

General Business Terms of S&K LABEL spol. s r.o.

I

Introductory Provisions

1. General Business terms (hereinafter referred to as GBT) of S&K LABEL spol. s r.o. company, Blanenská 1860, 664 34 Kuřim, comp. reg. No (IC): 44962878 (hereinafter referred to as the "Contractor") are an integral part of every purchase contract or binding order replacing the purchase contract.
2. The GBT stipulate the main principles of contractor-customer relations, conditions of production, deliveries and handling of products agreed in the contractual relation.

II

Orders, Concluding of Contracts and Their Fulfilment

1. Mutual relations between the Contractor and the Customer are always settled by a contract, while a relation based on an order confirmed by the Contractor is also considered to be a concluded relation.
2. When establishing a new Contractor-Customer relation, the Customer is obliged to provide the Contractor with all its identification documents, i.e. mainly copies of an extract from the Commercial Register or of the Trade License and a Certificate of company reg. No. (IC) allocation.
3. For performance of its demand (order), the Customer will also submit all the documents specified by the Contractor as necessary for the product implementation and the Customer will provide to the Contractor all the necessary cooperation in connection with specification of all the parameters of the supplied product (production documents, proofreading, samples, delivery terms etc.).
4. Should the Customer fail to provide the Contractor with the necessary documents or cooperation in the preparatory period, the Contractor reserves the right to delay the commencement of production until these conditions are met and to extend the agreed term of fulfilment by the time of delay.
5. The Contractor is entitled to reject an order from a Customer who failed to fulfil its contractual obligations duly in the past.
6. The Contractor is not liable for material or content inconsistency of the assignment supplied and approved by the Customer (order, documents) unless the Customer notified the Contractor of it in writing and required its elimination, or in cases when the Contractor informed the Customer about such inconsistency and the Customer insisted on its observance, as well as in cases when the Contractor was not able to find such inconsistency. If these influences deteriorate the quality of the assignment and subsequently the quality of the resulting product, this fact will not be assessed as inconsistency (low-quality fulfilment) caused by the Contractor.
7. The Contractor is not liable for any possible breach of intellectual property or copyright caused by the Customer in the contractual relation (product assignment). If any sanctions are imposed on the Contractor on the grounds of this breach, the Contractor is entitled to require compensation for this damage from the Customer.
8. All the parameters of the supplied product are specified in the Quotation or in the Graphic preview connected with it submitted before the first implementation of the product.
9. Minimum particulars of request for the product are:
 - Product name;
 - Product shape;
 - Product dimensions;
 - Material used;
 - Quantity;
 - Number of colours;
 - Graphic artwork;
 - Specification of product implementation (reeling, parameters of unit packaging, ...);
 - Intended way of application;
 - Intended use (specification of surface,.);
 - Required delivery date.

10. Minimum particulars of the first product order are:
 - Internal product marking (product code) of the Customer, if determined;
 - Product name according to the Quotation from the Contractor;
 - Product dimensions;
 - Ordered quantity of the product;
 - Price and number of Quotation from the Contractor;
 - Required delivery date;
 - Delivery address;
 - Invoicing address;
 - Approved graphical preview (if issued).
11. Minimum particulars of a repeated product order are:
 - Reference item code of the Contractor (abbreviation - see invoice / delivery note); an internal marking of the Customer is also accepted;
 - Product name;
 - Quantity;
 - Price and number of Quotation from the Contractor;
 - Required delivery date;
 - Delivery address;
 - Invoicing address.
12. The Customer will pay the costs determined by the Contractor connected with the production preparation - mainly for print dies and cutting tools. These remain the Contractor's property and are stored for the time of 12 months from the last moment when the product was manufactured for possible future use. If within 14 months from the last moment when the product was manufactured they are not collected by the Customer, the Contractor is entitled to use them at its discretion.
13. For some original materials, semi-finished products for production (hereinafter referred to as non-standard materials) which are not in the standard offer of the Contractor, their manufacturer requires a minimum purchase amount. When planning manufacturing of the product from these non-standard materials, the Contractor will inform the Customer about this fact in advance. In case such an order is confirmed, the Customer is obliged to pay for the whole amount of the material at the first product manufacturing. The part of material which is possibly not used will be stored by the Contractor at its costs for the Customer for the time of 6 months from the first moment the product was manufactured for its possible future use. In the following implementation (repeated production), the proportionate part of the paid value of the original material will be deducted from the price. If the specified term of 6 months expires without any other implementation, the Contractor is entitled to use the remaining part of the material at its discretion without a previous notification of the Customer.
14. The product implementation is always commenced only on the basis of a contract (order) confirmed by both parties. The initial document for conclusion of contractual relation (contract/order) between the two Parties is the Quotation sent by the Contractor on the basis of a written demand from the Customer specifying the requirements for the product. If the Contractor issued a graphical preview (especially for products with printing), such preview becomes a mandatory template after being checked and approved in writing by the Customer. On the basis of the Quotation, the Customer will issue an order with the particulars pursuant to articles 10 and 11 of the General Business Terms. The purchase contract is concluded by confirmation of the order by the Contractor.
15. If the parties agree on cancellation of the contract, the Customer is obliged to pay to the Contractor all the costs for product implementation spent until this moment, up to the amount of the total price agreed in the contract.
16. The Contractor shall inform the Customer about all the facts which might influence the product quality or its intended use.
17. The product to be delivered will be manufactured and delivered in the quality corresponding to the possibilities of the relevant production technology and parameters confirmed by the order. Unless the quotation or graphical preview state otherwise, normal manufacturing tolerances are: for the dimensions of the cut-out outline (label dimensions) +/- 0.5 mm; for the gap between labels +/- 0.5 mm however at the joint of the backup strip +/- 5 mm; for the width of the backup strip with labels +/- 1.5 mm; for the distance of the label edge from the edge of the backup strip +/- 0.75 mm; for the location of all the graphic elements (e.g. printing, cut-out) towards the cutout outline +/- 3 mm in the two perpendicular directions; position of the perforation and cutting lines towards the outline of the label cut-out +/- 3 mm in both perpendicular directions; allowable chromaticity tolerance of spot colours is up to $\Delta E = 4$.

18. The Contractor is fully responsible for readability of only those bar codes the dimensions and colour (including the background colour) of which meet the requirements of the relevant standards (EAN). It is not responsible for the content, i.e. accuracy of the codes.
19. The Contractor reserves the right to invoice proof copies of labels intended for sampling or preview at a price of 1,500 CZK / graphics / substrate, unless otherwise agreed with the Customer. Digital proof is without finishing, cutting and packaging. Length of the proof sheet is about 1 meter of printed material without varnish. The Contractor shall prepare proofs within 4 working days from the binding approved graphical proof.
20. The Contractor reserves the right to invoice the costs associated with the personal participation of the Customer at the printing irrespectively of the technology. The first hour of approval is free. Any other started hour is the charged with 2,500 CZK / hour (machine hour rate of printing). Upon request, the Regional Manager of the Contractor shall always send the Customer any technical tolerances and conditions of approval prior to the commencement of the approval process.
21. With regard to the characteristic possibilities of the production technology, the Contractor may depart from the Customer specified amount of the delivery, at maximum by +/-5% from the total one-off supplied amount of one unit. The Customer is obliged to collect the articles meeting this criterion and to pay the price for the actually delivered quantity.
22. All the acts of the Contractor and Customer may also be made in fax or electronic form.
23. **Contact address of the Contractor:**
S&K LABEL spol. s r.o. - business department
Blanenská 1860, 664 34 Kuřim

III

Purchase Price and Payment Terms

1. The Quotation includes proposal of prices (costs) for performance of requirements of the Customer, including proposal of payment terms.
2. Unless the Quotation from the Contractor states otherwise, the purchase price shall mean EXW (transport costs excluded).
3. The product price shall be increased with a valid VAT rate, as well as other possible taxes and customs or other fees valid at the time of the product dispatch.
4. The price of the products from the standard offer of the Contractor (PRINT, TABULATION and PRICE labels) is based on the Contractor's pricelist (Product range offer and Quotation) valid on the day when the order is issued by the Customer.
5. Payment terms are agreed individually, on the basis of the offer in the Price list of the Contractor.
6. The Customer is obliged to pay to the Contractor the agreed purchase price under the agreed conditions.
7. The Contractor issues a tax document (original of the invoice) not before the taxable supplies, i.e. at the date of dispatch, together with the delivery note.
8. The Contractor reserves the right to send invoices for the goods by email to a pre-agreed email address of the Customer. In such case, the date of sending of the electronic invoice is also the date of receipt of the invoice by the Customer without further exceptions.
9. Should the Customer be in delay with the payment, the Contractor is entitled to charge to the Customer a contractual penalty at the amount of 0.05 % of the due sum for every started calendar day overdue after the due date of the payment.

IV

Delivery Terms

1. The Contractor will hand over the product to the Customer on the delivery date in accordance with the confirmed order.
2. In case of any delay of the Contractor with the product delivery, the Customer is entitled to charge the Contractor a contractual penalty at the amount of 0.05 % of the price of the delayed delivery for each started calendar day overdue after the agreed contractual delivery date.
3. Unless the Quotation from the Contractor specifies otherwise, an item of transport costs will automatically be added to the invoice according to the following rule. Unless contractually agreed with the business partner otherwise, the amount of transport costs will be based on the total value of

shipping to one place on a given day and will always be shown on the invoice as an individual item. This measure applies to the transport of goods in the Czech Republic.

Total price of the consignment w/o VAT per day	Transport costs
up to 5 TCZK	320 CZK
up to 10 TCZK	320 CZK
up to 30 TCZK	640 CZK
up to 50 TCZK	1 280 CZK
up to 100 TCZK	2 560 CZK
over 100 TCZK	0 CZK

4. If the Customer ensures the transport by means of its own carrier and at its own account, the Customer will specify so in the order. The actual delivery of the goods is performed by the handover to the carrier. By means of this handover, all the risk of damage to the goods is transferred to the Customer. In this case it is understood that the term of delivery is fulfilled by release of the product for collection (notification from the Contractor to the Customer).
5. If the Customer does not specify in writing that it will collect the goods itself directly in the Contractor's premises, the Contractor is entitled to transport the ordered product in accordance with Table shown in clause 3.
6. The Contractor will supply all the ordered quantity at once. If the Customer requires partial deliveries, the Contractor is entitled to charge CZK 50 per an occupied pallet place/day for every partial fulfilment.
7. By its takeover, the product becomes property of the Customer. The Customer is obliged to confirm the takeover on the delivery note or a corresponding document of the carrier (a list).
8. After its takeover, the Customer is obliged to check the delivered product and in case any inconsistency is found, the Customer shall contact the Contractor immediately and send a written notification of the inconsistency found in accordance with the Complaint Regulations of the Contractor.
9. If the parties agree on returning of logistic packaging, the Customer will do so in accordance with previously agreed conditions.
10. If this packaging is not returned in accordance with the specified conditions, the Contractor is entitled to charge to the Customer their full price in accordance with the valid pricelist.
11. If this packaging is the EUR pallets, the relationship between the Customer and the Contractor shall be as follows:
 - a) Returnable packaging borrowed to the Customer
The Customer is obliged to return the rented returnable packaging within 30 days of the date of dispatch of goods (pallets with finished products). The Contractor and the Customer shall keep records of the number and type of rented returnable packaging so that the two Parties are able to confirm the status of their accounts at agreed intervals.
 - b) Returnable packaging sold to the Customer
Returnable packaging is sold to the Customer (according to the currently valid price list) together with the supplied finished products. In the invoice this is included as a separate item.
12. If a discrepancy in the quantity, type or damaged returnable packaging is found, both Parties are obliged to immediately inform each other and follow the Contractor's standard procedures of complaint Regulations.
13. If the Customer is in delay with settlement of its obligations towards the Contractor for longer than 10 days, or its liabilities exceed a total amount of 10,000 CZK, the Contractor is entitled to suspend production and deliveries from all the running contracts until all the liabilities of the Customer are paid to the Contractor. When the last due sum is credited to the account of the Contractor, the agreed fulfilment terms start to run from the beginning. In these cases, the Contractor is also entitled to require an advance payment for their performance - the terms then start to run on the day when the advance invoice is paid by means of crediting the sum to the Contractor's account.
14. If the Contractor is unable to meet its obligations directly or indirectly due to reasons which are out of its control (such as war, threat of war, uprising, sabotage, fire, terrorist attack or threat of terrorist attack, storm, flood, explosion, natural disasters, government ordinance or European Union restriction, strike, complete or partial destruction of the plant or production line of the Contractor or its subcontractors, deliveries from suppliers, changes in customs regulations, import and export quotas, ban on export or import) and which are capable of preventing its fulfilment of the contract, the Contractor will inform the Customer about such situation immediately and they will agree on

further procedure. The term of fulfilment will thus be postponed adequately. In these cases none of the Parties is obliged to pay any compensation for the damage arising to the other Party, including the profit lost.

V Packing

1. All the products of the Contractor are protected adequately with packaging against damage during handling and transport.
2. The product packaging is marked in an unambiguous way (content identification). Standard products of the Contractor (PRINT, TAB, PRICE products) are packed in accordance with the current offer from S&K LABEL.

VI Guarantee conditions

1. A 6 month warranty from the date of production marked on the packaging is provided on the delivered products. A 3 month warranty from the date of production is provided on products printed with metallic paint.
2. Quality of the supplied products is governed by the rules specified in article II clause 17.
3. Recommended conditions for product transport and storage:
 - Storage in undamaged original packaging;
 - Relative humidity of standard environment ($50 \pm 5\%$);
 - Temperature ($22^{\circ}\text{C} \pm 2^{\circ}\text{C}$);
 - Storage out of reach of direct sunshine, radiant heat;
 - Protection against soil moisture or other humidity, pollution, weather effects, and mechanic damage;
 - Products should not be stored together with substances from which any chemical vapours might release, mainly substances containing softeners or solvents etc.;
 - Storage of products horizontally in reels;
 - Using first the oldest products from the storage (first in-first out method);
 - Repacking partially used products back to their original packaging.
4. Recommended conditions for application of self-adhesive materials (unless agreed otherwise with the Contractor): Self-adhesive materials are applied to even, dry, fat-free surface free from all impurities, in the environment with conditions specified in clause 3 above.
5. The intended way of use of the product and way of its application must be consulted with the Contractor in advance.

V Complaints

Complaints are governed by the Complaints Regulations of S&K LABEL, spol. s r.o. dated July 1, 2008 published on www.sklabel.cz.

**VIII
Final provisions**

1. During the sale of all its products, the Contractor assumes that the Customer decided about their suitability for the intended use freely and independently.
2. The Contractor is liable for any possible damage arising from its activities up to its actual amount, however at maximum up to the amount corresponding to the value of the undelivered or faulty goods.
3. No waiver of any rights, titles, no changes in or amendments to the above specified conditions are possible and valid unless agreed in writing.
4. Conditions agreed by the purchase contract, amendment to the purchase contract and/or confirmed written order shall prevail over these General Business Terms. Any other legal relations and obligations of the Parties are governed by the Commercial Code - Act No. 89/2012 Coll. as amended, valid in the Czech Republic.
5. Any disputable matters arising from the contractor-customer relations will be solved by the Customer together with the Contractor preferably by means of personal or written contact and lawsuits will be considered to be the last resort solution.
6. In case any contracts and these General Business Terms need to be translated into another language, it is understood that the Czech version is decisive for their interpretation.
7. These General Business Terms published on www.sklabel.cz come to force and effect on January 1, 2017.

Kuřim, on January 1, 2017

Ing. Karel Sehnal
Company Executive