

FRAMEWORK AGREEMENT FOR THE DELIVERY OF CHIP MODULES

registered under the Buyer's Ref 213/2018

entered into pursuant to the provision under Section 1746 (2) and subseq. of the Act No. 89/2012 Coll., Civil Code, as amended (hereinafter referred to as the "Act") and pursuant to the provision under Section 63 (3) (c) of Act No. 134/2016 Coll., on public procurement, as amended (hereinafter referred to as the "PPA")

(hereinafter only referred to as the "**Framework Agreement**")

by and between:

Buyer: **STÁTNÍ TISKÁRNA CENIN, státní podnik**
with its registered office at Růžová 943/6, 110 00 Prague 1, Czech Republic
enrolled in the Commercial Register maintained by the Municipal Court in
Prague, Section A LX, Entry 296, File Ref. ALX 296
Represented by: **Tomáš Hebelka, MSc, CEO**
Reg. No.: 00001279
VAT No.: CZ00001279
Bank details: UniCredit Bank Czech Republic and Slovakia, a.s.
Account No.: 200210010/2700 EUR
IBAN: CZ44 2700 0000 0002 0021 0010
SWIFT (BIC): BACX CZPP

(hereinafter referred to as the "**Buyer**")

and

Seller: **Giesecke+Devrient Mobile Security GmbH**
with its registred office D-81677 Mnichov, Prinzregentenstraße 159, Germany
registered in Local Court of Munich – Registration Court, HRB 224694
Represented by: **Alois Kliner**, Group Senior Vice President
Frank Nordmann, Director, Program Manager Public
Sector
Business ID No: 94801476
VAT ID No.: DE305560986
Bank details: XXX
Account No.: XXX
IBAN: XXX
BIC/SWIFT: XXX

(hereinafter referred to as the "**Seller**")

(hereinafter jointly referred to as the "**Parties**").

Representatives authorised to negotiate contractual and economic matters:

on behalf of the Buyer: **Tomáš Hebelka, MSc, CEO**

on behalf of the Seller: **XXX, XXX**

Representatives authorised to negotiate factual and technical matters:

on behalf of the Buyer: **XXX, XXX**

on behalf of the Seller: **XXX, XXX**

I. INTRODUCTORY PROVISIONS

1. This Framework Agreement is concluded on the basis of the result of the proceeding without publication according to the PPA for the public tender titled **“Production and delivery of chip modules used for production of smart cards for První certifikační autorita, a.s. (First Certification Authority, a.s.)”** (hereinafter referred to as the **“Tender Procedure”**).
2. In the interpretation of the content of this Framework Agreement, the Parties are obliged to consider the award conditions related to the Tender Procedure titled **“Production and delivery of chip modules used for production of smart cards for První certifikační autorita, a.s. (First Certification Authority, a.s.)”** for the purpose of the given Tender Procedure and other acts of the Parties in course of the Tender Procedure. The provisions of laws and regulations on interpretation of legal conduct are not affected by this.
3. This Framework Agreement regulates a manner of concluding partial contracts based on partial orders, conditions of realizing particular deliveries by the Seller, as well as rights and obligations of contracting parties associated with implementation of the subject of this Framework Agreement.

II. SUBJECT MATTER OF FRAMEWORK AGREEMENT

1. Under this Framework Agreement, the Seller undertakes to supply to Buyer **STARCOS 3.5 chip modules XXX for the encapsulation according to the technical specifications XXX contained in Annex 1 of the Framework Agreement** (hereinafter referred to as the **“chips”, “chip modules” or “subject of performance” or “goods”**) in following configuration:
 - a) with initialization table XXX, with unique ATR (I.CA), or
 - b) with initialization table created through a specific profile. This profile will be concretized Buyer in the partial written orders (e.g. ESignK or different one).

2. The Seller shall be obliged to inform in writing the representative of the Buyer authorised to negotiate factual and technical matters at least 6 months before planned termination of production of chip modules or in case of a change in the specifications of the chip, its encapsulation or a change in the shape of the contact surface.
3. An integral part of the subject of performance is also a provision of the technical support by the Seller, in case of technical problems in course of processing of the chips by the Buyer.
4. The Buyer under this Framework Agreement undertakes to accept the duly supplied chips and pay the price for them according to article IV hereof.

III. PLACE AND TERMS OF PERFORMANCE, DELIVERY CONDITIONS

1. The Seller is obliged to supply the subject of performance stated in Article II (1) hereof to the Buyer's production plant at the address **STÁTNÍ TISKÁRNA CENIN, státní podnik, Na Vápence 915/14, 130 00 Prague 3** (hereinafter referred to as the "place of performance").
2. Partial deliveries of the subject of performance will be realised according to the needs of the Buyer on the basis of the Buyer's written orders that are proposals to conclude a partial agreement (hereinafter the "**partial order**") and Seller's confirmation of these partial orders, which constitutes acceptance of the proposal to conclude a partial agreement.
3. A partial order shall as a minimum requirement minimum contain the following essentials:
 - a) identification data of the Seller and the Buyer;
 - b) definition of the goods and detailed goods specifications, including the quantity of the goods to be delivered;
 - c) other requirements for the goods;
 - d) detailed delivery conditions, especially the delivery term and place of delivery;
 - e) designation of the person placing the order, authorised to act on behalf of the Buyer.

In the case of any doubt the Seller is obliged to ask for additional information from the Buyer. If he did not, it shall be deemed that the instruction was sufficient for the Seller and the Seller may not exempt from responsibility for this reason for non-fulfilment or faulty performance of partial delivery.

The minimum quantity is **10,000 pieces** of chip modules for the each partial written order.

The maximum quantity is **200,000 pieces** of defect-free chip modules for the validity and force of the Framework Agreement.

The representative of the Buyer authorised to negotiate factual and technical matters shall submit to the representative of the Seller authorised to negotiate factual and technical matters at the e-mail address: [XXX](#) a non-binding forecast for chip modules purchase for a period of following 12 (in words: twelve) calendar months from the conclusion of the Framework Agreement (hereinafter as "**Non-Binding Year-Long Forecast**") and the first Non-Binding Year-Long Forecast shall be provided in the period of **10 (in words: ten) working days** as of the conclusion of the Framework Agreement. The Non-Binding Year-

Long Forecast shall be submitted by the representative of the Buyer authorised to negotiate factual and technical matters afterwards repeatedly every succeeding year as of the date of conclusion of the Framework Agreement.

The representative of the Buyer authorised to negotiate factual and technical matters shall submit to the representative of the Seller authorised to negotiate factual and technical matters at the e-mail address: [XXX](#) a binding forecast for chip modules purchase for a period of immediately following 6 (in words: six) calendar months as of the providing the forecast (hereinafter as “**Binding Six-Months-Long Forecast**”), which further specifies the Non-Binding Year-Long Forecast with a binding effect, and the first Binding Six-Months-Long Forecast shall be provided in the period of **10 (in words: ten) working days** as of the conclusion of the Framework Agreement. The representative of the Buyer authorised to negotiate factual and technical matters may bring the Binding Six-Months-Long Forecast up to date anytime later, thus the Binding Six-Months-Long Forecast may be confirmed continuously with a binding effect. The Binding Six-Months-Long Forecast shall be submitted by the representative of the Buyer authorised to negotiate factual and technical matters at least once per the period of 6 (in words: six) calendar months.

The Non-Binding Year-Long Forecast and the Binding Six-Months-Long Forecast have to be prepared in a detail of a total number of pieces of chip modules forecasted to be purchased within the given period.

4. Parties agreed that each partial delivery may also contain faulty chips, however these must be labelled, respectively hole punched.
5. The partial order shall be delivered to the Seller at the e-mail address: [XXX](#). The Seller is obliged by return to confirm acceptance of such a partial order to the Buyer in writing at the Buyer's e-mail address purchasing@stc.cz, at the latest within **2 (two) working days** after its receipt, otherwise the Seller shall be liable to the Buyer for any damage resulting from the failure to confirm such order.
6. The period for fulfilment of the partial delivery is **maximum 14 calendar weeks**. In case that a partial order was not contained in the corresponding Binding Six-Months-Long Forecast, the period for fulfilment of such partial delivery is **maximum 24 calendar weeks**. The period shall be given in the partial order and commences on the date on which the partial order, or more precisely its delivery, was confirmed by the Seller.
7. Transport of the subject of performance to the place of performance shall be done by the Seller via a contractual carrier at its own risk and cost in compliance with DAP delivery terms according to INCOTERMS 2010. The Seller undertakes to provide the subject of performance for transportation and subsequent storage in a manner, which is usual for this type of the subject of performance in trade, so as to ensure the preservation, protection and quality of the subject of performance. Each consignment delivered shall be duly marked with the subject of performance, manufacturer and weight.
8. Each delivery of the subject of performance shall be provided with a delivery note, which shall be confirmed by both Parties upon handover and takeover of the subject of performance. The delivery note serves at the protocol of handover and takeover of the subject of performance.
9. The delivery note shall contain the following data:
 - a) Seller's and Buyer's identification data;

- b) delivery note number and date of issue;
 - c) order number;
 - d) position/serial number; number according to order;
 - e) contract number (if specified in the order);
 - f) material code according to IS in STC format (if stated in the order);
 - g) number of items delivered and the unit of measurement including designation of the number of defect-free items and defective items;
 - h) item name.
10. The subject of performance is delivered on the day when it was accepted by protocol, i.e. the date when the Buyer signs the delivery note.
11. The Seller is obliged to notify the Buyer about the deadline for shipping of the subject of performance at the electronic address purchasing@stc.cz, at the latest 2 (in words: two) working days before the date of shipping from Seller's plant. If the Seller engages a carrier, who allows tracking the delivery status, the Seller shall send the Buyer also the bill of lading number.
12. Delivery of the subject of performance is possible on business days from 06:00 to 14:00 hours, provided the Buyer does not stipulate in writing otherwise.
13. The performance of the Seller shall be considered as fulfilled if delivered duly and on time, i.e. free of any quantitative, qualitative or legal faults, including the accompanying written delivery documents.

IV. PRICE

1. The purchase price of
- a) **1 chip with initialization table XXX, with unique ATR (I.CA) is XXX EUR excl. VAT;**
 - b) **1 chip with initialization table created through a specific profile is XXX EUR excl. VAT.**
2. The price in para. 1 of this article is final and includes all costs of fulfilment of the subject matter of this Framework Agreement by the Seller pursuant to art. II (1) and (3) hereof, as well as all other costs of transport of the subject of performance, packaging costs, and disposable packaging materials.
3. VAT shall be billed at the rate stipulated in the legislation that is valid and in force on the date of taxable performance.

V. PAYMENT TERMS

1. The price of the subject of performance set according to Article IV hereof shall be paid for each partial delivery of the subject of performance by wire transfer from the Buyer's account based on an invoice issued by the Seller.
2. The Seller's right to issue an invoice for delivery of the subject of performance is established on the date of shipment of the partial delivery, i.e. the date of signature of the

delivery note by the Buyer's authorised person (date of acceptance by protocol). Annex to the invoice shall be a copy of the signed delivery note for the realised partial delivery.

3. An invoice must contain all the prerequisites of a proper tax document according to the applicable legal regulations and this Framework Agreement.
4. The invoice, apart from the prerequisites of a tax document, must also, in particular, include:
 - a) Seller's and Buyer's identification data, including the business ID no. (IČO);
 - b) number of the respective order;
 - c) number of the respective delivery note;
 - d) contract number (if specified in the order);
 - e) code of the goods according to IS in STC format (if stated in the order);
 - f) number of invoiced faultless items and unit of measure;
 - g) unit price of the subject of performance;
 - h) total price of the subject of performance;
 - i) specification of the subject of performance.

For each partial delivery of the subject of performance, the Seller shall issue a separate invoice.

5. The maturity of the invoice duly issued by the Seller is 30 (in words: thirty) days as of the issuance of the invoice. The Seller is obliged to deliver the invoice to the Buyer to e-mail podatelna@stc.cz and purchasing@stc.cz. Invoice payment for the purposes hereof is considered made at the moment of posting of relevant funds to the Seller's account stated on the title page of Framework Agreement.
6. In the event that any invoice issued by the Seller does not contain the necessary prerequisites or will contain incorrect or incomplete information, the Buyer is entitled to return the invoice to the Seller stating the reason for such return, without getting into arrears with payment. The new maturity period shall commence on the date of delivery of a duly corrected or supplemented invoice to the Buyer.
7. The Buyer does not provide any advance payment on the price of the subject of performance to the Seller.
8. The Seller shall not, without the written consent of the Buyer, offset any of its claims against any of the Buyer's claims against the Seller.
9. The Seller is not authorised to assign claims against the Buyer hereof or in connection with the same.
10. The Seller agrees that it shall in no way encumber its claims against the Buyer hereof or in connection with the same by a lien in favour of a third party.

VI. WARRANTY TERMS

1. Subject of performance shall be free of any factual or legal defects. Subject of performance has defects if it was not supplied in accordance with the Framework Agreement or the partial order.
2. The Seller provides **24 (in words: twenty-four) months** quality warranty to the Buyer as of the day of acceptance of the defect-free subject of performance (hereinafter referred to

only as the “**warranty period**”). The defect should be claimed in time, if notification on such a defect was sent to the Seller at latest on the last day of the warranty period. If the last day of warranty period was Saturday, Sunday or a holiday, the defect is deemed to be claimed in time, if the notification was sent to the Seller the next business day.

3. With regard to the character of the subject of performance, the Buyer shall check the number of delivered chips no earlier than during their processing. For this reason, the Buyer is authorised to make a complaint relating to the number of supplied chips within the individual partial deliveries only after complete processing of the given partial delivery.
4. By granting the quality warranty, the Seller accepts the commitment that the delivered goods will be defect-free, thus during the warranty period it shall be eligible to the contracted purpose or customary purpose and it will keep the contracted or customary properties. The Seller is responsible for any defect which arises during the warranty period. The Buyer may claim defects in the delivered goods at any time during the warranty period.
5. The Seller represents and warrants to the Buyer that the goods are not encumbered by third party rights and have no other legal defects.
6. If an entire supply delivered by the Seller is defective, the Buyer shall claim the goods without undue delay after the acceptance of the goods. Defects discovered within the processing shall be claimed by the Buyer without undue delay after the discovery. The Buyer shall always attach to the claim the defective chip modules, respectively defective chip modules processed to form of a card, which are relevant. Personal data on surface of the already personalised cards shall be disabled prior its handing over to the Seller or the Parties shall agree on a course or providing claimed defective chip modules processed to form of already personalised cards (e.g. enable the Seller to analyse the defective chip modules in the premises of the Buyer).
7. The period for acceptance of rejection of complaints is **14 (in words: fourteen) calendar days** and commences on the date of claim of the defective chips to the Seller.
8. If the Seller after review of the claimed defects confirms that the defects are covered by warranty, the claim shall be solved as follows:
 - a) by supply of a (new or missing) subject of performance, or
 - b) financial compensation.

The choice from the above-specified claims is the exclusive right of the Buyer.

9. The Seller shall be obliged to remove the defects by supply of (new or missing) goods in the period of **14 (in words: fourteen) calendar days** of the complaint acceptance in accordance with the paragraph 7 of this article.
10. The following additional warranty provisions shall apply:
 - a) The conditions for storage must be clean and dry, so that the Products are not subjected to rapid fluctuations of temperature, radiation or moisture, or to continuous sunlight.
 - b) Storage temperature must be between +15 - +25, ambient relative humidity between 40% - 55% (not condensing).

- c) The chips must not be subjected to undue mechanical stress (twisting, blows or bending), which may cause damage to the chips or the fixings or structures or the microchip component.
 - d) The chips must not be exposed to water or other solvents that may weaken the chips construction leave forensic traces or damage the microchip component.
 - e) The chips must not be connected to devices or systems for which the chips are not designed.
11. Making claim under liability for defects of the goods shall not affect the Buyer's entitlement to the agreed contractual fine and damages.
12. In the event that a chip is found to be defective after processing, the Seller is obliged apart from satisfying the claims of the Buyer from defective performance also to compensate the Buyer for costs demonstrably incurred in relation to the processing of the chips, or possibly also other costs or damage arising from the supply of the defective chips. This means in particular that in the event of acceptance of the claim of the defective chip after processing into a card the Seller compensates the defective chip and in the same time the Seller compensates direct costs of a body of the card as well.

VII. TRANSITION OF PROPERTY TITLE AND RISK OF DAMAGE

1. Property title to the subject of performance supplied hereof passes to the Buyer upon acceptance, i.e. upon signature of the protocol of handover and acceptance of the subject of performance (delivery note) by the Buyer's authorised representative. The risk of damage to the supplied item shall also pass to the Buyer at the same moment.

VIII. PENALTIES

1. In the event of Seller's delay in delivery of the subject of performance according to article III (6) hereof, the Seller is obliged to pay a contractual penalty to the Buyer at the rate of 0.1 % from the price of the subject of performance (excl. VAT), with the delivery of which the Seller is in default, and do so for each day or part thereof of delay.
2. If the Seller fails to comply with the information obligation in accordance with the article II (2) hereof, the Seller shall pay a contractual penalty to the Buyer in the amount of 30,000 EUR.
3. The obligation to pay a contractual penalty according to paragraphs 1 and 2 of this article arises for the Seller within 30 (thirty) calendar days after delivery of Buyer's invoice to Seller for payment of the contractual penalty.
4. Payment of the penalty does not exempt the Seller of its duty to meet the obligations under this Framework Agreement.
5. Agreeing the contractual penalty is without prejudice to the right to compensation of any damage suffered in the full extent.

IX. COMPENSATION OF DAMAGES AND FORCE MAJEURE

1. Each Party shall be liable for the damage caused in connection with a breach of generally binding regulations and breach hereof. Both Parties shall make every effort to prevent and minimize damage.
2. Obligations to pay damages resulting from the Seller's delay in the execution of this Framework Agreement shall be waived if the Party proves that it was hindered in the fulfilment of obligations temporarily or permanently by an extraordinary, unpredictable and insurmountable obstacle that is beyond its control.
3. The obligation to pay damages, however, is not precluded by an obstacle that arose at a time when the obliged party was in default with performance of its duties or arose from its economic relations. The effects excluding liability for damages are limited only to the duration of the obstacle to which they relate.
4. The Party claiming force majeure under this paragraph 2 of this Article must notify the other Party in writing about such obstacle at the latest within 5 (in words: five) business days from its inception and also indicate the period of its probable duration. Unless the Party invoking force majeure complies with the above obligation, it shall be deemed to have waived its right to apply the obstacle as force majeure.
5. Within 8 (in words: eight) business days from the date on which the obstacle arises, the Party that claims force majeure is required to prove the obstacle that has arisen, including the fact that this obstacle has seriously impacted ability of the concerned Party to fulfil the contractual obligations. The Party that claims force majeure must inform the other Party of the lapse of such obstacle no later than 5 (in words: five) business days after it ceases.

X. GOVERNING LAW AND RESOLUTION OF DISPUTES

1. Issues not regulated or only partly regulated hereof shall be exclusively subject to the Czech substantive law, particularly Act No. 89/2012 Coll., Civil Code, as amended, and interpreted according to the same.
2. Both Parties undertake to solve disputes arising from this contractual relationship amicably. If an agreement is not reached, any of the Parties may petition a competent court to decide the matter, whereas the Parties have agreed that the matter falls under exclusive jurisdiction of the Czech courts. The Parties in this regard stipulate that for possible disputes hereof, the general court according to the registered office of the Buyer shall be the court of jurisdiction.

XI. CONTRACT TERM

1. This Framework Agreement shall come into force on the day it is signed by the authorised representatives of the Parties and comes into force upon publication in the register of contracts.
2. This Contract is concluded for a definite period **4 (in words: four) years as of the day of effectiveness of this Framework Agreement or until the maximum quantity of 200,000 pieces of defect-free chip modules in accordance with article III (3) hereof was purchased, whichever occurs first.**

3. The Framework Agreement shall be terminated:
 - a) upon the expiration of the time period stipulated hereof;
 - b) upon taking of the maximum quantity of 200,000 pieces of defect-free chip modules;
 - c) through a written agreement between both Parties;
 - d) by withdrawal from the Framework Agreement in case of a fundamental breach of contractual obligations specified in para. 4 of this article.
4. Either Contracting Party may withdraw from this Framework Contract by serving a written notice of termination if the other Contracting Party commits a material breach of the provisions hereof. Except as stipulated by law or any other provisions hereunder, material breach of the Framework Contract shall apply at all times if:
 - a) failure to comply with the technical specifications of the subject of performance under Article II (1) hereof caused by the Seller;
 - b) Seller's delay in delivery of the subject of performance by more than 15 (fifteen) days.
5. The legal effects of the withdrawal shall occur on the day of the delivery of the written notice to the other Party. The notice of withdraw must be sent by registered mail. In the case of any doubt concerning the delivery date, the 3rd business day after posting the notice of withdrawal at the post service provider will be considered as the date of delivery. Withdrawal from this Framework Agreement does not terminate the contractual relationship from the outset; the mutual performances provided by the Parties up to withdrawal from the Framework Agreement shall be retained by both Parties.
6. The termination of the present Framework Contract is without prejudice to the provisions hereof regarding contractual fines, damage compensation and such rights and obligations that, by their nature, are meant to survive the termination hereof.

XII. FINAL PROVISIONS

1. The Framework Agreement may be modified or supplemented only by means of numbered amendments, which must be numbered in ascending order and signed by all the Parties. Other provisions shall be invalid.
2. The Parties hereby declare that no verbal arrangement, contract or proceedings on the part of any of the Parties exists, which would negatively influence the exercise of any rights and duties according to this Framework Agreement.
3. The Seller undertakes to notify the Buyer without undue delay about its own insolvency or threat thereof.
4. Rights and obligations arising from this Framework Agreement may not be assigned or transferred to a third party without written consent of the other Party.
5. In the event that any of the provisions of this Framework Agreement is or becomes invalid, void or unenforceable or shall be found to be such by a competent body, the rest of the provisions of this Framework Agreement shall remain valid and in force unless from the nature of such provision or its content or circumstances under which it was concluded it ensues that it cannot be separated from the content hereof. The Parties undertake that

they shall replace the invalid, ineffective or unenforceable provision hereof with a provision, which in terms of content and meaning best corresponds to the initial provision and purpose of this Framework Agreement.

6. The present Framework Agreement has been made in Czech and English in 2 (in words: two) counterparts with the force of an original, of which each of the Parties receives 1 (one) counterpart in each of the languages. In case of doubt, the Czech version of the Framework Agreement shall prevail.
7. The following annexes are integral parts hereof:
Annex No. 1 - Technical specifications of encapsulation
8. The Parties acknowledge that the Framework Agreement will be published according paragraph 219 (1) (d) PPA in the register of contracts pursuant to Act No. 340/2015 Sb., on special conditions for the effect of certain contracts, the disclosure of such contracts and the register of contracts. The publication shall be performed by the Buyer.
9. The Parties declare that they have read the Framework Agreement, agree with the contents herein, and declare that it was executed certainly, comprehensibly, on the basis of their true, free and serious will, without duress on any of the Parties. In witness whereof the Parties attach their signatures.

In Prague, date _____

In Munich, date _____

On behalf of the Buyer:

On behalf of the Seller:

Tomáš Hebelka, MSc
CEO
STÁTNÍ TISKÁRNA CENIN, státní podnik

Alois Kliner
Group Senior Vice President
Giesecke+Devrient Mobile Security
GmbH

Frank Nordmann
Director, Program Manager Public Sector
Giesecke+Devrient Mobile Security
GmbH