

AGREEMENT FOR SUPPLY OF SECURITY ELEMENTS FOR CZECH ELECTRONIC ID CARDS

Registered by the Client under Ref. No. 029/OS/2021
(hereinafter referred to as "Agreement")

**entered into pursuant to the Act No. 134/2016 Coll., on public procurement, as
amended (hereinafter referred to as the "PPA")**

and

**pursuant to Act No. 89/2012 Coll., Civil Code, as amended (hereinafter referred to as
the "Civil Code")**

by and between:

STÁTNÍ TISKÁRNA CENIN, státní podnik

with its registered office at Prague 1, Růžová 6, House No. 943, Postal Code 110 00, Czech Republic

entered in the Commercial Register maintained by the Municipal Court in Prague, Section ALX, Insert 296

Business ID: 00001279

Tax registration No.: CZ00001279

Represented by: **Tomáš Hebelka, MSc**, Chief Executive Officer

Bank details: XXX

Account number: XXX

IBAN: XXX

BIC/SWIFT: XXX

(hereinafter referred to as the "**Client**" or also "**Contracting authority**")

and

IQ Structures s.r.o.

with its registered office at Hlavní 130, Husinec 250 68, Czech Republic

entered in the Commercial Register maintained by Municipal Court in Prague, Section C, File 336502

Business ID: 09451269

Tax registration No.: CZ09451269

Represented by: **Ing. Robert Dvořák**, Managing Director

Bank details: XXX

Account number: XXX

IBAN: XXX

BIC/SWIFT: XXX

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

(the "Client" and the "Contractor" are hereinafter collectively referred to as the "**Parties**" or also "**Contracting Parties**")

Representatives authorized to negotiate in contractual and economic matters:

On behalf of the Client: **XXX**

On behalf of the Contractor: **XXX**

Representatives authorized to negotiate in factual and technical matters:

On behalf of the Client: **XXX**

On behalf of the Contractor: **XXX**

I. INTRODUCTORY PROVISIONS

1. This Agreement is entered into based on the outcome of the over-threshold open tender procedure in accordance with PPA titled “Innovation of Diffractive Optically Variable Image Device for Electronic ID Cards (eID card) (reissue)” (hereinafter referred to as the “**Tender Procedure**”) with the Contractor that meets any and all tender conditions, and the tender of which was selected as economically the most advantageous. Further, this Agreement was based on the Contractor’s tender filed under the Tender Procedure on the 21 of July 2021, the content of which is known to the Parties (hereinafter referred to as the “**tender**”).
2. When interpreting this Agreement, the Parties shall take account of the tender terms and conditions and the purpose of the subject of Tender Procedure. The provisions of laws and regulations on interpretation of legal conduct are not affected by this.
3. The Agreement regulates the method for conclusion of individual partial contracts, terms and conditions for execution of the individual supplies by the Contractor, as well as other rights and obligations of the Parties related to the realisation of the subject hereof.
4. The purpose of this Agreement is to secure supply of a Security element - Diffractive optical variable image device (DOVID) for the Czech biometric identification card (hereinafter the Czech biometric identification cards referred to as also only the “**eID card**”) in line with the Client’s needs.
5. For purpose of this Agreement Parties set these definitions:
 - a) Sheet means a transparent polycarbonate foil, laser engravable, with security element and printed marks, 15 positions on the Sheet.
 - b) DOVID means a security element - diffractive optical variable image device for the Czech biometric identification card
 - c) Design of the diffractive security element – DOVID - should be inspired by Symbols of Czech Republic (e.g. leaf of a linden tree) or Czech Crown Jewels.
 - d) MasterHologram means DOVID placed on physical template and made by the Contractor’s production technology, which is used for the mass production.

II. SUBJECT OF THE AGREEMENT

1. The subject of this Agreement is the Contractor's obligation:
 - a) to create an origination (production of a MasterHologram) of diffractive security feature for eID card, including creation of diffractive security feature design according to requirements specified in the **Technical Specification – the Annex 1** to this Agreement (hereinafter referred to as the "**production of DOVID design and Masterhologram**");
 - b) to grant exclusive license covering the design of the diffractive security feature and an exclusive license covering the MasterHologram and its copies for the use of the Sheets for the manufacture of eID card within the extent specified in Article VIII to this Agreement (hereinafter referred to as the "**DOVID licences**");
 - c) to produce and deliver a Diffractive optical variable image device (DOVID) applied on a Sheet of polycarbonate foil for eID card to the Client, including its testing version according to the technical specification contained in the Technical Specification - the Annex 1 to this Agreement (hereinafter referred to as the "**Sheets**");
 - d) to enable to acquire the ownership title to the supplied Sheets to the Client.
2. Due to the fact that a part of the technical specification of the subject of this Agreement includes classified information in the sense of national legislation of the Czech Republic, including but not limited to the Act no. 412/2005 Coll., on the protection of classified information and security capacity, as amended, the Contractor based on the Client requirements shall complete technical specification within the design process. Created classified information will be passed by the Contractor to the Client, and properly registered according to relevant legislation.
3. The Contractor declares by concluding this Agreement that it has and for a duration of the Agreement shall have established security to assure protection of classified information on the confidentiality level "RESTRICTED" ("VYHRAZENÉ") or higher. The Contractor undertakes to maintain in force for the entire period of validity and effectiveness of this Agreement the authorization to handle classified information on the minimal confidentiality level "RESTRICTED" ("VYHRAZENÉ"), which will be proven in the form pursuant to Art. 15.5.2 of the Tender Documentation. The Contractor is obliged to notify the Client any changes of the established authorization without delay. To breach of any obligation stated in this provision constitutes a substantial breach of this Agreement under Article XIV paragraph 4 (h) hereof.
4. The Contractor is obliged to comply with the relevant legal norms concerning the handling of classified information during the performance of this Agreement. The Contractor is also obliged to comply with the Security instructions set out in Annex 6 to this Agreement (hereinafter referred to as the "Security instructions"). To breach of any obligation stated in this provision constitutes a substantial breach of Agreement under Article XIV paragraph 4 (h) of this Agreement.

5. The Contractor undertakes to ensure the obligations referred to the preceding paragraphs 3 and 4 of this Article shall also apply to any entity, which shall be participating within the performance of the subject matter of this Agreement (i.e. subcontractors), that means in particular to secure protection of classified information and to maintain in force for the entire period of validity and effectiveness of this Agreement the authorization to handle classified information on the minimal confidentiality level "RESTRICTED" ("VYHRAZENÉ"), which will be proven in the form pursuant to Art. 15.5.2 of the Tender Documentation. The Contractor is obliged to notify the Client any changes of the established authorization of the subcontractor without delay. The Contractor is obliged to secure cooperation on the subcontractor side. To breach of any obligation stated in this provision constitutes a substantial breach of Agreement pursuant to Article XIV paragraph 4 (h) hereof.
6. A part of the technical specification of the subject of this Agreement (Annex 1) becomes the Technical drawing approved by the Client according to Art. IV paragraph 5 of this Agreement.
7. The Client undertakes to accept the Sheets, duly delivered as regards the required quantity and type, quality of the Sheets in accordance with this Agreement, on the required delivery dates, and pay the price for the Sheets agreed to herein.
8. The Client may invite the Contractor to provide performance in accordance with this Agreement up to a maximum financial amount of EUR 2 342 000 excluding VAT for the entire duration of this Agreement (hereinafter as a "Financial limit").

III. PARTIAL CONTRACTS

1. Any and all supplies of the Sheets shall take place according to Client's needs in line with the Client's written purchase orders, each one of which constitutes a proposal to conclude a partial contract (hereinafter referred to as the "**purchase order**"), and purchase order confirmations, which constitute the acceptance of the proposal to conclude a partial contract (hereinafter referred to as the "**partial contract**"). A partial contract shall be deemed to be entered into once the Client receives confirmation of the purchase order from the Contractor, confirming the purchase order without reservations.
2. Minimum quantity of Sheets per individual purchase order is 20 000 pcs of Sheets.
3. As a minimum requirement, a purchase order shall contain the following details:
 - a) Client's identification data;
 - b) definition of the subject of performance and detailed specifications thereof, including the quantity of the Sheets to be delivered;
 - c) unit price of the Sheets without VAT, total price of the Sheets without VAT;
 - d) detailed delivery conditions, especially the delivery term and place of delivery;
 - e) date of the purchase order;
 - f) identification of the person placing the purchase order who is authorised to act on behalf of the Client.

In case of any doubt, the Contractor shall ask the Client for additional information. If the Contractor fails to do so, it is understood that the instructions are sufficient for the Contractor, and no such reason may release the Contractor from any liability for failure to perform an order in due manner and time.

4. The purchase order as per this Article shall be sent by the Client to the Contractor electronically to the Contractor's e-mail address XXX.
5. The Contractor shall confirm the purchase order acceptance to the Client by return to the Client's email address XXX. As a minimum requirement, the purchase order confirmation shall contain the identification data of the Contractor and the Client, identification of the purchase order being confirmed and date of the confirmation.
6. The Parties agree that the Contractor shall respect the supplies of the Sheets as requested and shall not modify the supplies as to type, volume or finance unless expressly agreed by the Parties.
7. The Contractor undertakes to perform any partial contract in accordance with its tender.

IV. PLACE AND TERMS OF PERFORMANCE AND DELIVERY

1. The Contractor shall provide performance in the sense of this Article within the deadlines specified in the **Time Schedule – the Annex 2** to this Agreement.
2. The Contractor shall create design and produce a MasterHologram of security holographic feature for eID according to the requirements specified in the Annex 1 hereof within the periods according to the Annex 2 hereof and submit them to the Client to approve them. The creation of the design of the DOVID shall be executed by the Contractor immediately after effective date of this Agreement and no other formal action (eg. request or order) is necessary from the Client. The design of the DOVID will be approved electronically and the Masterhologram will be approved by the Clients' representatives in person. The Contractor is obliged to submit the DOVID design to the Client to approve it and invite the Client to approve the MasterHologram within the periods according to the Annex 2 hereof for preparation of DOVID Design and Production of the MasterHologram. Invitation to the MasterHologram approval shall be sent to the Client at least 5 working days before the proposed date for approval of the MasterHologram. The Contractor shall send all his notification (submission of the DOVID design, invitation for the MasterHologram approval) via email to the e-mail address: XXX. The Parties are entitled to agree upon a different method of submission and approval of the DOVID design and the MasterHologram, in particular in connection with the secrecy level of classified information. It is not necessary to conclude about this agreement a written amendment to this Agreement within the meaning of Article XV paragraph 1 of this Agreement, but the agreement shall be done in demonstrable manner.
3. In case of approval of Masterhologram the Client's authorised representative will sign the Acceptance Protocol using Acceptance Protocol template contained in the **Annex 3** hereof.
4. The day of approval of the Masterhologram also passes to the Client the right of use the DOVID design – DOVID licences according to the Article VIII of this Agreement.

5. After approval of Design the Contractor is obliged to submit a Technical drawing recording to technical specification to the Client for final technical approval, if the Technical drawing meets the requirements according to the Technical specification, the Client approves the Technical drawing as a reference within 5 working days of submission. After Client's approval the Technical drawing becomes an integral part of Annex 1 of this Agreement pursuant to the Article II paragraph 6 of this Agreement.
6. The Contractor is obligated to deliver to the Client 200 pcs of Sheets as the individual delivery/testing version of Sheets specified in this Agreement (hereinafter referred to only as "**Pilot Sheets**"), which will be used by the Client to perform tests and manufacture first eID cards. Pricing and delivery requirements and regulations specified hereof shall be analogically applied to the Pilot Sheets.
7. After the Pilot Sheets approval by the Client the first delivery of Sheets in minimum volume of 20.000 pcs of Sheets will take place (hereinafter referred to only as "**First Delivery**"). The first and the following individual orders shall be carried out based on individual written purchase orders issued by the Client and the Sheets shall be delivered no later than before **60 working days as of the purchase order delivery to the Contractor**.
8. The Sheets shall be considered as delivered on the day of handover and acceptance by protocol, i.e. the date of signature of the delivery note by the Client.
9. Each delivery of the Sheets shall be accompanied with a **delivery note** to be confirmed by both Parties upon handover and takeover of the Sheets, and shall be used as the **Sheets acceptance protocol**. The Sheets shall be considered as delivered on the day of handover and acceptance by protocol, i.e. the date of signature of the delivery note by the Client.

The delivery note shall contain:

 - a) Identification data of the Contractor and Client,
 - b) number and date of issue of the delivery note,
 - c) the purchase order number,
 - d) Position/serial number; number according to purchase order;
 - e) order number (if stated in the purchase order),
 - f) specification of the required type and properties of the Sheets,
 - g) the Sheets quantity and the unit of measure,
 - h) the item name.
10. The place of performance for delivery of the Sheets shall be placed in territory of Prague, Czech Republic, specifically the Production Plant III – Na Vápence 14, House No. 915, Postal Code 130 00 Prague 3, Czech Republic, whereas due to operational reasons on the Client's side at latest from April 2023 the place of performance shall be changed to Production Plant I – Růžová 6, House No. 943, Postal Code 110 00 Prague 1, Czech Republic, the specific date for the change shall be agreed in the Amendment to this Agreement".
11. The Contractor shall arrange for the transportation of the Sheets to the place of performance at its own expense and risk in accordance with Incoterms 2020, DAP.

12. In a demonstrable manner the Contractor will announce to the Client's electronic addressXXX, at least 3 working days in advance, the day of dispatching of the Sheets from the plant, name of the carrier, type and registration number of the vehicle, including the names of the driver and the supposed time of arrival to the address of the Client.
13. The supplied Sheets shall be packed in a manner that is usual for such type of Sheets, taking into consideration the place of delivery of the Sheets and the mode of transport, so as to ensure the preservation and protection of the quality of the Sheets, as well as protect the Sheets from damage by mechanical and atmospheric elements. Detail packaging requirements are specified in the Annex 1 hereof.
14. Handover and acceptance of individual deliveries as set forth herein shall be done at the agreed time and place, as specified in this Article of this Agreement and in the Annex 2 hereof.
15. Each shipment shall be packed in containers. Packing quantities and container specifications and handlings are defined under the Annex 1 hereof. Whole process of packaging and transport of Sheets shall be in accordance with the requirements and conditions of the standard TAPA (TSR + FSR) a standard IATA code TACT - The Air Cargo Tariff and Rules standard VUN.
16. Authorized employees of the Client shall accept the individual Sheet delivery during the established delivery date as specified in paragraph 1 and paragraph 6 of this Article. During the handover process these employees shall inspect the integrity of individual packages/containers and seals and confirm status by signing the relevant delivery document. Any defects apparent during the handover process will be resolve according to the Article IX hereof.
17. Sheets acceptance processes are defined in Specification of quality inspection - the **Annex 4** hereof.
18. Based on the characteristics and type of the Sheets, the Client may only inspect the number of delivered Sheets during the actual manufacturing process of eID card. Due to this reason, the Client is allowed to claim incorrect number of Sheets delivered under individual purchase orders at the time when the Sheets from relevant purchase order are processed. The manner of exercising such a claim is regulated in Article IX hereof.
19. The ownership title to the Sheets supplied under this Agreement shall pass on to the Client at the moment of takeover of the Sheets, i.e. upon the handover protocol for the Sheets (delivery note) being signed by the Client. The risk of damage to the Sheets is transferred to the Client at the same moment.

V. PRICE

1. The prices for performance of the subject of the Agreement has been established on the basis of the Contractor's tender submitted in the Tender Procedure. The prices are as follows:

- a) The price for performance according to the Article II paragraph 1 letters a) and b) hereof is XXX EUR, excluding VAT.

The final price contains all cost necessary to successfully complete subject of the performance according to the Article II paragraph 1 letters a) and b) hereof including licenses fees for the use of DOVID design and Masterhologram as stated according to the Article VIII of of the Agreement.

- b) The unit price of 1 piece of the Sheet in the sence of performance according to the the Article II paragraph 1 letters c) and d) hereof (hereinafter referred to as the “**Unit price of Sheets**”) is XXX EUR, excluding VAT.

The Unit price of the Sheets contains any and all the related costs of the Contractor, particularly packaging and transportation of the Sheets to the place of performance, customs duty, customs charges, any ecological liquidation of the Sheets and related services. This price is the final and maximum permissible price.

2. Invoiced price of Sheets for each individual delivery must correspond with the relevant Unit price of the Sheets multiplied by the number of delivered Sheets.
3. If applied, VAT shall be billed at the rate stipulated in the legislation that is valid and in force on the date of taxable supply.

VI. PAYMENT TERMS

1. The Client does not provide the Contractor with any advance payments for any prices according to the Article V hereof.
2. The price of the production of DOVID design and MasterHologram according to the Article II paragraph 1 letter a) hereof and DOVID licences according to the Article II paragraph 1 letter b) hereof shall be paid by the Client after proper acceptance of the MasterHologram on the basis of invoice (tax document) issued by the Contractor.
3. The Contractor’s right to issue an invoice (tax document) for the price of production of DOVID design and MasterHologram and DOVID licences is established on the date of approval of MasterHologram, i.e. the date of signature of the Acceptance Protocol by the Client’s authorised representative. The date of taxable supply is the date on which the Client’s authorised representative signed the Acceptance Protocol. Copy of signed Acceptance protocol shall be an annex of the invoice for the price of production of DOVID design and MasterHologram.
4. The price of the supplied Sheets according to the Article II paragraph 1 letter c) and d) hereof shall be paid by the Client after proper delivery of the Sheets on the basis of invoice (tax document) issued by the Contractor.
5. The Contractor’s right to issue an invoice (tax document) for the consignment of Sheets is established on the date delivery, i.e. the date of signature of the delivery note by the Client’s authorised representative. The date of taxable supply is the date of handover and acceptance of the Sheets with confirmation in the form of a protocol, i.e. the date

on which the Client's authorised representative signed the Sheets acceptance protocol (delivery note).

6. An invoice (tax invoice) shall contain all the prerequisites as for a tax document according to the applicable legal regulations and this Agreement. Each invoice (tax document) for purchase price of the Sheets shall include a copy of the confirmed Delivery Note relating to the executed delivery.
7. For each delivery of the Sheets, the Contractor shall issue a separate invoice (tax document).
8. The maturity period of any invoice (tax document) duly issued by the Contractor is 30 days as of the issue date. The Contractor shall deliver the invoice to the Client to the following email address: XXX. For the purposes of this Agreement, an invoice shall be deemed paid once the respective amount is credited to the Contractor's account specified in the header hereof.
9. In the event that any invoice (tax document) issued by the Contractor does not contain the necessary formalities or will contain incorrect or incomplete information, the Client is entitled to return the invoice (tax document) to the Contractor stating the reason for such return, without getting into arrears with payment. The new maturity period shall commence from the date of delivery of a duly corrected or supplemented invoice (tax document) to the Client.
10. If the Contractor is an entity liable for VAT registered in the Czech Republic, the following arrangements as contained in this article shall be binding and applicable (paragraphs from 11 to 14 or 16 of this Article).
11. The Contractor shall immediately and demonstrably notify the Client, a recipient of the taxable supply, within 2 working days of its becoming aware of its insolvency or its threat at the latest, or of issuing a decision by a tax administrator, that the Contractor is an unreliable payer pursuant to Section 106a of the Value Added Tax Act No. 235/2004 Coll., as amended (hereinafter "**VATA**"). Violation of this obligation by the Parties is considered a material breach of this Agreement.
12. Each Contractor pursuant to paragraph 10 of this Article undertakes that the bank account designated by him for the payment of any obligation of the Client under this Agreement shall be published and accessible from this Agreement conclusion date until its expiry in accordance with Section 98 of VATA, otherwise the Contractor is obliged to provide another bank account to the Client that is duly published in accordance with Section 98. In the case that the Contractor has been indicated by a tax administrator as an unreliable taxpayer pursuant to Section 106a of VATA, the Contractor undertakes to immediately notify this to the Client along with the date on which this circumstance arose.
13. If a guarantee for unpaid VAT arises for the Client according to Section 109 of VATA on received taxable supply from any Contractor, or the Client justifiably assumes that such facts have occurred or could have occurred, the Client is entitled, without the consent of such Contractor, to exercise a procedure according to the special method for securing tax, i.e. the Client is entitled to pay the concerned VAT according to the

invoice (tax document) issued by the given Contractor directly to the competent revenue authority and to do so according to Sections 109 and 109a of VATA.

14. By payment of the VAT to the account of the revenue authority, the Contractor's receivable from Client is considered as settled in the amount of the paid VAT regardless of other provisions of the Agreement. At the same time, the Client shall be bound to notify the respective Contractor of such payment in writing immediately upon its execution.
15. The Contractor declares that in the moment of conclusion of the present Agreement it is not in liquidation and no proceedings are being conducted against it pursuant to Act No. 182/2006 Coll., on bankruptcy and settlement (Insolvency Act). The Contractor is obliged to immediately inform the Client of any changes that arise during the period of validity of this Agreement and are related to the content of this statement.
16. The Contractor also declares that in the moment of conclusion of the present Agreement there is no decision issued by a tax administrator, that the Contractor is an unreliable payer pursuant to Section 106a VATA. The Contractor shall immediately and demonstrably notify the Client, a recipient of the taxable performance, within two working days of its becoming aware of its insolvency or of issuing a decision by a tax administrator that the Contractor is an unreliable payer pursuant to Section 106a VATA.
17. In the event that, during the period of validity and effectiveness of this Agreement, the Contractor's statements referred to previous paragraphs 15 or 16 prove to be false or the Contractor violates the obligation to notify the Client of the fact stated in the previous paragraphs 15 or 16 within the specified period, such conduct of the Contractor will be considered a substantial breach of this Agreement.
18. The Contractor is not authorised, without the written consent of the Client, to set-off any of its receivables from the Client with any of the Client's receivables from the Contractor or assign any of its rights and receivables from the Client to a third party.
19. The Contractor agrees that it shall in no way burden its claims against the Client under the partial contract or in connection with a lien in favour of a third party.
20. In case the Contractor sets off, assigns or places under lien any claim against the Client from the title of a partial contract in contravention of the preceding provisions, the Contractor is obliged to pay to the Client a contractual penalty at the rate of 10 % on the value of the claim, which was set-off, assigned or placed under lien.

VII. OTHER RIGHTS AND OBLIGATION OF PARTIES

1. The Contractor shall supply the Sheets to the Client in line with the Annex 1 hereof, the Contractor's tender and DOVID design approved by the Client.
2. The Contractor shall not provide the DOVID design and Mastehologram of the DOVID uniquely designed for the eID card to any third party.
3. The Contractor warrants to the Client that during the preparation of DOVID design, production of MasterHologram and/or production and transport of the Sheets — the Contractor bears there shall be no misuse of the DOVID design used for the production

of the Sheets, or of the finished Sheets, and undertakes to take all necessary and appropriate measures to prevent the DOVID design and MasterHologram of the DOVID and also Sheets from being lost or stolen. The Contractor warrants to the Client that during the preparation of DOVID design, production of MasterHologram and/ or production and transport of the Sheets — as long as the Sheets are owned by the Contractor or the Contractor bears the liability for damage to the Sheets — there shall be no misuse of the materials used for the production of the Sheets, or of the finished Sheets, and undertakes to take all necessary and appropriate measures to prevent the Sheets from being lost or stolen or used for a purpose other than that specified in this Agreement. The Contractor shall comply with the applicable legal rules concerning the handling of classified information during the preparation of DOVID design, production of MasterHologram and/ or production and transport of the Sheets, especially with the Security instructions contained in the **Annex 6** hereof.

4. Failure to observe the provisions of paragraphs 2 or 3 of this Article is a substantial breach of this Agreement resulting in the right of Client to withdraw from this Agreement, entitling the Client to the compensation within the scope of and according to this Agreement.
5. The Contractor hereby states and guarantees that he will properly store and archive at its site the manufactured MasterHologram which is its property for 5 years following the end of this Agreement, unless both Parties agree otherwise. After this time period expires the Contractor is obliged to destroy the MasterHologram and all its copies created for the purpose of a mass production of the DOVID at his own cost and document this action on the necessary protocol, provided that the Client issued a confirmation allowing the Contractor to destroy the Master Hologram.
6. The Contractor warrants to the Client that it is not aware of any violation of third-party rights by the subject of this Agreement at the date of the Agreement signature. If a third party raises a legitimate claim because of an infringement of industrial property rights, copyrights or any other rights by the Sheets or DOVID's design supplied by the Contractor, the Contractor shall be liable, at its expense, to secure a right of use to the DOVID design for the Client.
7. No later than as of this Agreement conclusion date, the Contractor shall submit, and maintain valid for the entire duration of this Agreement, a liability insurance contract for damages caused to third parties by operating activity of the Contractor for the minimum amount of 1 000 000 EUR.
8. The Contractor hereby agrees to provide the necessary assistance in performance of the obligations pursuant to the PPA.
9. The Contractor is entitled to perform this Agreement or part thereof through its subcontractor(s). In the case that the Contractor uses a subcontractor within the meaning of the previous sentence,
 - a. the Contractor remains responsible for fulfilment the subject of this Agreement as if he performed it itself,
 - b. was obliged to submit to the Client the List of subcontractors according Tender Documentation of the Tender Procedure,

- c. in the case of a change in the List of subcontractors (e.g. different scope of performance, change of subcontractor, new subcontractor), the change shall be subject to approval by the Client of such a change and the Contractor shall apply for this approval without undue delay, but no later than within 5 working days of such change. In the event of changes in qualifying subcontractor, the Client shall give the consent only if the Contractor with the application to change the qualifying subcontractor shall demonstrate evidence of which would suggest that the new subcontractors meet the qualifications at least to the same extent as the original qualifying sub-contractor.
- d. the Contractor is obliged to ensure proper and timely fulfillment of financial obligations to its subcontractors for the entire period of performance of this Agreement, while as full and timely fulfillment it is considered a full payment of invoices issued by the subcontractor for performances provided for Public Contract, no later than 30 days after receipt of payment from by the Client for specific fulfilled Public Contract. For the purposes of checking this arrangement, the Contractor is required in the first calendar month in each calendar year of the duration of this Agreement, to submit to Client an affidavit of compliance with this obligation in the previous calendar year.

This Agreement and its Annexes shall not be amended due to the use of subcontractors or its change according to this paragraph.

- 10. If the Contractor at the time of signature of this Agreement proves implementation of security processes to ensure the production security integrity (transport incl.) within the performance of the subject matter of this Agreement (i.e. including also the preparation or production of the MasterHologram or any product that is the carrier of the DOVID design) through the certificate "ISO 14298 Management of security printing processes" or "CWA 15374 Security management system for suppliers to the security printing industry", the Contractor shall ensure certificate validity for the entire duration of this Agreement. The Contractor is obliged to notify the Client of any changes or end of validity of this certificate without delay. In the event of end of validity of this certificate the Contractor is obliged to ensure immediate compliance with the obligation under paragraph 11 and 12 of this Article and fulfilment of the obligations and requirements of the security audit pursuant to Annex No. 7 to Agreement (hereinafter referred to as the "Security Audit").
- 11. If the Contractor at the time of signature of this Agreement does not prove implementation of security processes to ensure the production security integrity (transport incl.) within the performance of the subject matter of the Agreement (i.e including also the preparation or production of the MasterHologram or any product that is the carrier of the DOVID design) through the certificate "ISO 14298 Management of security printing processes" or "CWA 15374 Security management system for suppliers to the security printing industry", the Contracting parties mutually declare that the Security Audit was conducted before the signing of this Agreement. The Security Audit will then be organized by the Client at regular three-year intervals.
- 12. The Contractor is obliged to immediately inform the Client of any changes or termination of the certificate pursuant to paragraph 10 of this Article or of any changes concerning

changes in safety standards or rules according to the requirement No. 5 set out in the Annex No. 7 to this Agreement or changes in security systems on the part of the Contractor such as changes in the security system (relating to the performance of the subject matter of this Agreement including also the preparation or production of the MasterHologram or any product that is the carrier of the DOVID design), or any other changes in the safety of buildings or building modifications or alterations to buildings, etc. In such a case, the Client may request to perform without undue delay an extraordinary Security audit to the extend specified in Annex 7 to this Agreement, i.e. thus outside regular three-year intervals.

13. For the fulfilment of purpose the preceding provisions sense of the Contractor acknowledges and agrees that the Client will conduct the Security audit (or extraordinary Security audit) at the facility intended for the performance of the subject matter of this Agreement including also the preparation or production of the MasterHologram or any product that is the carrier of the DOVID design, therefore requires the Contractor's assistance, by enabling access to these facility, or verification of specific processes or make available the necessary documentation by remote access. A more detailed description of the requirements of the Security audit is set out in Annex No. 7 which is integral part of this Agreement.
14. Breach of the Contractor's obligation to allow or secure the Security Audit to be performed in accordance with Annex No. 7 to this Agreement (including the extraordinary Security Audit pursuant to paragraph 12 of this Article), or the fact that requirements of Security Audit have not been met and thus failed to demonstrate sufficient implementation of security processes, constitutes a substantial breach of this Agreement in accordance with Article XIV paragraph 4 (f) of this Agreement.
15. The Contractor at the time of signature of this Agreement proves implementation of quality management system to ensure the production quality management within the performance of the subject matter of the Agreement (i.e. including also the preparation or production of the MasterHologram or any product that is the carrier of the DOVID design) through the ISO 9001 certificate - Quality Management System, or other similar document in accordance with the Tender documentation for the entire period of validity and effectiveness of this Agreement. At the request of the Client, the Contractor is obliged to prove the fulfilment of this obligation at any time, no later than 10 calendar days from the delivery of such a request of the Contractor.

Breach of this Contractor's obligation to maintain the validity of the ISO 9001 certificate, or other similar document in accordance with the Tender documentation, for the entire period of validity and effectiveness of this Agreement, or the fact that the Contractor has not proved ensuring of this certificate or other similar document in accordance with the Tender documentation at the Client's request pursuant to this paragraph constitutes a substantial breach of this Agreement pursuant to Article XIV paragraph 4 (f) of this Agreement.

16. For the avoidance of any doubt, the Client states that the adjustment and obligations set out in paragraphs from 10 to 15 of this Article apply to any entity, which shall be participating within the performance of the subject matter of this Agreement as subcontractor/s of the Contractor and the Contractor remains responsible for fulfilment

of these obligations and the Contractor is required to assure cooperation on the subcontractor/s side.

VIII. INTELLECTUAL PROPERTY RIGHTS AND RIGHT TO USE DESIGN AND MASTERHOLOGRAM OF THE DOVID

1. The Contractor is obliged to grant to the Client the right to exclusive licenses covering the design of the DOVID pursuant to Act No. 121/2000 Coll., the Copyright Act, as amended covering also the MasterHologram and its copies for the use of the Sheets supplied by the Contractor for purposes of this Agreement. Such licenses are implied in the price of production of DOVID design and MasterHologram and does not require paying extra licence fees for the use.
2. Licenses provided by the Contractor shall be legally acquired by the Client according to the Article IV paragraph 4 of this Agreement.
3. Exclusive licenses in the sense of this Article will be granted in time and territorially unlimited, unlimited quantitative enabling the Client to use the design of the DOVID all ways to fulfil the purpose of this Agreement particularly for the manufacture and supply of eIDs.
4. The Contractor states and guarantees that the design of the DOVID in the form of the MasterHologram does not interfere with, or violate rights of third parties, in particular, does not infringe copyrights, trademarks protection rights, patent rights or other property rights applicable to the design or to the MasterHologram. However the Contractor shall have responsibility for any interference with or violation of third parties rights to the extent, the infringing or violating part of the design of the DOVID. Further, the Contractor states that these rights were not provided without consent and approval of the relevant entities or authors. The Contractor is aware about the fact that he is fully and legally liable for consequences due to failure to observe this statement.
5. Further, the Contractor states and undertakes that no prior exclusive or nonexclusive licenses in terms of the DOVID design and the MasterHologram were/won't be issued, which would prevent the Client from using the Sheets supplied by the Contractor for the manufacture of eID card.

IX. LIABILITY FOR DEFECTS AND QUALITY WARRANTY

1. The Contractor is responsible for the due performance of the subject of the Agreement, especially for the observance of the technical specification according to the Annex 1 hereof and specification of the approved DOVID design, functionality for the purpose described herein and in the Annex 1 hereof and for the quantity of the Sheets specified in the partial contract.

2. Under warranty for quality of the Sheets, the Contractor undertakes that it shall for the duration of the warranty period be capable of performance for the contracted purpose, otherwise to the usual purpose and that it shall maintain the contracted, otherwise usual properties. The Contractor will rectify any defects and/or faulty services within the warranty period following written notice of the defect on the part from the Client.
3. Quality warranty covers the Sheet as long the Sheets are not laminated, the life expectancy of the Sheets is 12 months and shall start on the day of the acceptance of the relevant delivery. The Contractor warrants visibility especially diffractive effect and functionality of the DOVID after the lamination process to eID card for 10 year. Termination of the Agreement does not release from its warranty obligations of the Sheets delivered to the Client prior the date of termination of the Agreement.
4. A defect is any condition when the quality, quantity or workmanship of the supplied Sheets does not comply with the conditions specified in the specifications of the required Sheets and DOVID according to this Agreement and the technical specifications stipulated in the Annex 1 and the Annex 4 hereof; especially, the Sheets are defective if not delivered in time, in the agreed type, quantity and quality.
5. During the First Delivery both Parties shall jointly approve Sheet samples specified in the Annex 4 hereof, for a Defect catalogue which will be used as the basis for evaluation of possible claim. The Defect catalogue will be agreed between the Contractor and the Client. Both Parties are obligated to notify each other about any discovery of defects. If a new defect not described in the Defect catalogue is discovered, new samples for the Defect catalogue shall be taken in agreement between the Parties and added to the catalogue and will be used to evaluate future deliveries (Quality tests defined in the Annex 4 hereof). The Contractor`s quality warranty shall apply for the first time to all deliveries starting from the mutual agreement respectively determination of the approved Sheet samples.
6. The Contractor shall not be liable for damages caused by defect caused by havoc, mechanic failure by the Client or the third party (unless they are subcontractors), unsuitable stocking or by using for the function unusual for Sheets. Standard conditions of use and storage conditions are given in the **Annex 5** hereof.
7. The Contractor's quality warranty applies provided that applicable technological and storage conditions specified in the Annex 5 have been complied with.
8. The notice of the defect of the Sheets should be sent by the Client to the Contractor`s e-mail address: tomas.vysin@iqstructures.cz. Necessary defect protocol shall be produced and signed by authorized representative of the Client which shall be attached with photographs demonstrating the relevant defects.
9. The Client is entitled to claim defects of the subject of this Agreement at any time during the warranty period, provided that requirements specified in paragraph 6 of this Article have been observed. Defect claims will be settled by delivering new defect-free Sheets or possibly by financial compensation, whatever the Client prefers.
10. Defects of the Sheets apparent during the handover process pursuant to the Article IV hereof (in particular damaged seals or damaged packaging) must be reported by the Client to the Contractor without any undue delay. Furthermore the Client shall state in

the shipping documents of the shipping company that a damage is suspected or noticed and the extent of such damage.

11. Hidden defects of the Sheets not apparent during the handover process pursuant to the Article IV hereof, respectively defects that appear during the warranty period shall be notified to the Contractor immediately after their discovery. In such scenario, the Contractor is obligated to deliver a replacement order free of any defects or financially compensate the defective Sheets within the period of 30 days following the submission of the written claim, i. e. sending of the notice of the defects discovered by the Client to the Contractor.
12. Should defects be discovered in one delivery due to the test method defined under the Annex 4 hereof, the Client is entitled to return the entire delivery which exceeded limits allowed by the test method defined under the Annex 4 hereof, back to the Contractor. The Client is entitled to require delivery of additional Sheets free of any defects equal to the number of returned Sheets within a time period of 30 days following the day when the written claim was submitted.
13. The Client is entitled to claim defects of the DOVID even if it has been already laminated and applied on eID (plastic) cards. Claim submitted according to this article shall be processed collectively once within 6 months based on a written notice of the Client. Nevertheless, the Client is, after detecting a defect of the DOVID, obliged to inform the Contractor immediately, in order to avoid any further production or shipments having the same defects. Deadline to satisfy and process these claims has been established at 30 calendar days and shall begin on the day when the Client submits the claim. The Contractor may deliver a new defect-free elements together with the next delivery of Sheets ordered by the Client by the purchase order. The Contractor is allowed to perform analysis of the claimed elements, but he may do so only at the facility of the Client due to existence of personal data on the relevant eID card. In such scenario, defects of the DOVID will be settled by delivering a new defect-free elements or possibly through a financial compensation, whatever the Client prefers.
14. In the event that defects of the DOVID in the sense of the previous paragraph of this Article will be discovered to the extent appropriate to 1000 elements and more, the Client is entitled to submit the claim immediately (not only once within 6 months) and demand the settlement of the claim within a time period of 30 days following the day when the written claim was submitted.
15. Should Sheet or DOVID's defects be discovered after the eID card is manufactured the Client is entitled (in addition to rights specified above) to claim reimbursement for manufacturing cost spent by the Client to manufacture eID card and he may do so in the following way:
 - a) the Contractor shall reimburse the Client for direct manufacturing cost spent to manufacture the body with a contactless chip of the eID card in the amount of EUR 1,31 (exclusive of VAT) for one eID card with a contactless chip provided that the card was not personalized (no personal information on it) at the time when the defect was discovered or
 - b) the Contractor shall reimburse the Client for direct manufacturing cost spent to manufacture the body of the eID card with the contact and contactless chip in

the amount of EUR 4,41 (exclusive of VAT) for one eID card, provided that the card was already personalized (personal information already on the card) at the time when defect was discovered.

The foregoing reimbursement shall be the sole remedy of the Client for Sheets defects be discovered after the eID card is manufactured and any and all further claims of the Client against the Contractor shall be excluded with the exception of the claim under the paragraph 13 of this Article. The reimbursement is due in 30 calendar days from the delivery of the reimbursement bill to the Contractor.

16. Lodging a claim under liability for defects of the Sheets or quality warranty shall not affect the Client's entitlement to the agreed contractual penalty and damage compensation.
17. The Contractor shall conduct all activities necessary or associated with claiming of defects and replacement of the Sheets or financial compensation on its own at its own expense within Client's working hours and in cooperation with Client in order not to endanger or not to limit the Client's activities by its activities.

X. PENALTIES

1. In the case of the Contractor's delay with the production of DOVID design origination and/or MasterHologram compared to the deadlines specified in the Annex 2 hereof, the Contractor shall pay to the Client a contractual penalty of EUR 1.000, for each started day of such delay.
2. In the case of the Contractor's delay with the delivery of the Sheets within the deadline according to individual partial contracts, the Contractor shall pay to the Client a contractual penalty of 0,5 % of the Price of the Sheets or a portion thereof (exclusive of VAT), to which the Contractor's default applies, for each started day of such delay. The contractual penalty shall not in each case of a delay exceed 20 % of the price of the late delivery of the Sheets.
3. Should the Contractor violate its obligation to eliminate the defects in the Sheets or defect of DOVID by delivering the new or the missing Sheets or payment of the financial compensation or reimbursement within the terms stipulated in Article IX hereof, the Client is entitled to demand the contractual penalty amounting to 0,5 % of the Price of the defected Sheets (exclusive of VAT), the elimination of which is delayed by the Contractor for each started day of such delay. The contractual penalty shall not in each case of a delay exceed 20% of the price of the Sheets delivered with defects (late delivery).
4. Should either Party violate its obligations as per Article XI of this Agreement in a demonstrable manner, the aggrieved Party is entitled to charge the contractual penalty amounting to EUR 12,000 for every violation or failure to meet such contractual obligation to the other Party. The burden of proof lies on the Party claiming that an obligation has been breached.
5. Should the Contractor violate its obligations as per Article VII, paragraph 2 or 3 hereof in a demonstrable manner, the Client is entitled to charge the contractual penalty

amounting to EUR 40,000 for every violation or failure to meet such contractual obligation to the Contractor.

6. Should the Contractor violate its obligation as per Article VII paragraph 9 (d) hereof or its obligation in Article XV paragraph 4 hereof, the Client is entitled to charge the contractual penalty of 100 EUR for each started day such a violation, i.e. delay.
7. Payment of the contractual penalty does not release the Party from its duty to perform the obligations imposed on the basis of this Agreement and the respective partial contract.
8. Claiming the contractual penalty is without prejudice to the right to compensation of any damage suffered in the extent defined herein.
9. The contractual penalty is due in 30 calendar days as of the date of delivery of the contractual penalty billing to the other Party.

XI. PROTECTION OF INFORMATION

1. The Parties are not entitled to disclose to any third party the non-public information they obtained or shall obtain during mutual cooperation, and the information related to entering into this Agreement and its content. This does not apply if the information is disclosed to the employees of the Party or to other individuals (subcontractors) involved in fulfilment; i.e. only for the purpose of realisation hereof) and always within the minimum scope necessary for due fulfilment hereof.
2. The Parties are liable to assure compliance with the obligations pursuant to this Article of all individuals (subcontractors) to whom the non-public information is disclosed pursuant to the previous sentence under the same terms as laid down for the Parties hereto. Violation of the confidentiality commitment by these individuals shall be deemed violation by the Party disclosing the information to them.
3. Confidential information is any information mutually provided in written, oral, visual, electronic, or other format as well as know-how which has actual or potential value and which is not commonly available in the respective business circles, and further information which is designated in writing as confidential (abbreviation "DIS") or which may be assumed to be confidential information due to the nature of the respective matter.
4. The Parties hereby undertake that if in the context of mutual cooperation they get in touch with personal data or special categories of personal data in the sense of the Regulation of the European Parliament and of the Council (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on free movement of these data, and repealing Directive 95/46/EC (the "General Data Protection Regulation", or "GDPR") and the Act No. 110/2019 Coll., on Personal Data Protection, they shall take any and all necessary measures to prevent unauthorised or random access to these data, their alteration, destruction or loss, unauthorised transfer, other unauthorised processing or any other misuse. The Parties are obliged to acquaint their employees, or subcontractors with the rules of handling

and processing of personal data according to GDPR and relating legislation are responsible for any non-compliance or violation of these rules,

5. In this regard, the Parties undertake:
 - a) Not to disclose confidential information to any third party;
 - b) Ensure that the confidential information is not disclosed to third parties;
 - c) Secure the data in any form, including their copies, which include confidential information, against third party abuse and loss.
6. The obligation to protect confidential information does not apply to the following cases:
 - a) The respective Party proves that the given information is available to the public without this availability being caused by the same Party;
 - b) If the Party is able to demonstrate that the given information was available to it before the date of disclosure of the information by the other Party and that it did not acquire it in violation of the law;
 - c) If the Party obtains a written approval from the other party to disclose the information further;
 - d) If the law or a binding decision of the respective public authority requires the information to be disclosed;
 - e) An auditor performs an audit at one of the Parties based on authorisation specified in applicable legal regulations.
7. The Party undertakes, upon the request of the other Party, to:
 - a) Return all the non-public information which was handed over to it in a “material form” (especially in writing or electronically) and any other materials containing or implying the non-public information;
 - b) Return or destroy copies, extracts or other entire or partial reproductions or records of non-public information;
 - c) Destroy without undue delay all documents, memoranda, notes and other written materials elaborated on the basis of the non-public information;
 - d) Destroy materials stored in computers, text editors, or other devices containing non-public information pursuant to this Agreement.

The Parties also undertake to ensure that the same shall be performed by any other individuals, to which the non-public information is disclosed by either Party.

8. The employee of the liable Party authorised to destroy the documents in the sense of the previous paragraph shall confirm the destruction upon request of the other Party in writing.
9. In case that either of the Parties or their employees or other individuals (information processors) become aware in a credible manner or if they have a reasonable suspicion that the confidential information has been disclosed to an unauthorised party, they shall be bound to inform the other Party of such a fact without undue delay.
10. The confidentiality obligation is not time-limited. The obligation to maintain confidentiality of non-public information acquired within the framework of cooperation with the other Party lasts even after this Agreement is terminated or expires. The confidentiality commitment shall pass on to any potential successors of the Parties.

XII. LIABILITY AND FORCE MAJEURE

1. Liability conditions abide by the Civil Code. Neither Party limits its liability for death or personal injury caused by its negligence or the negligence of its employees. Neither Party shall be, liable to the other Party for any indirect, special, consequential or incidental damages of whatsoever kind or nature arising out of or in connection with this Agreement, including but not limited to any loss, cost, damage, loss of revenue, loss of profit or loss of use, incurred or suffered by the victim Party or any third party resulting from a defect, an incident, the failure of the Sheets in accordance with the terms of this Agreement. This exemption of liability only applies if the other Party was advised of the possibility of such damages.
2. The foregoing shall not affect the Client's right to claim compensation against the Contractor for damages suffered by the Client arising directly from the performance, bad performance or non-performance of the Contractor's duties and/or obligations under this Agreement, provided however that the total liability of the Contractor in connection therewith shall not exceed 20 % of the total value for the estimated indicative volume of Sheets that can be ordered over this Agreement duration, determined as the product of the unit price of the Sheets and the estimated indicative total volume of Sheets within the meaning of Article V paragraph 1 of the Agreement (excluding VAT)..
3. In no case shall the Contractor be liable for any damages resulting from or arising out of any illegal and/or fraudulent use of the Sheets by the Client, any third party or the end-user.
4. For the purposes of this Agreement, "force majeure" means an extraordinary and unavoidable event beyond the control of the Party which invokes it, which it could not have foreseen when concluding this Agreement and which prevents it from fulfilling its obligations under this Agreement. Such events may include, but are not limited to: natural disasters, wars, revolutions, large-scale fires, earthquakes, floods, traffic embargoes, general strikes and strikes of the entire industry, if they affect the Contractor and affect its performance under this Agreement. Errors or omissions on the part of the Contractor, failures in energy supply and production, local and company strikes, etc. shall not be considered a force majeure circumstance. Force majeure is not a failure of the subcontractor, unless it occurs for the reasons stated above.
5. The Parties are aware of the existence of the pandemic Coronavir (COVID-19) at the time of the conclusion of this Agreement and the Contractor declares that at the time of concluding this Agreement this pandemic does not prevent the fulfillment of its obligations under this Agreement.
6. If it is clear that as a result of the events referred to in paragraphs 4 above, the Contractor will not be able to complete the work or fulfill another obligation within the agreed period, then it shall immediately notify the Client. The Parties shall, without undue delay, agree to resolve this situation and agree on the further procedure for the performance of the work under this Agreement.

7. If either Party is unable to perform its contractual obligations by reason of force majeure, the Parties shall discuss the case among themselves and decide on possible procedures. In the absence of such an agreement, either Party has the right to withdraw from the Agreement if more than three months have elapsed since the occurrence of force majeure preventing performance and the defective condition persists.
8. If a case of force majeure arises, the Party claiming force majeure shall provide the other Party with documents relating to that case.
9. The Parties agree that, for the existence of the circumstances precluding liability, does not affect the arrangements for contractual penalties i.e the contractual obligation to pay the contractual penalty is not affected by the circumstances excluding liability.

XIII. APPLICABLE LAW AND RESOLUTION OF DISPUTES

1. This Agreement is governed by the laws of the Czech Republic, especially the Civil Code and PPA.
2. The Parties undertake to exert every effort to resolve any mutual disputes resulting from this Agreement. Should the Parties fail to agree on an amicable settlement of a mutual dispute, each of the Parties may seek its rights before a competent court in the Czech Republic; the jurisdiction of a foreign court is excluded. The Parties have agreed that the competent court for judgement of the disputes arising between them under this Agreement is the general court according to the Client's registered seat.
3. The application of the United Nations Convention on Contracts for the International Sale of Goods of 11 April 1980, known as the Vienna Convention, is excluded by this Agreement.

XIV. TERM OF THE AGREEMENT

1. The present Agreement comes into force on the day it is signed by both Parties and taking effect once it is published in the Register of Contracts.
2. This Agreement has been entered into for a definite period of time, specifically until 31.12. 2026.
3. This Agreement shall terminate
 - a) with the lapse of the agreed-upon term of the Contract;
 - b) fulfilment of the Financial limit in the sense of the Article II paragraph 8 of this Agreement;
 - c) by a written agreement between the Parties;
 - d) by a written notice of termination by either Party;
 - e) by withdrawal from this Agreement subject to the terms and conditions given below in the event of a substantial breach hereof by either Party.
4. The Parties have agreed that substantial breach of the Agreement shall particularly be:
 - a) a failure to meet the technical specification of the Sheets; (for example but not only) non-compliance with the parameters as Technical drawing approved by

the Client, no compliance with Makrofol® ID foils order to maintain compatibility with the lamination process in production of the Client, or any other cases of non-compliance with the requirements in the Annex 1 hereof;

- b) delay with the production of DOVID design origination and/or MasterHologram compared to the deadlines specified in the Annex 2;
- c) recurring, at minimum second, delay on the part of the Contractor in the delivery of the Sheets according to a partial contract for a period exceeding 7 working days;
- d) breach of the any obligation stated in Article VII paragraph 2, 3, 5, 6 or 7 hereof by the Contractor;
- e) the Contractor's statements referred to the Article VI paragraph 15 or 16 of this Contract prove to be false or the Contractor violates the obligation to notify the Client of the fact stated in Article VI paragraph 15 or 16 within the specified period, or the Contractor enters to liquidation or proceedings are conducted in relation to the Contractor proceedings pursuant to Insolvency Act;
- f) breach of any obligation stated in Article VII paragraph 10, 12, 13, 14, 15 or 16 hereof by the Contractor.
- g) breach of any obligation stated in Article XV paragraph 3 hereof by the Contractor;
- h) breach of any obligation stated in Article II paragraph 3, 4 or 5 hereof by the Contractor.

Other cases as per this Agreement.

- 5. The withdrawal from this Agreement shall take effect on the day of a written notice of withdrawal delivery to the other Party. The notice of withdrawal must be sent by registered mail/data box or to the address of other the Party's registered office. Withdrawal from this Agreement does not terminate the contractual relationship from the outset and the Parties retain any performance provided for each other up to termination hereof.
- 6. The Parties are entitled to terminate this Agreement at any time, even without stating a reason. The notice period is 6 months, commencing on the first day of the calendar month following delivery of the written notice of termination to the other Party. The notice must be sent by registered mail. The Parties hereby agree that their obligations pursuant hereto shall apply until the end of the notice period.
- 7. Termination of this Agreement shall not affect the provisions regarding contractual penalties, damage compensation, and such rights and obligations which, by their nature, shall persist even after this Agreement is terminated.
- 8. A partial contract expires:
 - a) if such termination is agreed upon by both Parties hereto;
 - b) by the Client's withdrawal due to a substantial violation of the partial contract by the Contractor, whereas such violation mainly means when the Contractor is in default in delivering the Sheets under the partial contract for more than 4 calendar weeks.

XV. FINAL PROVISIONS

1. The Parties agree that any modifications and additions hereto may only be made in written amendments identified as such, numbered in ascending order, and agreed upon by the Parties, unless otherwise stipulated in the Agreement.
2. Any established commercial habits or practices relevant to the agreed performance or to follow-up performance, shall not take precedence over contractual provisions or provisions specified in the Civil Code, even if such provisions have no enforcement effects.
3. The Contractor hereby declares that respects fundamental human rights and generally accepted ethical and moral standards in accordance with Universal Declaration of Human Rights (hereinafter also only „Rights“). In the case of the Client in a reliable and verifiable manner learns that the Contractor violated or violate Rights, and the Client despite a prior written notice of the Contractor continues to violate generally accepted Rights or fails to remedy, the Client has the right to withdraw from this Contract pursuant to Article XIV paragraph 4 (g) and following hereof.
4. The Contractor further declares that, within the performance of this Public Contract, it will observe fair working conditions and recognize and ensure the rights of employees in accordance with labour law and occupational safety regulations in force in the country in which this Public Contract is performed (including the employee's right to a minimum wage). For the purposes of checking this arrangement, the Contractor is required in the first calendar month in each calendar year of the duration of this Agreement, to submit to Client an affidavit of compliance with this obligation in the previous calendar year.
5. 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 Agreement. At the same time, the Parties confirm by their signatures that all the assurances and documents hereunder are true, valid and legally enforceable.
6. If any provision hereof is or becomes invalid or ineffective, it shall have no effect whatsoever on the other provisions hereof, which shall remain valid and effective. In such a case, the Parties undertake to replace the invalid/ineffective provision with a valid/effective provision the effect of which comes as close as possible to the originally intended effect of the invalid/ineffective provision. If any provision hereof is found null (void), the Parties shall analogously assess the effect of such nullity on the remaining provisions hereof in accordance with Section 576 of the Civil Code.
7. The Parties agree that in accordance with Section 219(1)(d) of PPA, this Agreement shall be published in the Register of Contracts pursuant to Act No. 340/2015 Coll., laying down special conditions for the effectiveness of certain contracts, the disclosure of these contracts and the register of contracts (the Register of Contracts Act). The Client shall arrange for the publication. Performance of the subject of this Agreement completed prior to the effective date of this Agreement shall be considered the performance under this Agreement, whereas the related rights and obligations shall be governed by this Agreement.

8. The Agreement is drawn up in the English in two copies with the validity of the original from which each of the Parties will receive one copy.
9. The Parties represent and warrant that they have read this Agreement and accept its contents, in witness whereof they attach their signatures.
10. The following Annexes forms an integral part of this Agreement:
 - Annex No. 1: Technical Specification
 - Annex No. 2: Time schedule
 - Annex No. 3: Acceptance Protocol template
 - Annex No. 4: Specification of quality inspection
 - Annex No. 5: Standard conditions of use and storage conditions
 - Annex No. 6: Security instructions
 - Annex No. 7: Security audit

In Prague, date

In Husinec date

For the Client:

For the Contractor:

Tomáš Hebelka, MSc
Chief Executive Officer

Ing. Robert Dvořák,
Managing Director

STÁTNÍ TISKÁRNA CENIN, státní podnik

IQ Structures s.r.o.