



TERMS AND CONDITIONS FILM LABORATORIES ZLÍN, a.s.

These Terms and Conditions are governed by the laws of the Czech Republic, pursuant to the provisions under Act no. 89/2012 Coll., Civil Code (hereinafter “NOZ”), and in accordance with § 1751, paragraph 1, NOZ, regulate the rights and obligations between Filmové Laboratoře Zlín, a.s., company ID: 26737523, registered in the Commercial Register of Municipal Court in Prague Dept.B, Number 7997, with registered offices at Vodičkova 38/1935, 110 00, Prague 1 (hereinafter “FLZ”) as one party and individual customers (hereinafter “customer”) as the other party, and apply to the performance of work, or, respectively, to the delivery of the products and services of FLZ film laboratories to any customer.

These Terms and Conditions shall apply in lieu of any of the terms or conditions listed or quoted in the customer’s order, in correspondence, or elsewhere, or those used in standard business practices or negotiations, unless specifically agreed in writing by an authorized employee of FLZ, and any assumed provisions that are contrary to these, are hereby excluded and void.

In the event of conclusion of a written contract for work, these Terms and Conditions form an integral part of the contract between FLZ and the customer. The contents of the contract and all negotiations between FLZ and the customer undertaken in order to arrange the specific contractual terms of this contract, must be interpreted in accordance with these Terms and Conditions. In the event of conflict between the contents of the given contract and these Terms and Conditions, the contents of the given contract shall prevail.

In the event that FLZ and the customer do not conclude the relevant contract for work in writing, the contract for work, pursuant to §2586 et seq. NOZ is considered as concluded at the moment of delivery of the confirmation by FLZ of the acceptance of the customer’s order to the customer’s e-mail address, or the postal address of the customer listed on the order, respectively. The subject of a contract for work thus concluded is the performance of services – processing and production of film materials to order, including delivery of the necessary products (hereinafter “work”).

1. ORDERS

(a) A condition of effect of an order is the proper completion of an order. The customer is obligated to include the following particulars in the order:

- Date of drafting of the order
- Precise identification of the ordering party, or customer (company, ID, or, respectively, date of birth, location of headquarters)
- Precisely specified requirements, or specification of the services and products being ordered

The customer shall send the properly completed order to the following e-mail address: filmlab@filmlabzlin.cz or to the following postal address: Filmové laboratoře Zlín a.s., Filmová 174, 761 79, Zlín.

(b) FLZ shall not be bound by any delivered order that will not be confirmed by an authorized employee of FLZ. An accepted order may be amended or cancelled only with the consent of FLZ and the provision of such consent by an authorized employee of



FLZ shall in no way affect the right of FLZ to require full compensation from the customer for all damages, losses or expenses arising due to such a change or cancellation.

(c) FLZ has the right to refuse to accept any kind of material for processing, respectively, to not confirm a delivered order without stating a reason.

(d) By sending a binding order, the customer confirms that the customer is familiarized and agrees with the full wording of these valid Terms and Conditions as published on the FLZ website, www.filmlabzlin.cz at the time the order is placed. Simultaneously, the customer accepts the price as set out in an individualized price offer from FLZ, or according to the current FLZ Price List, in the event of absence of an individualized price offer. The customer has been made sufficiently aware of these Terms and Conditions prior to the actual placement of an order, and has the opportunity to become familiar with them, as well as with the price of the ordered products and services.

2. PRICES AND SPECIAL OFFERS

(a) The prices for products and services are always listed and billed in CZK or another currency without VAT and pursuant to the agreement between FLZ and the customer. Foreign currency conversions quoted in all offers are of an informative nature only, and the final prices are billed according to the current CZK exchange rate. Without regard to any price listed in any offer or order, FLZ prices valid at the time of delivery of the products, goods or services are charged, with an exception being prices listed in limited-time offers. The current Price List with valid prices will be provided to the customer upon request.

(b) FLZ shall have the right to charge the customer additional fees associated with

- (i) any taxes, including import and export duty, local and other fees relating to the delivery and provision of products and services,
- (ii) delivery costs in accordance with conditions under article 5, letter (a) of these Terms and Conditions or,

(iii) other costs arising in connection with the quality of the customer's material, which was not suitable for standard processing (for example, when the negative is old and desiccated, tainted by mold or vinegar syndrome, has damaged edges or is incorrectly wound) or,

(iv) other costs, if the products or services are to be delivered outside of the usual working hours.

(v) other costs in the event of sub deliveries of products, goods or services (where these shall be billed at cost plus 10%)

(c) The prices billed by FLZ are subject to Value Added Tax at the standard rate and all other fees listed under letter (b) of this article.

(d) The net length (footage) of the audiovisual recording (hereinafter "footage") is the length between the first and last image frame. The gross footage is the net footage increased by the length of the film leader and end strip.

The footage billed for production of answer prints and distribution copies is the dispatched gross footage copy plus 10 m per reel, regardless of format.



(e) Negative processing and printing of daily rushes is billed at net length. A fixed rate is billed for each lab roll of processed negative and prints of rushes, which includes leader, tail, protective strips, core and packing.

(f) Multiple shorter lengths from the “mark” are printed consecutively in a single reel as a single segment to preserve quality. In the case of printing from the “mark”, the billed length is understood to be the marked length plus 5 m after each printed section.

(g) FLZ processes jobs in the standard working hours, that is, Mon. – Fri. from 7 a.m. to 6 p.m. For the performance of work, or providing of services under this contract based on special requirements of the customer where it shall be necessary to perform the work on the nightshift, on Saturday, on Sunday and on state holidays, FLZ shall charge the customer a one-time additional fee of 60,000 CZK per order.

(h) FLZ’s price offers are made on the basis of customer requirements and estimates and do not aim to cover the entire possible chain or production variations – workflow.

(i) The price billed for FLZ products and services depends on the actual quantity of works performed (or products), and not on price estimates in price bids.

3. CUSTOMER’S MATERIAL

(a) Definition: In these Terms and Conditions, “customer’s material” means all physical material entrusted to FLZ by the customer or at the customer’s order, whether this material or recordings on this material are protected by copyright or not; any material derived from the customer’s material shall, in these Terms and Conditions, be indicated as “products”; “goods” shall mean both the customer’s material as well as products.

(b) Risk and insurance: FLZ shall exercise all due care in the course of providing products and services. FLZ, however, accepts and processes the customer’s material entirely and exclusively at the customer’s risk and shall not be liable for any losses or damages of any kind with the exception of those listed in Article 6 of these Terms and Conditions. FLZ is not obliged to insure any customer material while it is held by FLZ or in transit, and customers are recommended to insure their material at their own expense, for the full value and all risk, prior to handing over this material to FLZ or the shipper.

(c) Marking, etc.: The customer shall provide that all of the customer’s material is clearly marked prior to delivery to FLZ, regarding the nature of this material and a clear description of all special processing requirements or other requirements, together with the full contact name and information of the customer’s contact person. FLZ bears no responsibility for any additional costs arising in the course of processing materials due to incorrect statement of particulars (for example, a change the job’s title).

(d) Storage: Upon request, the customer shall provide FLZ, without undue delay, with handling instructions for goods that may be in the keeping of FLZ based on the customer’s order, whereas if FLZ does not receive such instructions, FLZ can either store or dispose of these goods at its own discretion, and at the customer’s expense and risk. FLZ may at any time request the customer to collect all or part of the goods and to pay all outstanding fees for storage as per the current FLZ price list. If the customer fails to collect these goods and to pay these fees to FLZ, FLZ may send the customer a notice to the

customer’s last known address, providing the customer with 30 days to undertake the appropriate measures or to provide specific instructions to Bonton for the collection of these goods and to pay the



given fees. In the event that these measures or instructions shall not be provided to FLZ within this period, FLZ shall have the right to liquidate or otherwise dispose of the goods, without any obligations arising for FLZ towards the customer.

(e) Acceptance of negatives for production of prints or distribution materials is subject to technical findings at the FLZ film laboratory. FLZ shall inform the customer of an unacceptable state or the impossibility of processing and will simultaneously propose corrective measures enabling implementation of the order.

(f) The customer is required to hand over exposed film stock to FLZ for processing to the laboratory wound in reels with a solid core, wrapped in a light-proof bag and stored in a sealed metal can, secured against accidental opening with adhesive tape. The box must be properly marked with a label from which clearly shows the name of the film, type of material, emulsion and roll/part number, approximate length, information on placement of unexposed material for densitometry, name of cinematographer, potentially a request for non-standard processing. Especially important is indication of whether it is black and white or color negative. Labels, boxes and lightproof bags can be obtained free for projects that are processed at FLZ Film Labs.

(g) Prior to developing, the customer may not mark the film material by any intervention in its mechanical state or marking it with any writing. If necessary, FLZ recommends using markings resistant to aqueous solutions.

(h) If a customer suspects that the material was mechanically damaged in the camera, the customer must communicate to the responsible FLZ lab technician how to proceed. In cases where mechanical damage to the negative is determined prior to developing, the damaged portion of the negative shall be cut out and the remaining negative will be processed. Negatives are processed according to standard processes established by Kodak.

(i) The material for negative cutting must be prepared so as to ensure the net length of a single film reel does not exceed 590 m (gross length of 607 m). This fact must be counted on even for sound. The sound material must be executed so that it is not interrupted by the changeover to the next reel. The shortest length of a take for standard operation is, for technical reasons, set to 8 frames. The technology for a black and white section in color negative must be discussed in advance with the laboratory technologist.

4. OBLIGATIONS OF THE CUSTOMER

(a) Regulations: The customer shall ensure that its employees, colleagues, subcontractors and representatives:

(i) shall comply with fire and safety regulations and all legislative requirements relating to the spaces of FLZ.

(ii) shall follow the instructions of FLZ when operating or using any facilities or equipment of FLZ. The customer agrees to compensate FLZ for any and all damages, i.e., in particular not exclusively losses and expenses arising in the event of failure to comply with the above (whether or not FLZ has an independent complaint against the relevant employee, colleague, representative).

(b) Warranties and compensation for damages: The customer warrants that:

(i) the customer owns or has authorization from the owner of the customer's material to hand over the material to the keeping of FLZ

(ii) the customer is authorized to place orders with FLZ concerning the customer's material, and in particular, that in the course of fulfillment of the customer's orders, FLZ shall not violate the rights of any third party regarding intellectual property, copyrights, industrial designs, trademarks, patents or



any other third party rights

(iii) the customer's materials do not contain anything that could be in conflict with any legislation, good morals, public policy or common decency or anything that would expose any individual to civil or criminal prosecution

(iv) the customer shall compensate FLZ in the event of any kind of costs arising for FLZ associated with legal claims, direct or indirect (including all such costs for legal representation and court fees) and any kind of expenses of FLZ relating to any kind of damages or losses required from FLZ caused for FLZ if these have arisen due to breach of any of the warranties listed in letter (b) paragraphs (i) through (iii) of this article, including this condition.

(c) Authorization concerning intellectual property and copyrights: Upon the request of FLZ, the customer shall present to FLZ, within 3 business days, documents from which the customer derives its authorization as stated in letter (b) paragraph (ii) of this article and shall enable FLZ to make copies of these documents.

(d) FLZ bears no responsibility for any potential violation of third party rights arising in connection with the performance of the work under this contract.

5. DELIVERY

(a) Place of delivery: In all cases the dispatch of goods and products shall take place in the premises of the FLZ Film Laboratories, located at Filmová 174, Zlín. Upon request of the customer, and at the customer's expense, and exclusive risk, FLZ can provide delivery of goods to any address stated by the customer, under the assumption that it shall be the exclusive responsibility of the customer to insure the goods (both during shipping as well as for the period of time the goods are held by or under the control of FLZ).

(b) Delivery time: FLZ shall expend all due effort to deliver the work, or goods, respectively, within the period agreed with the customer, but shall not be liable for any losses or damages arising due to late delivery, due to any reason. Delivery dates are approximate and depend on the delivery of the relevant customer's materials to FLZ. FLZ shall not bear responsibility for late delivery of goods even if FLZ fails to notify the customer of a delay in delivery of goods. No delay by FLZ in the delivery of goods (whether caused by FLZ or through no fault of FLZ) shall constitute a reason for ending or cancellation of the order on the part of the customer, or the customer's withdrawal from the contract, respectively.

(c) Special packing: The customer will pay the costs of any type of special packing required by the customer, or packing that will be considered as necessary for delivery other than the standard means used by FLZ for deliveries.

(d) Force majeure: Without limiting the universality of the provisions of letter (b) of this article, FLZ shall bear no liability for any damages, in particular but not exclusively, damage in the event of any delay, loss or damage in the case of events caused by force

majeure, intervention of civilian or military bodies, fires, floods, epidemics, quarantine restrictions, wars, riots, strikes, employee disputes, equipment failure, traffic delays, material insufficiencies or other similar causes and all delays caused by the actions or negligence of the customer or a third party out of the control of FLZ. In the event of such delay, the date of delivery of goods or its transport shall be considered as extended by the amount of time equivalent to this delay.



6. QUALITY AND SPECIFICATION OF WARRANTIES

(a) Quality of services: FLZ shall exercise all due care in the performance of services and delivery of products. FLZ does not provide any warranties or assurances (expressly, arising from legislation or otherwise), inasmuch as this relates to the standard or quality of the delivered products and services, concerning satisfactory quality of products or the appropriateness of products for a given purpose.

(b) Defects: Where no damage was caused to the customer's materials, however the customer is not satisfied with the quality of any of the products or services and communicates this to FLZ in writing within 7 days of delivery of the product or service and the defect has arisen other than through

(i) defect in the customer's material

(ii) FLZ's compliance with the customer's instructions

(iii) that the customer incorrectly used the equipment of FLZ or

(iv) due to defects in the relevant process

then FLZ, at its own expense, shall make reasonable efforts to remedy this defect, but will have no further liability.

(c) Irreparable damage: If irreparable damage is caused to the customer's materials as a result of technical difficulties, negligence, non-fulfillment or breach of contract on the part of FLZ, its employees, subcontractors or representatives (and this negligence, non-fulfillment or breach of contract is noted by an authorized FLZ employee) and the customer has informed FLZ in writing within 7 days from the moment of arising of the damage or loss, the liability of FLZ is specified as such that it shall, at its own expense undertake due efforts for the correction of this damage.

The parties expressly agree that if the work has a defect pursuant to this contract and the defect shall be correctable, the customer cannot require a discount on the price, if the defect is correctable.

(d) Irreparable damage: If irreparable damage is caused to the customer's materials as a result of technical difficulties, negligence, non-fulfillment or breach of contract on the part of FLZ, its employees, subcontractors or representatives (and this negligence, non-fulfillment or breach of contract is noted by an authorized FLZ employee) and the customer has informed FLZ in writing within 7 days from the moment of arising of the damage or loss, the liability of FLZ is specified as such that it shall compensate, in accordance with the current valid FLZ Price List, the costs for replacement of the material in the form of the unexposed film that is damaged or lost by FLZ. FLZ simultaneously waives its compensation for performance of the work, or processing of the irreparably damaged or lost film, respectively. If the customer has paid in advance, the relevant amount shall be returned to the customer.

(e) Determination of damage: FLZ shall evaluate any eventual damage and determine whether the damage is reparable or irreparable, in accordance with the conditions under letters (c) and (d) of this article. FLZ shall then submit a report to the customer as to what is to be done under the circumstances.

(f) Limitation of liability: FLZ shall not be further liable to the customer with the exception of the liability set out in these Terms and Conditions under letter (b) through (d) of this article. FLZ shall in no case and under no circumstances be liable for any kind of damage, particularly but not exclusively for any lost profits or any damages, even indirect damages, or special cases of damages or indirect losses, costs, expenses or other claims (caused by the negligence of FLZ, its employees or representatives or otherwise), which arose as a result or in connection with the delivery of the products or services of FLZ, with the exception of demonstrated damages caused on the part of FLZ intentionally or through gross negligence, and the customer waives the right to compensation for damages arising for the customer in this regard.



(g) The customer waives any and all rights of subrogation of its reinsurers or insurers against FLZ under any insurance contract for insurance coverage of the customer or the customer's materials.

(h) The Customer shall promptly inspect the work, respectively or the goods during collection of such, or acceptance and in case of detected defects, shall write up a protocol report on the results of the inspection and deliver it to FLZ.

(i) Claims of multiple defects, where the delivered quantity, or assortment does not correspond to the quantity on the bill of delivery, are acceptable within a period 5 business days from the date of acceptance, or receipt of delivery of the work, otherwise the entitlement from the claim becomes void. The customer is obliged to provide the number of the delivery note and invoice.

(j) The customer is obligated to claim visible defects in the work no later than at the moment of acceptance of the work, or goods, respectively, whereas otherwise the entitlement from the claim becomes void. Hidden defects of the work must be claimed by the customer without undue delay after their discovery.

(k) Claims on the part of the customer must be applied in writing to the FLZ e-mail address: filmlab@filmlabzlin.cz, and must clearly specify the insufficiencies being claimed. Failure to report defects within the stated deadlines means that the customer has accepted the work, or goods, respectively, without comment. If it is found that the claimed defect arose as a consequence of incorrect use or negligent handling of the work, the customer's entitlement to a claim is forfeit.

7. PAYMENTS

(a) The prices of products and services are set on the basis of agreement between FLZ and the customer in the form of acceptance of an individualized price offer or the prices quoted in the current FLZ Price List.

(b) FLZ may require an advance deposit, or payment in advance in the course of providing the services.

(c) The customer agrees that the standard maturity of an invoice is 14 days from the date of issue of the invoice, unless FLZ agrees otherwise with the customer.
The customer consents to electronic billing.

(d) FLZ and the customer have expressly agreed that the customer will acquire ownership rights to the work, or products, respectively, only upon payment in full of the price.

(e) All payments shall be transferred to FLZ to the account specified on its invoices and payments sent by post will be at the customer's risk. FLZ reserves the right to charge interest on arrears on all amounts due after the specified maturity date at a rate of 0.1% per day of delay, or, unless otherwise specified in the contract. In case of default in payment of the fees on the part of the customer, FLZ is entitled to discontinue the services, respectively, performance of the work, for the period during which the customer is in arrears with payment of the outstanding amount due. The delivery date of the work or goods is extended by this time. A delay in payments in excess of 14 days constitutes a substantial breach of contract for which the FLZ entitled to withdraw from the contract, effective as of the delivery of written notice of withdrawal to the customer.

(f) All amounts listed in an individualized price bid of FLZ and in the FLZ Price List are quoted without value added tax, which shall be billed according to the valid legal rate.



8. RIGHT OF LIEN

In addition to any other rights of retention or measures to which FLZ may be entitled, and without these rights and measures being affected, FLZ will have a general right of lien on all of the customer's materials and goods held by FLZ for any amounts owed by the customer to FLZ, and FLZ will have the right to refuse issue, and to keep in its possession and deny access to any of customer's materials and goods held by FLZ until payment of any overdue sums is made by the customer to FLZ (whether related to materials and products held or not). Should FLZ decide to exercise this universal right of lien, the customer's obligation to insure the customer's materials remains in effect and FLZ assumes no responsibility for any loss or damage caused to the customer's materials retained on the basis of these conditions of universal right of lien.

Any requirement for modification concerning invoices must be handed over to FLZ within 14 days of issue of the given invoice or it shall be assumed that the customer has waived this entitlement.

9. TITLES

1. The customer agrees to list the name of Filmové laboratoře Zlín, a.s. in the end titles (credits) of its film, or other audiovisual work, on all copies distributed throughout the world. The customer shall consult this listing with FLZ in advance and present the end titles list to FLZ for approval. The end titles shall include:

- a) if the negative was processed at the FLZ, the title "Processed by Film Laboratories Zlín, a.s.", and the FLZ logo
- b) if answer prints were produced at the FLZ, the title "Color by Film Laboratories Zlín, a.s.", and the FLZ logo.

FLZ shall provide the materials for using the FLZ logo.

Pursuant to this paragraph, the customer further agrees to state the names of the employees of FLZ participating on the order (work) and their respective job titles.

2. For each individual breach of obligations pursuant to paragraph 1 of this article, the customer agrees to pay a contractual fine to FLZ in the amount of 100.000 CZK. The contractual fine is due and payable within 14 days from the delivery of the written request for its payment to the customer.

10. FINAL PROVISIONS

(a) The customer has become familiarized with these Terms and Conditions and their contents and agrees to them on the basis of the customer's own free, true and serious will.

(b) The invalidity of any of the provisions of these Terms and Conditions between the parties has no effect on the validity and effect of the other provisions.

(c) For business relations between FLZ and the customer, acceptance of a proposal by FLZ to conclude a contract (offer) with a supplement or deviation that does not significantly change the terms of an offer is excluded under the meaning under the provisions of § 1740 paragraph 3 NOZ.

(d) In accordance with § 1765 NOZ both contracting parties take upon themselves the risk of a change in circumstances. Both contracting parties declare that prior to concluding a contract they have fully weighed the economic, social and factual situation and are fully aware of the circumstances of the contract.



(e) The customer is not entitled to set off its receivables from FLZ against the receivables of FLZ from the customer arising from a contract for work or these Terms and Conditions. The customer is further not entitled to assign its rights and/or to transfer its obligations from a Contract for Work or these Terms and Conditions, nor to assign the contract for work to any third party without prior written consent from Bonton.

(f) FLZ reserves the right to modify these Terms and Conditions in writing at any time and to issue their new version. A customer that has concluded a contract for work shall be notified of the modified Terms and Conditions, no later than 30 days prior to their taking effect, and unless the customer refuses to accept them in writing, at the latest by the date of their taking effect, it shall apply that the customer has accepted them. If the customer rejects the new Terms and Conditions, such rejection is considered a termination of the contract for work with a 30-day notice period from the delivery of the rejection to FLZ, unless otherwise agreed in the contract for work.

(g) These Terms and Conditions are subject to the valid legislation of the Czech Republic. For issues not addressed by these Terms and Conditions the use of the NOZ has been agreed. All disputes shall be addressed in Czech courts, whereas jurisdiction falls to the court in accordance with the headquarters of FLZ.

(h) These Terms and Conditions are effective as of January 1, 2016.