

## **GENERAL BUSINESS TERMS AND CONDITIONS of H.R.G. spol. s r.o. (hereinafter referred to as the Supplier) valid as of 1 January 2015**

### **I. Conclusion of Contract**

1. These general business terms and conditions (hereinafter referred to as GBTC) are used by the contracting parties to stipulate their mutual rights and obligations under individual business cases concerning the sale of goods, provision of services, or performance of works (sale of goods, provision of services, or performance of works hereinafter jointly referred to as supply of Goods), unless a written Contract between the contracting parties explicitly stipulates otherwise. These GBTC form an integral part of the Contract (order), to which they have been attached, as well as part of the printing price offer (hereinafter referred to as the offer), based on which the Client makes the order. Application of the Client's general terms and conditions and similar, although attached to the order, is inadmissible, unless explicitly agreed between the parties in writing. For the purpose of these GBTC, Contract shall mean written (including e-mail) or phone order of the Client confirmed by the Supplier, made based on an offer sent by the Supplier to the Client. If agreeing on the terms of the order, the Supplier shall confirm acceptance of the order to the Client, even by phone, usually within 3 business days from delivery of the order to the Supplier. The Contract is concluded as of the moment of delivery of the order confirmation to the Client. These GBTC supersede any other oral and written representations and arrangements of the parties in respect of a specific business case, made or concluded prior to the date of signing these GBTC. For the purpose of these GBTC, Client shall mean a business entity acting within the framework of its business when concluding the Contract.

### **II. Price and Payment Terms**

1. Prices stated in the order (offer) are calculated for standard colour coverage of approximately 60% (incl.) of the printed area. In cases of greater colour coverage, a new price offer will be sent after receiving the data. For technical reasons, short or excessive volume between -1% and + 3% of the ordered quantity can be produced and supplied, where any excessive volume may be supplied for 50% of the agreed price, to which the Client agrees by sending the order and shall accept it. In the event of short volume of up to -1% of the ordered Goods, the agreed price per item shall not be reduced and the total price will be calculated as a product of the item price and number of Goods delivered and the Client agrees that he shall receive and pay a smaller quantity of the Goods.

2. The Client is obliged to pay the Supplier the price stated in the confirmed order. The price for the Goods is determined as Ex works (Incoterms 2011) Litomyšl, Svitavská 1203, Czech Republic, and is valid if there are no changes to the data and requirements by the Client after concluding the Contract. Depending on the particular situation and instructions in the order, transport, loading, or non-standard packaging of the Goods can be charged in addition to the price of the Goods.

3. The data for payment of the price is an invoice issued by the Supplier and sent to the Client to the address of his registered office stated in the Commercial Register, to the attention of the contact person. The Supplier becomes entitled to invoice the price as of the date of delivery of the Goods. In the event that the Client fails to accept the Goods within 15 days from the agreed date of delivery of the Goods, the last day of the said term shall be deemed the date of delivery of the Goods. Unless agreed otherwise in the Contract, the invoice is due and payable within 15 days from the date of delivery of the Goods.

4. If the Client is late with settlement of an invoice the Supplier is entitled to charge interest on late payment at the rate of 0.05% per day until actual payment. If the delay exceeds 30 days, the interest on late payment is 0.1% of the due amount per day until actual payment. If delivery of the Goods has not occurred yet, the Supplier is, in the case of delay in payment of any debt of the Client to the Supplier, entitled to retain the Goods until actual settlement of the amount due. Furthermore, the Supplier is not obliged to start or continue printing works until full settlement of the amount due.

5. Unilateral set-off by the Client, under which a receivable of the Client would be set off against a receivable of the Supplier in respect of payment of the price for the Goods according to the Contract, is not admissible.

6. If the Goods are supplied on pallets, the pallets are supplied under a pallet exchange system, or, if impossible, the Client will be additionally charged the price of the supplied pallets, to which fact the Client agrees by concluding the Contract. Pallets unclaimed by the Client within 5 days shall be disposed of by the Supplier.

7. Unless increase of the price of the Goods, according to art. II.1 and II.2 above, caused by changes of the conditions for making of the Goods from the Client's party exceeds 10% of the total original price including VAT, the Client is obliged to pay the price of the Goods without amending the Contract, and is not entitled to withdraw from the Contract for this reason.

8. The Supplier's offer is always valid for 15 days. The Client is aware that the price and delivery term may change after expiration of the said period.

### **III. Delivery of notices**

Written submittals provably sent by one part to the address of the other party's registered office or place of business stated in the Contract or the relevant public register are deemed delivered on the 5<sup>th</sup> day after sending it, including cases when the other party fails to accept the submittal for any reason.

### **IV. Printing data**

1. Only the Client is responsible for quality, suitability, and contents of him supplied printing data; the Supplier does not check these data in terms of quality or contents and the Supplier is not liable for any errors in this regard and is not obliged to advise the Client of such errors, if any. Only the Client is responsible for compliance with laws of the Czech Republic and proper settlement of all copyright or other claims of third parties related to the data, even in cases when the Supplier will be held liable to settle such himself.

2. If the printing data are not supplied in accordance with the Supplier's requirements, certain deviations may occur, for which the Supplier is not liable - the risk shall be borne by the Client and the Client hereby expresses his consent with the same. The Client bears similar risk in cases where the printing materials contain fonts that are not a firm part of the document. The Supplier is entitled to return illegible, defective, unclear, or otherwise unfit for processing printing data to the Client. In such case, the term of delivery of the Goods starts running only after delivery of new perfect production data by the Client.

### **V. Delivery**

1. The place of delivery of the Goods is the Supplier's registered office, unless otherwise stipulated in the Contract. Goods are deemed delivered once accepted by a carrier or an authorized person of the Client. Unless the Client designates a person to accept the Goods in writing at least 3 business days before delivery of the Goods, the person who accepts the Goods shall be considered authorized. For the sake of clarity it is hereby stated that the term of the delivery of the Goods according to the Supplier's order is preliminary and only the date stated on the confirmed order is binding upon the Supplier. The Client is obliged to accept partial performance. Also, the Client is obliged to accept performance prior to the agreed delivery term.

2. The Client is obliged to inspect the supplied Goods immediately after delivery of the Goods. The Supplier is liable for defects of the Goods existing at the time of delivery. The Supplier is liable for defects occurring later only if caused by violation of his obligations. Claims under liability for defects that can be detected upon delivery of the Goods (apparent defects) shall be raised by the Client with the Supplier within 4 business days after delivery of the Goods. If the Client fails to meet this obligation, Client's rights under liability for defects of the Goods in respect of apparent defects expire. Client's rights under liability for defects in respect of hidden defects expire if the Client fails to inform the Supplier about the hidden defects of the Goods within 5 days from detecting such or from the moment when the Client ought to have detected the defects if exercising and acting with due professional care, however within 3 months from delivery of the Goods. Complaints cannot be made in respect of minor colour deviations, minor paper levelness flaws, minor errors in the processing of printing data, and other deviations given by limits of the printing technology, as well as quantity deviations pursuant to these GBTC. If the Supplier admits a complaint as justified, the Client is entitled to receive an adequate discount on the price of the Goods, unless the Supplier declares that the Goods are fit to be repaired. The amount of the discount will be determined by the Supplier with regard to the nature of the defects and their influence on the use of the Goods.

3. The Supplier is liable towards the Client for defects of Goods and for damages caused to the Client during and in connection with performance of the job, however only up to the amount of performance paid by the Client to the Supplier for the given goods including VAT. The Client is aware that without this arrangement the Supplier would never have concluded the Contract with the Client and would not be interested in performing the Contract.

4. Upon mutually agreed reduction or cancellation of an order, the Client shall pay to the Supplier all charged costs incurred by the Supplier in this regard. If agreeing in writing on a change to the Goods, the delivery term shall be extended by the time required to implement such a change, unless agreed otherwise in writing.

5. The Client acquires title to the Goods at the moment of delivery of the Goods. The risk of damage to the Goods passes to the Client at the moment of delivery of the Goods.

7. In the event that the Client fails to provide the Supplier with printing data, approve drafts, or provide any required cooperation in time (within 24 hours) and as a result of such conduct of the Client production of the Goods for the Client will be suspended and the Supplier will be unable to make use of the freed production capacity of his printing

house in Litomyšl, Czech Republic (there will be downtime), the Client shall be obliged to pay a contractual penalty to the Supplier for the downtime in the amount of 5% of the originally agreed price of the Goods including VAT for every, however incomplete, day of the delay. Payment of the contractual penalty for downtime is without any prejudice to the Supplier's right to claim damages. In this case, the term of performance shall be postponed in a manner that the Supplier will be able to include printing of the Client's job into the printing plan.

8. In the event that the Client fails to ensure acceptance of the Goods by the 5<sup>th</sup> business day after the agreed date of delivery of the Goods, it holds that the Supplier has fulfilled his obligation to deliver the Goods in a timely and proper manner. As of this moment, the risk of damage to the Goods passes to the Client and the Supplier will store the Goods. The Supplier is entitled to charge storage fees in the amount of CZK 10 excl. VAT for every transporting pallet or europallet and every commenced day of storage. In the event that the Client fails to accept the stored Goods or a part thereof within 60 days from the starting date of storage of the Goods, the Client thereby explicitly agrees and empowers the Supplier to dispose of such Goods or a part thereof. Proceeds from sale of disposal shall be set off against the Client's payable obligations to the Supplier, particularly the storage fees.

9. Packaging provided by the Supplier as part of the performance for no special consideration is standard packaging.

#### **VI. Other provisions**

1. The Client voluntarily provides his personal data to the Supplier and agrees that the personal data will be processed, gathered, stored, and kept in records in order to conclude a contract with the Supplier. The Supplier shall not provide such acquired personal data to third parties, save for carriers of goods, and only for proper delivery of the goods, and its business partners, only for arranging for cooperation in the goods as requested by the Client, if any. Unless explicitly agreed otherwise between the parties, it holds that the Supplier is entitled to use the subject of performance under a Contract as reference in conducting its business, to the extent of the name of the client, subject and time of the performance, and sample.

3. The parties are not liable for being late in fulfilment or failing to fulfil an obligation under the Contract or for damages, if the delay or failure has been caused by force majeure. Force majeure particularly means: strong snowstorm or other storm, floods and other natural catastrophes, unfit roads, long-term power outages, acts or threats of terrorism, riots, decisions of administrative bodies, or other similar conditions.

4. In the event that the Client cancels his order after it has been confirmed by the Supplier, the Client is obliged to pay a cancellation fee to the Supplier in the following amount:

- a) 10% of the price of the Goods if the order has been cancelled at least 30 days before realization,
- b) 50% of the price of the Goods if the order has been cancelled between the 29<sup>th</sup> and 6<sup>th</sup> day before realization,
- c) 85% of the price of the Goods if the order has been cancelled between the 5<sup>th</sup> and 1<sup>st</sup> day before realization.

Payment of the cancellation fee shall be without prejudice to the Supplier's right to claim damages.

#### **VII. Final Provisions**

1. These GBTC are valid and effective as of the date when signed by the Client or the date when the Client expresses consent with them when concluding the Contract (i.e. by sending an order, sending printing data, etc.).

2. These GBTC or the Contract can only be amended or changed in the form of a written amendment to the Contract.

3. If any of the provisions of GBTC or the Contract is declared invalid, the other provisions remain valid, if severable. The contracting parties undertake to replace the provision in question with a valid provision of similar contents.

4. These business terms and conditions and the Contract are governed by Act No. 89/2012, Civil Code, as amended, and laws of the Czech Republic.

In Litomyšl, on 1.1.2015