

## GENERAL TERMS OF TRADE

General terms of trade are an integral part of the Contract or the Order Confirmation. They come into force at the moment of the signing of the Contract by both Parties or at the moment of the Confirmation of the Order

### 1. General

- 1.1. The express stipulations of the individual Contracts or Order Confirmations shall take precedence over the provisions of these General Terms of Trade.
- 1.2. The Contractor and the Client are bound to keep all information following from this Contract as confidential and not to publish them in relation to third persons.
- 1.3. The Client is bound to inform the Contractor about any change of address (if case be, about other important data).
- 1.4. The Client is bound to submit samples and documentation to the Contractor and to enable him an access to all production areas, records and personnel in accordance with the certification program ordered. In the event of change to Order confirmation, the Client shall receive written notification of change to this confirmation and the reason for this.
- 1.5. The Contractor is bound to limit his requirements during the certification only to matters regarding the considered scope of certification.
- 1.6. The Contractor may authorise another organisation, with whom he shall conclude a partial contract for carrying out the tests and reviews.
- 1.7. The Contractor and the Client shall seek to solve all disputes arising from a Contract or an Order Confirmation and connected with such Contract or Order Confirmation by a mutual agreement. Should an agreement not be reached, the dispute shall be resolved by a Czech court pursuant to a law applicable in the Czech republic. The Contractor is entitled to renounce the Contract in case of non-payment of the deposit or the price for the implementation and in case that the samples of the products and the documentation required by this Contract or by the order Confirmation were not delivered to the Contractor within the period of 3 months from the signing of the Contract. The withdrawal from the Contract is effective from the date of the written notification of the Client. If the order is not completed within 1 year of commencement of the requested activities due to failure to provide necessary cooperation on the part of the Client, meaning that the Client a) fails to eliminate a specimen defect, b) fails to eliminate discrepancy between documentation and a specimen, c) fails to provide requested additional documents that are essential for issuing required certificates, and such inactivity by the Client makes it impossible for the Contractor to meet its obligations under the Contract, the Contractor shall be entitled to withdraw from the Contract, in accordance with the provisions of Section 1977 of the Civil Code, Act No. 89/2012 Coll., for serious breach of contract constituted by delay on the part of the Client. Should the Contractor fail to exercise its right to withdraw from the Contract according to Section 1977 of the Civil Code in due time, the Contractor shall be entitled to withdraw from the Contract in accordance with the provisions of Section 1978 of the Civil Code (i.e. in the manner stipulated for minor breach of contractual obligations constituted by delay).  
In the event of withdrawal from the Contract, the contractor shall be entitled to remuneration of all expenses that were incurred by the contractor for the Client's order up to that point in time. These expenses will be invoiced by the contractor to the Client, and if an advance payment was paid by the Client for an agreed performance price, the contractor shall be entitled to satisfy its claim for a payment of incurred expenses from this advance payment. According to the identical will of the contracting parties, the Client's duty to pay all the expenses incurred by the contractor to the order shall remain also after expiration of the Contract.
- 1.8. The Client shall be entitled to withdraw from the Contract under the conditions specified in Section 1992 of the Civil Code. Such cancellation may be implemented only in writing. The cancellation fee shall amount to 10 % of the agreed price. The Client consents to such amount being increased by actually incurred costs which the Contractor undertakes to pay.
- 1.9. The performed activities in accordance with the Contract or with the Order Confirmation do not affect legal relations between the Client and other persons, particularly those persons for whom the sample is destined or from whom the sample originates.
- 1.10. The Client declares that he neither infringes nor misuses the patent rights and the rights of the industrial property, licence or know-how of the manufacturer of the tested samples and that on the tested samples there are no dues pledges or similar rights of third persons. In case of well-founded doubts the Contractor has the right to withdraw from the Contract immediately.
- 1.11. In case of delay in the settling of the invoice the Client is bound to pay a default charge amounting to 0,05% of the invoiced sum for every day of the delay and to settle in full damages caused to the Contractor by this delay if this damage is not covered by the default charge.
- 1.12. The Contract comes into force by the signatures of both Parties. If the Contracting Parties do not sign the Contract at the same time, it comes into force by the date of delivery of the signed Contract by the Client to the Contractor. In case of the Confirmation of the order the contractual relation between the parties is concluded by the date of the signing of the Order Confirmation by the Contractor.
- 1.13. Any changes or supplements to this Contract shall be made in a written rider and approved by the signatures of both Parties. These riders shall form an integral part of the Contract.
- 1.14. Any legal relations not explicitly adjusted by this Contract are ruled by legal arrangements contained in the Commercial Code, in the Act on Registered Marks and connected rulings.
- 1.15. Granting of the certificate, licence for the brand use or any other attestation or document shall not relieve the client from the responsibility for the product, its quality and safety and, in particular, from the liability for any damage caused by a defect of the product according to Section 2939 and following of Act No. 89/2012 Coll., the Civil Code.

### 2. Prerequisites connected with the tested samples

- 2.1. The Client shall supply free of charge the required samples and their components which shall be returned after the completion of tests. The Client agrees that he will not require from the Contractor any compensation for eventual damages of the samples and their components as an outcome of the testing. The samples can lose their functionality or safety during the tests.
- 2.2. The samples shall be properly packed and marked by the Client and secured for the purposes of transport.
- 2.3. In case of the occurrence of a defective sample which will make it impossible to observe the object of implementation, he shall inform the Client without delay about it. The Client shall provide the necessary co-operation to remove the defect. The term of implementation which is given in the Contract shall be extended by the time needed for the removal of the defect.

- 2.4 In case of the occurrence of such a discrepancy between the documentation and the sample, which would make it impossible for the Contractor to observe the object of implementation, he shall inform the Client without delay. The Client shall provide the necessary cooperation to secure the proper documentation. The term of implementation which is given in the Contract shall be extended by the time needed for securing the proper documentation. Documentation not used during the tests and reviews and not required to return will be discarded.
- 2.5 The contractor undertakes, after completing the tests, to send the samples back to the address of the client or sample supplier, at their expense, unless agreed otherwise. The costs of returning samples will be billed to the client or sample supplier, which undertake to reimburse the contractor for the costs.
- 2.6 The client or sample supplier can, following an agreement with the contractor, collect the samples in person, but no later than within 14 calendar days of being asked by the contractor. Unless it collects the samples by the set time, it undertakes to pay the contractor a storage fee totalling CZK 500 + VAT per day, but for no more than the following 14 calendar days. After the expiry of this period, the samples will, at the expense of the client or sample provider, be returned to their address and the contractor will bill the costs of return of the samples and a storage fee, which the client or sample supplier undertakes to pay.

### **3. Granting of licences (on mark/marks specified in the Contract)**

- 3.1 The client is obliged to ensure that all products placed on the market under the brand, to the use of which the licence has been granted, are identical with the samples delivered for the tests and certification procedures and that they meet all the requirements and responsibilities laid down by the current legal regulations as regards the supplied products. The Client takes due note of the fact that the client is only entity responsible for the product, its quality and safety and that performing party is not, in this sense, responsible for any damage or other injury caused to a third party or endusers.
- 3.2 The Client has the right to use the Mark on the product, its packing, on the accompanying and manufacturing documentation and in advertisement
- 3.3 The Client shall decide about the size of the Mark obtained by relative enlargement or reduction. The Mark shall be legible and in proportion to the marking of the manufacturer on the product. It is not permissible to change the ratio of the sides of the Mark. If it is impossible to locate the Mark on the product, the Mark shall be placed on the smallest packing of the product. From the point of durability the Mark shall comply with the requirements specified for other data on the product.
- 3.4 The Client pledges to keep records of complaints (claims) relating to the conformity of a product with the standards according to which the Licence to use the Mark was granted, to take adequate measures for the removal of insufficiencies and to document the adopted measures. On request he shall submit these documents to the Contractor.
- 3.5 The Client is bound to use reference to certification only to the extent of provided certification, to not use them in a misleading way, and to meet the Contractor's requirements in contested cases.
- 3.6 In case the Client intends to make some modifications to the product which could affect its conformity with the standards in accordance of which it was assessed, the Client is obliged to consult such changes with the Contractor who shall decide whether it will be necessary to carry out new tests of the product.
- 3.7 The Client is not entitled to grant sub-licences.
- 3.8 The Contractor has the right to revoke a Certificate or Licence to use them Mark if the obligations following from this Contract are broken by the Client. Unsatisfactory results of regular inspections or check tests are also reasons for revocation of the Licence. The Licence also may also be revoked in a case the Licences fees are not settled in due time. The Contractor is entitled to withdraw the Licence to use the Mark in case of trespassing on the obligations following from this Contract by the Client. The reason of the licence withdrawal may also be the unsatisfactory result of the regular inspections or checking tests. The Licence shall be also withdrawn in case of unsettled due licence fees. The contractor is entitled to withdraw all the client's certificates or licences in the event it finds the client altered any output document.
- 3.9 Both parties shall be entitled to withdraw from the Contract if the other party is in significant breach of its obligations under the Contract according to Section 2002 of the Civil Code, Act No. 89/2012 Coll. Should the entitled party fail to exercise its right to withdraw from the Contract for serious breach of contract in due time, such party shall be entitled to withdraw from the Contract in a similar manner for minor breach of the Contract, i.e. after the party that has breached an obligation fails to satisfy it even within an extra, adequate deadline offered to that party in writing. Withdrawal shall become effective after delivery of a written notice of withdrawal to the other Party.
- 3.10 If the Client decides to terminate the Licence Contract, he shall notify the Contractor in writing about the termination. The termination of the Contract will be effective from the last day of the month following after the date of the written notification of the Client. The settled licence fees will not be refunded.
- 3.11 Once the validity of this Contract on brand licensing has been terminated, none of the products contained in this Contract for which the licence for use of brands was granted may be labelled with the brands specified herein.
- 3.12 The Contractor as soon as he takes notice of trespassing on the rights connected with the Mark, shall ask the Client to refrain from trespassing upon these rights and, if case be, takes the necessary steps to prevent this trespassing.