

**GENERAL SALES TERMS AND DELIVERY CONDITIONS**  
**for products supplied by Model Company a.s., effective as of 1<sup>st</sup> December 2017**

These General Sales Terms and Delivery Conditions (“Terms and Conditions”) shall under § 1751(1) of Act 89/2012 Coll. (Civil Code), as amended, be valid as an integral part of agreements on the purchase and sale of products of corrugated, solid and laminated cardboard manufactured and supplied by Model Obaly a.s., as well as of framework purchase agreements that may be entered into by and between the parties, whereby the Seller promises to deliver products meeting approved specifications or its internal standards to the Purchaser, and the Purchaser promises to accept the products and to duly pay for them.

**Terms of Delivery**

- 1) Goods are deemed delivered when handed over to the Purchaser at the registered address of the Seller, or to the first carrier for the transportation to the place agreed, where the Seller is obliged to deliver the Goods. The title of ownership to the goods shall transfer to the Purchaser when the Goods are delivered, or, before that, when he acquires the right to handle the Goods, if the goods are shipped.
- 2) If the Parties agree that the Purchaser will collect the Goods, the Purchaser must collect all the Goods ordered within 48 hours of receipt of the Seller's notice. If the Purchaser fails to meet the deadline, the Seller is entitled to send the Goods to the Purchaser at the Purchaser's expense by any suitable means of transport to the Purchaser's registered address or business premises, or to place the uncollected Goods in the Seller's warehouse, whereby the Purchaser shall pay storage fees of 0.5% of the price of the Goods thus placed in storage for each calendar day to the Seller while the Goods remain in storage. The same storage fee and the obligation to pay it shall also apply if the Purchaser requests the Goods to be delivered by the Seller later than specified in the Purchase Agreement.
- 3) The Seller is entitled to deliver the goods to the Purchaser with a + - 5% variance compared to the quantity agreed in the purchase contract.
- 4) If the Purchase Agreement is concluded by the Purchaser's acceptance of the offer of the Seller, the Seller shall guarantee the delivery deadline only if the Seller receives the Purchaser's acceptance of the offered Purchase Agreement on a working day and within 24 hours of dispatching the offer to the Purchaser (by fax, mail, e-mail or in person).
- 5) The Seller shall not be liable for any delays in the delivery of orders caused by force majeure or events that may make it significantly more difficult or impossible for the Seller to fulfil the terms and conditions set forth in the agreement, like an industrial action, lock-out, an armed conflict, fire, etc. The Seller shall inform the Purchaser of such events without undue delay and negotiate a new delivery date with him.

**Complaints, Product Recalls**

The Purchaser shall notify the Seller in writing of any apparent defects without undue delay after they were found during the acceptance inspection but not later than 10 business days thereafter; hidden defects must be reported promptly after they are discovered, but only before the expiry of the 6-month warranty period. However, if the Purchaser fails to store the delivered goods in accordance with these Terms and Conditions (see paragraph 2 of “Packaging and Storage” below), the Purchaser's warranty rights shall become void. Claims for apparent defects of goods caused by transportation

need to be proven by a report signed by the forwarder or the driver, as the case may be, that the Purchaser submits to the Seller and which will specify the apparent defects and their extent. If the above report is not submitted at the time when the Purchaser claims his rights under the Seller's liability for defects at the latest, the Seller shall be under no obligation to accept the claim. The goods under complaint shall be tested according to current standards.

### **Packaging and Storage**

- 1) The Goods shall be shipped on A-type EUR pallets, unless specified otherwise on the delivery note. The Purchaser shall return to the Seller EUR pallets of the same type (in accordance with the UIC 435-2 standard and the relevant Czech technical standard – types A, B or C; pallet type specifications are available on the [www.modelgroup.com](http://www.modelgroup.com) website) or any other type of returnable pallets at his own cost undamaged back to the Seller within 2 months of the delivery of the goods shipped on those pallets. If the returnable pallets are not delivered to the Seller within that period, the Seller may invoice the Purchaser for the pallets with a 14 days due date for the payment of the invoice. If the price of EUR pallets or of any other returnable pallets was not stipulated in the Purchase Agreement, the Purchaser shall be charged acquisition price for the pallets. If the Goods are delivered on single-use pallets, the Purchaser shall pay the Seller the price agreed in the Purchase Agreement or, if the price was not stipulated, their purchase price by the due date set for the payment for the Goods.
- 2) In order to preserve the qualities of the Goods, it is crucial to adequately protect them from damage during both transportation and storage. The Goods must be stored indoor in a dry and well aired space, and protected from weather, ground moisture and radiant heat. Suitable storage conditions include temperatures from +5 to +45 degrees Celsius and humidity between 30% and 70%.

### **Price and Payment Conditions**

- 1) Unless agreed otherwise in the Purchase Agreement, the purchase price shall be the exclusive of VAT (EXW pursuant to INCOTERMS 2010). The purchase price is agreed on in the Purchase Agreement, in a written form, as a rule. The Seller has the right to change the agreed purchase price unilaterally with a written notice sent to the Purchaser only in such a case that some of the input raw material (e.g. paper) has changed, which is to be applied only in the proportion the price of the given input raw material has changed in respect to the agreed purchase price of the goods. In case of any doubts regarding the change in prices of input raw materials - paper, the Contracting Parties shall, for the purpose of this provision, apply the statistics of an independent periodical EUWID for the German market.
- 2) Unless a different method of payment has been agreed by Contracting Parties, the Purchaser shall pay the purchase price of the delivered Goods on the basis of an invoice (a tax invoice) issued by the Seller within the maturity period of 15 days of the invoice issue date. Unless agreed otherwise, the Seller may issue the invoice as an electronic document in the PDF format and send it to the Purchaser by e-mail; if the Seller does not know the Purchaser's e-mail address designated for invoice delivery, the Purchaser shall provide the Seller with such address in writing upon request.
- 3) A delay in payment of the purchase price is a serious breach of the Purchase Agreement and it gives the Seller the right to withdraw from the Purchase Agreement. In this case, the Seller also has the right to withdraw from all other Purchase Agreements entered into with the Purchaser, from the framework purchase agreement

(if one has been made), or to refuse to deliver any other goods to the Purchaser until all of his outstanding arrears including accessions thereof have been made good. Provisions of this paragraph shall also apply to cases when the Purchaser is in arrears with the payment of the purchase price (or its part) that should have been made in advance.

- 4) In the case of delay in payment of the invoiced purchase price, the Purchaser shall pay the Seller an interest of 0.05% on the outstanding sum for every day of delay until day 30 after due date; starting on day 31 after due date, the interest charged on the invoiced purchase price shall be 0.15% for every day of delay until the payment is made.

### **Steel-rule Dies, Outer Forms, Graphic Design and Specimens**

- 1) The Seller reserves the ownership rights to, and copyright on, all steel-rule dies, outer forms, graphic design, specimens, drawings and other similar items related to the Goods supplied, unless they were paid for by the Purchaser. If the Purchaser provides the Seller with a graphic design of the future product or with materials for the development of such graphic design or with the construction design of the required product, the Purchaser shall have full liability for the contained texts, images, shapes, etc. The Purchaser is fully aware of the fact that the content of his graphic design, materials for the development of a graphic design and/or construction design must not infringe the rights of any third parties, particularly the rights to trademarks, trade name, patents, industrial designs, etc.
- 2) Unless the steel-rule dies and/or printing forms/photopolymer plates were supplied by the Purchaser, the Purchaser shall reimburse the Seller for the costs of manufacturing them. These costs are usually included in the first invoice issued for the new product supplied, and are listed separately from the price for the Goods supplied on the tax invoice.
- 3) The Seller promises to keep all production aids, i.e. steel-rule dies and printing forms/photopolymer plates, free of charge for a period of 2 years of their last use. After that period, if the Purchaser does not meanwhile ask for them, the items will be disposed of at the Seller's costs.
- 4) The Purchaser shall not be charged for the development and manufacture of the first three samples related to the given inquiry or order. The Purchaser shall reimburse the Seller for the development and manufacture costs of all other samples.
- 5) The Purchaser shall give advance notice to the Seller in writing of any specific requirements relating to the Goods that ensue from generally binding legal regulations (e.g. Decree 38/2001 Coll. on hygienic requirements for products intended to be used in contact with food). If he fails to comply with this obligation, the Purchaser undertakes to compensate the Seller for losses suffered as a result of, e.g., inappropriate use of products, penalties levied by state authorities, and the like. Generally it is understood that the packaging produced by the Seller for use in the food industry does not come in direct contact with food, unless otherwise agreed in writing with the Purchaser.
- 6) The Seller may use discards and waste material generated during the manufacture of the Goods that bear the Purchaser's trade name, his logo, protected trade mark or any other marking that the Purchaser has the right to use as spacing material for packaging products for other customers, or have it recycled.
- 7) The specimens of printed packaging made of cardboard, corrugated cardboard and laminated cardboard shall be preserved only if the customer expresses such request in writing no later than on the day of delivery of Goods.

## **Final Provisions and Miscellaneous**

- 1) The Seller and the Purchaser promise to treat all information on business deals that may be concluded by them as confidential.
- 2) Any agreement entered into and provision stipulated by the Seller and the Purchaser in writing may be changed and amended only in written form. Legal acts realized between the Seller and the Purchaser through e-mail shall be considered for the purposes of the mutual relationship of the Seller and the Purchaser legal acts realized in writing.
- 3) The Purchaser shall have the right to advance any receivables from the Seller, potentially arising from the fulfilment of Purchase Agreements, to a third party or set them off against the Seller's claims, in the form of the purchase price of provided Goods, and accessories to these claims only if it has been agreed on with the Seller in writing beforehand.
- 4) Forgiving a debt and agreeing on a contractual penalty may be realized only in writing.
- 5) The Seller's entitlement to the purchase price of the Goods under this Agreement and the Purchase Agreement shall expire after a limitation period of 10 (ten) years starting on the date the entitlement arose.
- 6) All rights and obligations of the Contracting Parties ensuing from the Purchase Agreement, framework purchase agreement and these general sales terms and delivery conditions shall be governed by the substantive law of the Czech Republic, especially by Act 89/2012 Coll. as amended (Civil Code) and other generally binding legal regulations of the Czech Republic. All disputes arising in connection with the Purchase Agreement, framework purchase agreement and these General Sales Terms and Delivery Conditions may be heard by a general court having local and subject-matter jurisdiction with regard to the Seller in the Czech Republic, and which will observe the rules of procedure effective in the Czech Republic.
- 7) Unless agreed otherwise in the Purchase Agreement or in a framework purchase agreement, provisions of these General Sales Terms and Delivery Conditions shall apply.