in the quantity, manufacturing and quality specified in the Contract/Order, and at the date and in the place indicated in the Contract/Order.
- CLS shall hand over to the Customer all documents required for the takeover and use of the Subject Matter Performance, documents specified in the Contract, as well as documents that are considered usual with regard to the nature of the Subject Matter of Performance (these mainly include certificates, packaging notes, shipping documents, and invoices).
- CLS shall submit the Subject Matter of Performance along with the original copy of the delivery note, or CLS and the Customer shall sign a Handover Protocol that will present the following information:
  - The contractor's name and full address (the company CLS ), including a telephone number to reach the contact person according to the data given in the Order or in the Contract,
  - The Customer's name and full address, including the name of the authorized person according to the data given in the Order or in the Contract,
  - The number of the delivery note, the number of the Order or of the Contract,
  - Precise specification of the supplied Subject Matter of Performance,
  - Production numbers, quantity and sequential numbers corresponding with the relevant item (items) in the Contract or in the Order,
  - The date of the issuance of a delivery note or of a Handover Protocol and the signatures of the authorized persons of the Contracting Parties,
  - Other data, if any, shown in a relevant Contract or Order.
- Should export or import licenses be required for the delivery of the Subject Matter of Performance, the Company CLS shall ensure a license corresponding with the Contractual Relationship and the Customer shall ensure required certificates, or licenses.
- If the Subject Matter of Performance involves the delivery of the Goods, the Goods are delivered in a packaging unit according to relevant standards applicable to the agreed upon type of the Goods and to the agreed upon Delivery Terms and Conditions so as to prevent the Goods from damage during their transport to the agreed upon place of destination. Unless stated otherwise in the Order or in the Contract, the packaging unit and the method of packaging are determined by CLS that also has to inform a carrier about a special mode of transport, if the transportation of the relevant Goods so require.

6. CLS is entitled to supply the Subject Matter of Performance prior to the date indicated as its delivery date in the Contract or in the Order. CLS shall inform the Customer of early supply 5 days prior to the delivery of the Subject Matter of Performance. Unless agreed otherwise, partial deliveries are allowed.
7. Unless stated otherwise in the Contract or in the Order, the supply of the Goods is subject to INCOTERMS 2010, clause EXW airport-Kbely, Prague 9
8. The Customer shall acquire property rights to the Goods only upon the full payment of the Price. At the moment that the Goods are taken over by the Customer, responsibility for the accidental destruction, damage or loss devolves upon the Customer.

#### VII. WARRANTY, RESPONSIBILITY FOR DEFECTS

1. CLS shall provide the Customer with a 12-month warranty period covering the quality of the Subject Matter of Performance according to the terms and conditions below, unless specified otherwise in the Contract or in the Order:
  - a) The warranty period begins to run on the day of handing over the Subject Matter of Performance. This date is marked on a relevant protocol, warranty certificate or a similar document.
  - b) The warranty guarantees that the supplied Goods have agreed upon or usual properties that will be retained during the entire validity of the warranty period.
  - c) With the Subject Matter of Performance whose defect is claimed during a warranty period yet whose transport for the purpose of defect removal would be impractical, repair shall take place in the place where the Subject Matter of Performance is found, whereas CLS shall bear the costs of transport and travel expenses to the place of repair and back.
  - d) The Customer's claims for the removal of the defect of the Subject Matter of Performance asserted within a warranty period shall be processed by CLS no later than in 30 days from the day a justified claim was filed, unless agreed otherwise by the Contracting Parties (unusually complex cases requiring independent or time-consuming expert assessment).
  - e) The warranty period covering the Subject Matter of Performance shall be extended with the period during which the Subject Matter of performance is under warranty but it is not fit to be used for an agreed upon or usual purpose, or it does not have agreed upon or usual properties. If the defective Goods or a faulty part is replaced with a new one, a new warranty period will begin to run.
2. If the Subject Matter of Performance exhibits a defect during a warranty period, the Customer is entitled to claim the defect during the warranty period. The Customer is obliged to claim the defects of the Goods identifiable during the handover of the Goods immediately upon handover by making a record in a Handover Protocol.
3. The written claim of a defect must contain the date of the delivery/handover of the Subject Matter of Performance, the number of the Handover Protocol, the number of the delivery note or of the invoice, the production number of the Goods, the description of the defect, and the type of the asserted claim. The Customer may not alter a lodged claim without CLS's consent.
4. if the Subject Matter of Performance carries a defect at the time of delivery, it is up to the Customer's discretion to:
  - a) request that substitute or missing Goods be delivered, or
  - b) request that the defective Goods be repaired at CLS's expense, provided that the defects are repairable, or
  - c) request a reasonable Price discount.
5. CLS is held liable for the defects the Subject Matter of Performance has at the moment of the transfer of the risk of damage to the Subject Matter of Performance even if the defect of the Subject Matter of Performance covered by warranty becomes obvious at a later date.
6. CLS is also held liable for any defect occurring after the moment of the transfer of the risk of damage to the Goods while still covered by a warranty period, provided that the defect is due to the breach of CLS's obligations.
7. CLS is not held liable for the damage caused to the Subject Matter of Performance induced by improper or unreasonable use, or for the defects caused by wrong operation, unprofessional handling, use and installation that contradict the user manual or technical regulations.
8. The warranty expires in the event of unauthorized interference with the Subject Matter of Performance by a person who was not expressly empowered to do so by CLS.
9. The warranty pursuant to Article VII. of GBCT does not apply to servicing interference with aviation technology or to post-warranty repairs of onboard aviation technology that follow separate regulations; namely the General Servicing Terms and Conditions (GSTC).

#### VIII. SANCTIONS

1. Either Contracting Party has the right to withdraw from the Contract or from a similar contractual agreement in situations where the other Contracting Party breached, in a material way, its obligations ensuing from these GBCT or from the Contract while failing to redress the breach within a provided reasonable period.
2. Substantial breach of this Contract is deemed mainly in the event that:
  - a) CLS fails to supply the Subject matter of Performance within an agreed upon term, whereas this default lasts longer than 30 days,
  - b) CLS wrongfully refuses the Customer's rights arising from CLS's responsibility for the defects or for the guaranties of the quality of the Subject Matter of Performance,
  - c) The Customer is in default with the payment of an invoice or with the handover of the Subject Matter of Performance, whereas such default lasts longer than 60 days within the sense of GBCT, or
  - d) The Customer breaches his obligation given in Article XI, paragraph 1.
3. The legal act of withdrawal from the Contract must be made in writing and delivered, in a provable manner, to the other Contracting Party. Withdrawal from the Contract does not affect the right to compensation of damage.
4. Should CLS be in default with the delivery of the Subject Matter of Performance, the Customer is entitled to charge CLS a contractual penalty of 0.05 % of the price of the undelivered Subject Matter of Performance for every begun day of delay (the contractual penalty must not exceed 10% of the price of the undelivered Subject Matter of Performance).
5. Should CLS be in default with the removal of the defects of the delivered Goods, the Customer is entitled to charge CLS a contractual penalty of 0.05 % of the price of the defective Goods for every begun day of delay (the contractual penalty must not exceed 10% of the price of the undelivered Subject Matter of Performance).
6. Should the Customer be in default with the payment of an invoice, CLS is entitled to charge the Customer delay charges of 0.05 % of the amount of the outstanding invoice for every day of delay.
7. Should the Customer be in default with the acceptance of the Subject Matter of Contract Performance, CLS is entitled to charge the Customer a contractual penalty of 0.05 % of the price of the accepted Subject Matter of Performance for every day of delay.
8. CLS is entitled to require a contractual penalty of 50 % of the total value of the

specific Order or the Contract, provided that the Customer has breached his obligation according to Article XI, paragraph 1 of GBCT.

#### IX. SPECIAL PROVISIONS

1. In accordance with the regulation of the European Commission (EC) No. 1702/2003, CHAPTER A, Article 21 A.3, the Customer undertakes to inform or to ensure the handover of information to CLS's design sector about any and all events connected with the identification of the hazardous condition of an aircraft concerning the CLS design sector as the holder of a relevant certificate. This announcement must be submitted to CLS in a demonstrable manner as soon as possible, however, no later than within 48 hours from detecting a possible hazardous condition, unless such an announcement is prevented by extraordinary circumstances.
2. The Customer also undertakes to announce, without undue delay, or to ensure the announcement of a possible change in an aeronautical register, which change is connected with a change in the operator or owner of an aircraft.
3. Should the Customer's acts seriously contradict the valid laws of the Czech Republic, EU and EASA, the contractor has the right to withdraw from the Contract.

#### X. FORCE MAJEURE

1. Force majeure means extraordinary events that prevent, either temporarily or permanently, the fulfillment of the obligations ensuing from the Contract and that could not be foreseen or averted by an obligated party while making efforts that can be required of it (This also includes, amongst others, measures taken by involved authorities, changes in and amendments to the laws connected with Performance, failure to grant relevant export/import licenses, etc.).
2. The Contracting Parties are entitled to stop the fulfillment of its obligations arising from the Contract for the time of the duration of the circumstances that exclude the obligation in accordance with paragraph 1 hereunder (hereinafter referred to as 'Force Majeure').
3. Changes in the prices of input materials and contractors' and subcontractors' failure to perform deliveries are not considered the instances of Force Majeure.
4. The Contracting Party that seeks the application of the Force Majeure clause must immediately (if possible) notify the other Party of this fact in writing and take all possible measures to mitigate the consequences of the non-fulfillment of its contractual obligations.
5. Force Majeure excludes claim to apply sanctions against the Contracting Party affected by the occurrence of Force Majeure.
6. If the circumstances of Force Majeure last longer than 45 days, both Contracting Parties are entitled to withdraw from the Contract.

#### XI. FINAL PROVISIONS

1. The Contracting Parties undertake to observe the confidentiality of the facts of material or immaterial nature they will learn about in connection with the fulfillment of any Contract under these GBCT. Such facts constitute the subject matter of CLS's trade secret. Unless having CLS's express agreement in writing, the other Contracting Party is not entitled to use such facts for its own benefit or in favor of third parties, except persons authorized by law.
2. CLS will observe the same period to inform in writing its contracting partners of changes in GBCT. The contracting partners hereby undertake to agree with the amended GBCT. Unless they convey their express disagreement in writing prior to the effective date of the GBCT changes, the new text of GBCT will become binding on all of the so-far concluded Contracts and on the Contracting Parties, effective as of the validity date of the amended GBCT.
3. If GBCT are changed or updated, CLS informs its customers and contracting parties about the new, updated wording of GBCT on its web pages at least 15 calendar days prior to the effective date of the change.
4. The expiration of the effect of the Contract and/or of GBCT or any of their provisions does not mean the termination of claims based on the defects of the Goods, or of claims to contractual penalties or damages. The Contracting Parties are obliged to fulfill everything they agreed upon before the termination of the validity of the Contract and/or GBCT, unless they agree otherwise.
5. These General Business Terms and Conditions, as well as all legal relationships between the seller and the buyer are subject to the legal order of the Czech Republic, especially Act No. 89/2012 Sb., Civil Code, as annotated, except the UN Convention on the International Sale of Goods (Notification of the Ministry of Foreign Affairs of the Czech Republic No. 160/1991 Sb.).
6. Disputes that might occur between the Contracting Parties during the performance of their contractual obligations will be solved out of court. If the parties fail to reach an agreement in this way, the dispute will be referred to the seller's locally competent commercial court.
7. If any of the provisions of these GBCT is or becomes invalid, ineffective or unenforceable, the validity, effect, and enforceability of the provisions will remain unaffected. With regard to the facts contained in an invalid provision, the relationship between the Contracting Parties will follow the general provisions of respective legal regulations.
8. These General Business Terms and Conditions come into force on 1<sup>st</sup> of March, 2014.

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