



TERMS AND CONDITIONS

of the company **KOH-I-NOOR PONAS s.r.o.**
having its registered office at Starohradská čp. 47, 572 01 Polička, company registration number: 150 35 964, registered in the Commercial Register kept by the Regional Court of Hradec Králové, Section C, inset 1022.

Part A Purpose and Legal Force

1. These Terms and Conditions were drawn up pursuant to the provisions of the Sec. 1751(1), et seq. of the Act No. 89/2012 Sb., the Civil Code (hereinafter referred to as the "Civil Code"), as amended. These Terms and Conditions determine the content of the contracts set forth below.
2. These Terms and Conditions are an integral part of any contract referred to in part A, Sec. 3 and 5, made between the company **KOH-I-NOOR PONAS s.r.o.**
having its registered office at Starohradská čp. 47, 572 01 Polička, company registration number: 150 35 964, registered in the Commercial Register kept by the Regional Court of Hradec Králové, Section C, inset 1022., being in the position of the supplier, seller or contractor (hereinafter referred to as "Supplier") and the person being in the position of the customer, buyer or client (hereinafter referred to as "Customer").
3. These Terms and Conditions are an integral part of any contract made between the Supplier and the Customer and shall apply to:
 - a) purchase contracts,
 - b) contracts for work,
 - c) contracts within the meaning of the provisions of the Sec.1746 (2) of the Civil Code, if the contracts include provisions which contain the necessary particulars of the purchase contract (Sec. 2116 et seq. of the Civil Code) or of the contract for work (Sec. 2586 et seq. of the Civil Code),
 - d) framework contracts on the basis of which the contracts stated in the letter a), b) and c) of this paragraph are made

(hereinafter referred to as "Contract").

The subject matter of this Contract (herein referred to as "Subject Matter") is the Supplier's commitment to provide the Customer with the services set forth in this Contract.

4. These Terms and Conditions are binding for both contracting parties, unless otherwise stated in a written agreement made between the Supplier and the Customer.
5. If expressly agreed between the contracting parties, these Terms and Conditions may be included in agreements other than those referred to in part A(3).
6. Differing provisions set forth in the Contract shall prevail over the provisions stated in these Terms and Conditions.

Part B
General Provisions

Art. I
Contract Conclusion

1. All contracts, as well as their changes and amendments shall be in writing. Shall any document be sent via remote data transfer and its content and author may be safely determined, such document is considered a written form
2. The contracting parties become legally committed to the Contract upon its proper conclusion. A written confirmation of an order establishes a contractual relationship.
3. Any oral or written agreement related to the Subject Matter made before the signature of this Contract shall not be effective, unless included in the Contract or being in accordance with these Terms and Conditions.

Article II
Subject Matter

1. The Subject Matter shall be handed over and accepted in the registered office of the Supplier. The transport of the Subject Matter shall be at Supplier's costs and risk.
2. The date or deadline for the delivery of the Subject Matter is set forth in this Contract.
3. Unless expressly stated otherwise in the Contract, the Subject Matter shall be delivered in accordance with the provisions of INCOTERMS 2010. Unless a specific condition is agreed, the delivery condition EXW KOH-I-NOOR PONAS s.r.o., Polička shall apply.
4. The Customer shall issue a delivery note or a completion certificate confirming the hand over and acceptance of the Subject Matter.
5. Any changes to the Subject Matter and additional work must be made in writing in form of an amendment or a separately concluded contract. The price and delivery date shall be stated in the amendment or in the contract.

Article III
Purchase Price

1. The contractual purchase price for the Subject Matter is set forth in this Contract.
2. Unless expressly stated otherwise in the Contract, all prices are without VAT and the delivery condition EXW pursuant to Art. II. (3) of these Terms and Conditions shall apply.

Art. IV
Payment Terms

1. The Customer shall pay the price for the Subject Matter upon the receipt of a tax document – invoice. The Supplier is entitled to issue an invoice after the hand over and acceptance of the Subject Matter.
2. The invoice must be paid within 15 days from the date of its issuance.

3. Shall the contracting parties agree on advance payments (hereinafter referred to as "Advance Payment") and the Advance Payment is not paid properly and in a timely manner, the Supplier is entitled to interrupt the performance of this Contract until the date the Advance Payment is made. The performance of the Subject Matter shall be extended accordingly.
4. In case the Subject Matter is a repeating performance and the Customer fails to pay the purchase price for such Subject Matter, the Supplier is entitled to interrupt the performance of this Contract and/or demand an Advance Payment.
5. Shall the Customer fail to pay the purchase price for the Subject Matter, the Advance Payment or any other payment set for in this Contract and these Terms and Conditions, the Customer is obliged to pay a contractual penalty in the amount of 0.1% from the owned amount of money per day. The right to claim damages shall not be affected.
6. The price for the Subject Matter or for any Advance Payment is considered paid on the day the full payment is credited to the Supplier's bank account.
7. Shall a tax administrator determine the Customer as an unreliable value added tax payer pursuant to Sec. 106 (a) of the Value Added Tax Act, as amended, the Customer agrees with the application of a special value added tax securement pursuant to Sec. 109 (a) of the Value Added Tax Act.
8. Shall the Customer fail to disclose the number of his bank account used for economic activities pursuant to Sec. 98 of the Value Added Tax Act, as amended, and requires a payment to be effected on an undisclosed bank account, he agrees with the application of a special value added tax securement pursuant to Sec. 109 (a) of the Value Added Tax Act.

Art. V Title and Risk

1. The ownership title shall pass to the Customer upon the full payment of the Subject Matter.
2. The risk of damage shall pass to the Customer upon the acceptance of the Subject Matter.

Art. VI Warranties and Liability

1. The Supplier provides the Customer with a quality guarantee concerning the Subject Matter for a time period set forth in this Contract.
2. The Customer is obliged to inspect the Subject Matter upon its hand over and acceptance. The Customer shall report the apparent defects immediately upon the hand over and acceptance of the Subject Matter. Other defects shall be reported immediately upon their discovery, but not later than within 24 hours thereafter.
3. The claim based on the defective performance becomes effective on the day the Supplier receives a written notice from the Customer thereon. The notice shall include the kind of the defect or the method of its removal as well as the choice of Supplier's claim pursuant to Sec. 2106 (2) of the Civil Code.
4. The Supplier shall not be liable for any defects caused after the passing of risk to the Customer in case the damages were caused by external events and not by the Supplier. The claim arising from

the defective performance ceases to exist in case of insufficient or improper maintenance of the Subject Matter. The same shall apply in case of improper use of the Subject Matter.

Art. VII
Circumstances Excluding Liability - Force Majeure

1. Shall the Supplier fail to perform his contractual obligation due to a force majeure event, he is obliged to notify the Customer on the nature and extent, inclusive of grounds, of the circumstances in question. The contracting parties shall then agree on a change or an early termination of the Contract without penalty sanctions.
2. For the purposes of these Terms and Conditions the force majeure events are such events which arose independently of the will of the Supplier and prevent, temporarily or permanently, the fulfilment of the contractual obligations. Furthermore, these circumstances arose after the conclusion of the Contract and could not be averted or overcome by the contractual party and could not be anticipated at the time of the Contract conclusion.
3. A natural disaster, war, general mobilization, civil war or unrest, state intervention of any kind, strike, storm, flood, and adverse climatic conditions preventing the execution of works are considered a force majeure event.

Art VIII.
Trade Secret

1. The contracting parties are obliged to keep in secret all information regarding this Contract as well as all facts discovered therefrom, in particular all facts included in the trade secret of both contracting parties. These facts must not be disclosed or made available to third parties without the prior written consent of the contracting party whose trade secrets are involved.
2. Supplier's trade secret includes:
 - a) price quotes and information on the basis of which the business strategy and policy may be deduced,
 - b) technical and production information and all the facts forming the intellectual property, in particular the know-how,
 - c) information or communication which have the nature of confidential information and are expressly indicated as confidential within the meaning of the provisions set forth in Sec. 1730(2) of the Civil Code.

Art. IX
Declaration

1. In case the Subject Matter is performed in accordance with the requirements and assignment of the Customer, the Customer declares that the Subject Matter does not infringe third parties rights, in particular the intellectual property rights (copyrights, designation rights, rights of the patent, utility model and design holders, etc.).
2. The contracting parties declare that they do not meet the conditions of the insolvency proceedings, did not enter into liquidation and that no insolvency proceedings were opened.

Art. X
Contract Termination

1. The Contract shall be terminated:
 - a) upon the expiry of the agreed term,
 - b) by a written agreement made between the contracting parties,
 - c) upon the withdrawal from the Contract.
2. The contracting parties are entitled to withdraw from the Contract in the event of a significant breach of the contractual obligations.
3. The Supplier is entitled to withdraw from the Contract in the following cases:
 - a) in case the Customer does not meet or breaches any of the contractual provisions or contracts bound thereon,
 - b) in case the Customer enters into liquidation or insolvency proceedings,
 - c) in case the Customer fails to pay the Subject Matter or any Advance Payment in time.
4. Shall the Supplier substantially and repeatedly breach the provisions of this Contract, the Customer is entitled to withdraw therefrom.
5. The withdrawal must be made in written form and must be delivered to the other contractual party. The withdrawal shall be effective at the moment the written notification was delivered to the other contracting party in question.

Art. XI
Communication

1. Communication between the parties in relation to the Contract may be established in one of the following ways, unless expressly stated otherwise:
 - a) in writing - recorded delivery letter,
 - b) in person
 - c) by phone
 - d) by electronic mail (e-mail).
2. All documents shall be sent to the address stated in the Contract. The recorded delivery letter is considered properly sent when a confirmed postal receipt or posting form are attached thereto. The recorded delivery letter may be also sent with a delivery receipt. The phone conversation shall be confirmed within 24 hours by the electronic mail (e-mail) or in writing, otherwise it will not be taken into consideration.
3. In case any contact details stated in the Contract are changed, the relevant contracting party shall immediately send a written notice to the other contracting party thereon. The change of these data is binding on the other contracting party upon the delivery of a written notice regarding such change. Shall the Customer state erroneous personal information or fails to notify the Supplier on their change, the Customer is responsible for any incurred damage resulting thereof and all costs shall be at his charge.
4. In case that one of the contracting parties receives in relation to the ways of communication set forth in Article XI(1) of these Terms and Conditions illegible or incomplete documents, or documents in respect of which a doubt on their authenticity may arise, the concerned contracting party is obliged to immediately notify the other contracting party thereon. The contracting party which had provided the other contracting party with illegible or incomplete documents is obliged to send the concerned party a written statement with an explanation thereof. The concerned contracting party shall not perform any actions based on such documents since the unsigned or unauthorised documents will not be taken into consideration until the delivery of the statement.

The concerned contracting party shall not be responsible for any damage caused to the other party in connection thereof.

5. In case a legal action pursuant to these Terms and Conditions requires a written form, the contracting party in action (hereinafter referred to as "Sender") shall send a duly signed document in form of a recorded delivery letter (hereinafter referred to as the "Document" or "Letter") by using the services of the Czech post (hereinafter referred to as the "Post office") to the address stated in the head of this Contract, or to other address stated by the addressee in writing. The contracting parties have mutually agreed that in case the Letter will not be accepted by the addressee, whether because of the refusal of its acceptance or in case the addressee is not present at the place of delivery, although he resides at this place, the Letter will be deposited at the Post office and the addressee is obliged to collect it within 10 working days from the day of its deposit. In case the date of delivery is considered the date of actual receipt of the Letter and the addressee does not collect the Letter within 10 working days from the day of its deposit, the last day of this deadline is considered the day of delivery, even if the addressee had no knowledge of the deposit. In case the letter is not deposited at the Post office for the time period of 10 working days (e.g. the addressee has changed the address without notifying the Sender thereon, the addressee is unknown at the given place of delivery, etc.) and the Letter is sent back to the Sender, the delivery day is considered the day the Letter was returned to the Sender.

Art. XII Final Provisions

1. The Contract and these Terms and Conditions shall be governed by Czech law, in particular by the relevant provisions of the Act No. 89/2012 Sb., Civil Code, as amended.
2. In case of a dispute resulting from this Contract or these Terms and Conditions, the contracting parties agree to submit to the exclusive jurisdiction of the court in České Budějovice.
3. Shall the provisions of this Contract or these Terms and Conditions be apparent (void), the influence of such defect shall be evaluated pursuant to Sec. 576 of the Civil Code. The invalidity or unenforceability of any provision of these Terms and Conditions shall not affect the validity or enforceability of any provisions of these Terms and Conditions and of this Contract.
4. The contracting parties agree that no rights and obligations shall be inferred from the existing of future business practices established between the parties, from generally followed business practices or from business practices typical of the sector related to the subject matter of these Terms and Conditions, unless expressly stated otherwise. Besides the above-mentioned business customs and practices, the contracting parties mutually declare that there had been no business customs or practices established between them before the conclusion of this Contract.
5. The Customer shall not assign any rights resulting from this Contract and Terms and Conditions without the prior written consent of the Supplier. An exchange of e-mails or other electronic messages is not considered a written form for the purpose of this provision.
6. A unilateral set off of any monetary claim resulting from this Contract and Terms and Conditions is not allowed.
7. The contracting parties agree that the obligation to pay a contractual penalty does not exclude the right to compensation in an amount which exceeds the contractual penalty.

8. The Customer expressly confirms that the terms of this Contract are the result of negotiations between the parties and that each party had the opportunity to influence the content of this Contract.
9. The customer expressly confirms that he is an entrepreneur and that the conclusion of this Contract and Terms and Conditions falls within the framework of his business activity, and therefore the provisions of Sec. 1793 and Sec. 1796 of the Civil Code shall not apply.
10. These Terms and Conditions are issued in electronic form and are publicly available on the website of the Supplier.
11. The Supplier is entitled to unilaterally change these Terms and Conditions under the conditions stated in this Contract and shall publish the new Terms and Condition on his web page. The new version of the Terms and Conditions shall become effective on the date of their publication.
12. The Customer declares that he is fully acquainted with the content of these Terms and Conditions, was aware of their existence and therefore acquired knowledge of their content before the conclusion of the Contract. These Terms and Conditions are not contrary to the customs of the trade sector nor the fair trade principles.

These Terms and Conditions take effect from 5 January 2015.