

SSL – Svaz Spedice A Logistiky Eské Republiky Association Of Forwarding & Logistics Of The Czech Republic

General Conditions of Freight Forwarding. Version 2005

Sec. 601 para 1 of the Commercial Code No. 513/91 Coll. of Laws defines the Contract of Forwarding as follows:

Under the Contract of Forwarding the Freight Forwarder undertakes towards the Client to arrange in his own name and on Client's account the transport of a thing from a certain place to another one and the Client undertakes to pay a remuneration to the Freight Forwarder.

Sec. 601 to 629 and sec. 261 para 3 and sec. 399 of the Commercial Code contain further provisions relating to the Contract of Forwarding.

The Association of Forwarding and Warehousing of the Czech Republic being a professional organisation of interest has issued, in accordance with sec. 273 para 1 of the Commercial Code, the General Conditions of Forwarding:

1. The obligations of a Freight Forwarder

1.1. The Freight Forwarder shall be obliged to execute his activity with a professional care and to see to a qualitative, economical and careful satisfaction of Client's interests. In the scope of these activities the Freight Forwarder:

- a) shall properly care for goods entrusted to him by the Client and for the goods obtained for the Client,
- b) shall deposit for the Client's needs for an adequate or agreed period 2 documents obtained in the course of performing the Contract of Forwarding,
- c) shall draw the Client's attention to any apparent incorrectness of his instructions; in case the Client insists on his instructions, the Freight Forwarder shall not be liable. The Freight Forwarder is further entitled to ask for a completion of Client's orders if insufficient instructions have been given by the Client,
- d) in case of threatening imminent danger due to delay he shall provide the transport in manner' complying to the utmost with the Client's interests known to the Freight Forwarder,
- e) shall provide for the insurance of the consignment if agreed with the Client. The Freight Forwarder is not entitled to consider a mere price indication for the goods as an order to arrange the insurance. Should the insurance be agreed, the Freight Forwarder arranges insurance in compliance with the insurance conditions customary at the place of fulfilment. If the insured event occurs, the Freight Forwarder shall fulfil his obligations by assigning his claims against the insurer to the Client upon his request. This does not affect the Freight Forwarder's decision concerning his own liability insurance,
- f) shall inform the Client of any imminent damage threatening the consignment or already arisen thereon, as soon as the Freight Forwarder has learned thereof, such advise shall be given without any unnecessary delay.

In the course of fulfilment of his engagement the Freight Forwarder is bound to provide, with the professional care, for the mode and conditions of transport that suit best to the Client's interests as they follow from the contract and his instructions or are otherwise known to the Freight Forwarder.

- 1.2. The Freight Forwarder shall be liable for a damage on the consignment taken over which has arisen in the course of providing for the transport unless he could prevent it either by exercising a professional care or its extent could be minimized.
- 1.3. If a danger of delay arises he shall proceed in the interest of the protection of the consignment even without Client's instruction in order to protect as much as possible the interests of the Client in accordance with the up-to date information known to the Freight Forwarder.
- 1.4. He shall ascertain the weight of goods only when agreed with the Client. In case of doubts the certificate issued by the Freight Forwarder is valid as far as the indication of kind, contents, price, weight and (if need be) packing is concerned. The Freight Forwarder is obliged to advise without delay the Client of any new facts.
- 1.5. He shall examine the authorization of the person representing Client who proves such authorization.
- 1.6. Unless anything else has been agreed in writing he shall study and look for a more suitable procedure in transportation of goods within the scope of the commercial custom.
- 1.7. He shall follow strictly the Client's instruction relating to the customs clearance. In case it cannot be performed in accordance with the Client's instructions, it is necessary to inform the Client thereof immediately. In such a case the Freight Forwarder is not responsible for the delay.

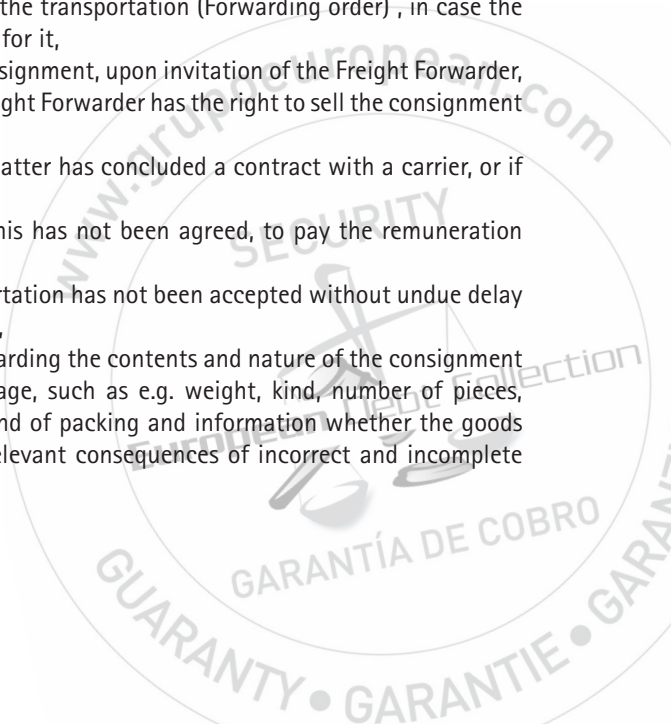
1.8. The Freight Forwarder is not, however, obliged to examine or complete the indications furnished by the Client unless it is a custom of the trade.

2. The Freight Forwarder shall be entitled

- 2.1. to ask for the order for providing transport (forwarding order) to be given in writing unless the contract has a written form,
- 2.2. to sell in a suitable way the consignment for the Client's account if a substantial and immediate damage threatens to the consignment and there is no time for asking Client's instructions or if the Client is in delay with passing such instructions and he himself does not take the necessary measures,
- 2.3. to demand from the Client an adequate advance payment, covering the expenses connected with the fulfilment of the contract, namely before he has begun to fulfil it,
- 2.4. to ask from the Client the agreed remuneration or if his has not been agreed, then a remuneration is to be paid according to the Freight Forwarder's tariff. In addition thereto the Freight Forwarder has the right to be reimbursed by the Client for the necessary and useful expenses expended for the purpose of fulfilment of the contract of forwarding,
- 2.5. to ask from the Client the payment of a remuneration after he has concluded a contract with a carrier and handed over the forwarded goods to him,
- 2.6. to apply, upon request of the preceding forwarders, all their appropriate rights, in particular the lien on the goods in order to enable him to satisfy their claims unless the agreed remuneration includes all necessary and reasonable expenses,
- 2.7. to apply the statutory lien on the consignment as security for all his claims arisen from the forwarding relations, as long as the consignment is in the custody of someone, who holds it on the Freight Forwarder's behalf or as long as the Freight Forwarder has the documents entitling him to dispose of the consignment,
- 2.8. to consider the instruction relating to the goods for binding upon himself until it has been withdrawn by the Client. The order for putting the goods at the disposal of a third person may not be withdrawn after the Freight Forwarder has received the instruction of the third person,
- 2.9. to act according to his own discretion, by observing the Client's interests, in particular as to the choice of the means and route of transportation, in case he has not received a sufficient or feasible instruction,
- 2.10. if not contradictory to the contract or not prohibited by the Client prior to the commencement of the performance of the transport at the latest, the Freight Forwarder himself may effect the transport which he has to arrange,
- 2.11. if the Freight Forwarder makes use of a further freight forwarder (an intermediate forwarder) for arranging the transportation, he shall be liable as if he had provided for the transport himself,
- 2.12. to organize the transport including the choice of the mode of transport unless otherwise agreed.

3. The Client shall be obliged

- 3.1. to place to the Freight Forwarder in writing and order providing for the transportation (Forwarding order), in case the contract is not in a written form and if Freight Forwarder has asked for it,
- 3.2. in case of an imminent and substantial danger threatening to the consignment, upon invitation of the Freight Forwarder, to transmit to him further instructions immediately, otherwise the Freight Forwarder has the right to sell the consignment in compliance with the point 2.2.
- 3.3. to pay to the Freight Forwarder the agreed remuneration, after the latter has concluded a contract with a carrier, or if appropriate, to grant him an adequate advance-payment,
- 3.4. to remit to the Freight Forwarder the agreed remuneration, or if this has not been agreed, to pay the remuneration according to the Freight Forwarder's tariff,
- 3.5. to withdraw always the order if such order providing for the transportation has not been accepted without undue delay (unless otherwise agreed between the Freight Forwarder and Client),
- 3.6. to put at the Freight Forwarder's disposal the correct particulars regarding the contents and nature of the consignment as well as other facts required for concluding a contract of carriage, such as e.g. weight, kind, number of pieces, dimensions and weight of individual pieces, marks and numbers, kind of packing and information whether the goods are dangerous in the sense of the Convention ADR, RID etc. The relevant consequences of incorrect and incomplete particulars are for Client's account,



- 3.7. to call in time the Freight Forwarder's attention, in a customary way, to the obligations under public law or customs law connected with the transportation of goods unless these obligations are known to the Freight Forwarder. The Client is responsible to the Freight Forwarder for all consequences of such failure,
- 3.8. to grant to the Freight Forwarder in case of cancelling the order to provide for the transportation the agreed remuneration after deducting the expenses saved. If the Client proves that he has cancelled the order owing to justified reasons for which the Freight Forwarder is responsible, the Freight Forwarder has the right to claim the compensation of his expenses only,
- 3.9. to grant to the Freight Forwarder, besides the agreed remuneration, a compensation for necessary and reasonable expenditures as well as a compensation for the expended costs which the Freight Forwarder has reasonably expended when fulfilling his engagement,
- 3.10. to pay to the Freight Forwarder a compensation for expenses and an adequate remuneration for the return transport of goods, in the same amount as for the transport to the consignee if the consignee refuses to take over the delivered consignment. It is also necessary to pay a remuneration to the Freight Forwarder in such a case if the order for a collect delivery or other mode of reimbursement has been additionally withdrawn or the amount has not been paid,
- 3.11. to pay to the Freight Forwarder the outstanding amounts for freight, customs charges, duties and other charges settled by the Freight Forwarder, in particular if being authorized to dispose, or as a possessor, of another's good unless the Freight Forwarder is responsible for them.

4. General provisions

4.1. Place of fulfilment

The place of fulfilment for all participants is the place of the Freight Forwarder's place of business to which the order has been addressed or instructions transmitted.

4.2. Time bar

The claim arisen due to a damage on the transported goods and due to a delayed delivery of goods shall be time-barred against the Freight Forwarder after 1 year elapses.

The term of time bar as regards rights arisen from an entire destruction or loss of the consignment shall commence as from the day on which the consignment should have been delivered to the consignee, as regards other right it shall commence from the day of the delivery of the consignment. The time bar of 4 years is valid for a damage caused intentionally. The claims against a carrier shall be time-barred according to the provisions valid for the contract of carriage.

4.3. Terms of fulfilment for a contract of forwarding

Except for a special agreement in writing concluded before the transportation has started, the Freight Forwarder is not responsible for time limits of loading and discharging and for a particular turn in which the goods are despatched by the same mode of transport. The marking such as "exhibition goods" does not qualify for a priority expedition unless such priority expedition has been explicitly ordered.

4.4 Forwarder's Liability

4.4.1 If the Forwarder is liable under the Forwarding Contract, the Forwarder's obligation to compensate for damage shall not exceed

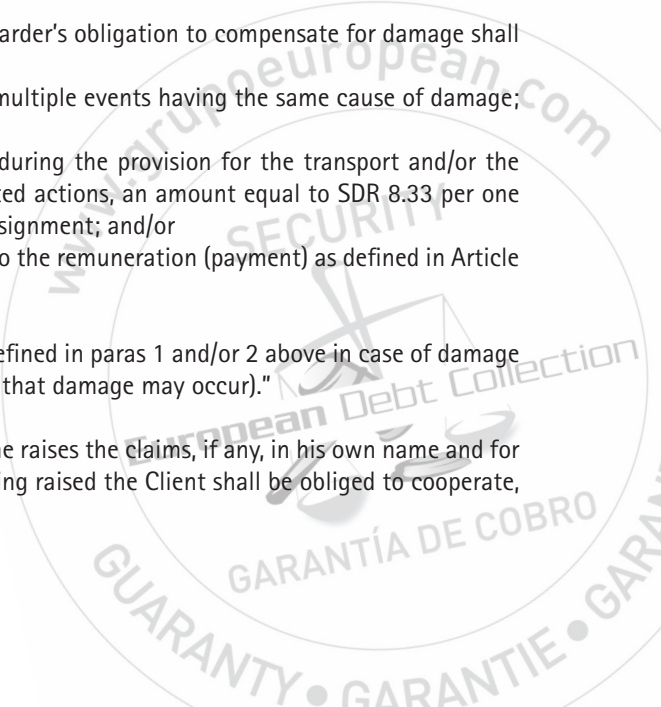
- a) in all instances, an amount equivalent to SDR 20,000 per event or multiple events having the same cause of damage; and/or
- b) in case of loss or destruction of, or damage to, the consignment during the provision for the transport and/or the consignment taken over by the Forwarder for the transport or related actions, an amount equal to SDR 8.33 per one kilogram of the gross weight of the lost, destroyed or damaged consignment; and/or
- c) in case of damage resulted from delayed delivery, an amount equal to the remuneration (payment) as defined in Article 3.4 of the General Forwarding Terms and Conditions.

4.4.2 Indirect damage and loss of profit shall not be compensated for.

4.4.3 The Forwarder shall not be entitled to refer to limited liability as defined in paras 1 and/or 2 above in case of damage caused by the Forwarder deliberately (such as wilfully or knowing that damage may occur)."

4.4.4 Liability under the Contract of carriage

The Freight Forwarder shall not be responsible for the carrier and he raises the claims, if any, in his own name and for the Client's account. When such claims against the carrier are being raised the Client shall be obliged to cooperate,



in particular in order to provide documents relating to the consignment, its value, etc. as a basis for raising claims against the carrier.

4.5. Restraints

Such an obstacle shall be considered as a circumstance excluding the responsibility which occurred regardless of the will of the liable party and which prevents it from the fulfilment of the obligation if it cannot be reasonably presumed that the liable party would prevent or overcome such an obstacle or its effects, and further that this party would have anticipated such an obstacle at the time when the obligation has arisen. In such cases, the Freight Forwarder shall be entitled but not obliged to withdraw from the contract even if the order has been partly performed. However, the Freight Forwarder's obligation to care about the Client's interests shall continue. But, in such cases, the Client has the same right if it is not justified to ask him to persist in the contract. If the Freight Forwarder or the Client withdraws from the contract according to the indicated provisions, the Freight Forwarder shall be entitled to get a compensation for the expenses expended and to receive an adequate remuneration. The Freight Forwarder shall be obliged to check up and to advise the Client whether there are some legal or official obstacles for the transportation (e.g. import or export - restriction), in case they are known to him.

4.6. Warehousing

If the Freight Forwarder performs the warehousing of goods in the scope of his activities, such activity shall be governed by the terms and conditions of a contract of warehousing.

4.7. Lien and retention

The Freight Forwarder has a statutory lien on the consignment as a security for his claims against the Client as long as the consignment is in the Freight Forwarder's custody, or in the custody of someone holding it on the Freight Forwarder's behalf; or as long as the Freight Forwarder has in his possession the documents entitling him to dispose of the consignment.

4.8. Interest on overdue payments

The delay in payment occurs 15 days after the delivery of the Freight Forwarder's invoices without the necessity of a dunning letter. In case of delay in payment the Freight Forwarder shall be entitled to charge the agreed interest rate and, if not agreed, the interest by 1% higher than the interest rate determined according to sec. 502 of the Commercial Code.

4.9. The form of orders to the Freight Forwarder

An order to the Freight Forwarder is being given in writing and, if given in a different way, it is necessary to confirm it in writing. The acceptance of an order can also be confirmed in another way than in writing, and it is possible, as the case may be, to deduce the acceptance of an order tacitly if the order has not been returned by the Freight Forwarder to the Client within a certain time or without an undue delay.

4.10. Effectiveness and validity of the General Conditions of Forwarding

The General Conditions of Forwarding were approved by the General meeting of the Association of Forwarding and Warehousing on 15th December 1992, the new paragraph 4.4. on 20th April 2005

They are effective in this version as from 1st July 2005.

They form an integral part of a Contract of Forwarding concluded between the Client and Freight Forwarder, unless otherwise agreed upon between the Client and the Freight Forwarder.