

# CONTRACT FOR THE PRODUCTION AND SUPPLY OF THREADS FOR PASSPORT BOOKS

registered by the Buyer under No. 054/OS/2021

registered by the Seller under No. 000539

(hereinafter referred to as "**Contract**")

made pursuant to the provision of **Section 53 of the Act No. 134/2016 Coll., on public procurement, as amended (hereinafter referred to as the "PPA")**

and

pursuant to **Section 1746 (2) of Act No. 89/2012 Coll., the 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, 110 00, Czech Republic entered in the Commercial Register maintained by the Municipal Court in Prague, Section ALX, Insert 296

Business ID:	00001279
Tax Identification No.:	CZ00001279
Acting through:	<b>Tomáš Hebelka, MSc</b> , Chief Executive Officer
Bank details:	XXX
Account number:	XXX
IBAN:	XXX
SWIFT:	XXX

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

and

## **CUSBOR S.L.**

with its registered office at 08420 Canovelles, Juan de la Cierva, 6, Spain, entered in the Commercial Register administered by R. M. Barcelona, Tomo 28271, Folio 222, Hoja 131383 Inscription 1<sup>a</sup>

Business ID:	B60881539
Tax Identification No.:	ESB60881539
Represented by:	<b>Jose M Mauri Adell</b>
Bank details:	XXX
Account number:	XXX
IBAN:	XXX
SWIFT:	XXX

(hereinafter the "**Seller**")

(the “Buyer” and the “Seller” hereinafter collectively referred to as the “Parties” or “Contracting Parties”)

**Representatives authorized to negotiate in contractual and economic matters:**

On behalf of the Buyer: **Tomáš Hebelka, MSc**, Chief Executive Officer  
On behalf of the Seller: **XXX**

**Representatives authorized to negotiate in factual and technical matters:**

On behalf of the Buyer: **XXX**  
On behalf of the Seller: **XXX**

## I. INTRODUCTORY PROVISIONS

1. This Contract is concluded on the basis of the results of a simplified below-threshold procedure within the meaning of Section 53 of the PPA, which is entitled “*Production and Supply of Threads for Passport Books*” (hereinafter referred to as the “**tender procedure**”) with the Seller who meets all the tender conditions and whose tender was selected as the most economically advantageous. The basis for this Contract is also the Seller's tender for the tender procedure submitted on **Tuesday 19<sup>th</sup> October 2021**, the content of which is known to the Parties (hereinafter referred to as the “**Tender**”).
2. When interpreting the content of this Contract, the Parties are obliged to take into account the tender conditions and the purpose related to the tender procedure. The provisions of laws and regulations on interpretation of legal conduct are not affected by this. Tender conditions have been determined in the invitation for tender submission and tender documentation to the tender procedure (hereinafter referred to as the “**Tender Documentation**”).
3. This Contract regulates the method for conclusion of individual partial contracts, conditions for execution of individual deliveries on the part of the Seller, as well as other rights and obligations of the Parties related to the realisation of the individual partial contracts concluded hereunder.

## II. SUBJECT MATTER OF THE CONTRACT

1. The subject matter of this Contract is the obligation of the Seller to produce and deliver to the Buyer
  - a) high security sewing thread for passport books (hereinafter referred to as the “**High security sewing thread**”) pursuant to the technical specification according to paragraph 3 of this Article;
  - b) sewing thread for passport books (hereinafter referred to as the “**Sewing thread**”) pursuant to the technical specification according to paragraph 4 of this Article;(collectively referred to as the “Goods”)

in the amount as required by the Buyer in partial contracts, and transfer to the Buyer the ownership title to the delivered Goods.

2. The Buyer undertakes to accept the Goods, duly delivered as regards the required quantity, type and quality of the Goods, on the required date and pay for the Goods the price specified under Article V hereof.
3. The High security sewing thread shall be produced and supplied in accordance with the technical specification which is divided into:
  - a. the non-classified part of which is set out in Annex 1, which forms an integral part of this Contract, and
  - b. the separate part which contains classified information in confidentiality level "RESTRICTED" ("VYHRAZENÉ") and which is an integral part of the overall technical specification. This classified part of technical specification is established and registered with the Buyer under No. XXX pursuant to Act No. 412/2005 Coll., on protection of classified information and security eligibility, as amended. This part of the technical specification containing classified information was handed over to the Seller's representative before signing this Contract.
4. The Sewing thread shall be produced and supplied in accordance with the Technical specification, which is set out in Annex 1, which forms an integral part of this Contract.
5. The Seller declares by concluding this Contract that it has and for a duration of the Contract shall have established security to assure protection of classified information on the confidentiality level "RESTRICTED" ("VYHRAZENÉ") or higher. The Seller undertakes to maintain in force for the entire period of validity and effectiveness of this Contract the authorization to handle classified information on the minimal confidentiality level "RESTRICTED" ("VYHRAZENÉ"), which will be proven in the form pursuant to Art. 15.4 of the Tender Documentation. The Seller is obliged to notify the Buyer any changes of the established authorization without delay. The breach of any obligation stated in this provision constitutes a substantial breach of this Contract under Article XIII paragraph 3 point b) hereof.
6. The Seller is obliged to comply with the relevant legal norms concerning the handling of classified information during the performance of this Contract. The Seller is also obliged to comply with the Security instructions set out in Annex No. 2 to this Contract (hereinafter referred to as the "Security instructions"). The breach of any obligation stated in this provision constitutes a substantial breach of Contract under Article XIII paragraph 3 point b) of this Contract.
7. The Seller undertakes to ensure that the obligations referred to the preceding paragraphs 5 and 6 of this Article shall also apply to any entity, which shall be participating within the performance of the subject matter of this Contract (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 Contract the authorization to handle classified information on the minimal confidentiality level "RESTRICTED" ("VYHRAZENÉ"), which will be proven in the form pursuant to 15.4 of the Tender Documentation. The Seller is obliged to notify the Buyer about any changes of the

established authorization of the subcontractor without any delay. The Seller is obliged to secure cooperation on the subcontractor side. The breach of any obligation stated in this provision constitutes a substantial breach of Contract pursuant to Article XIII paragraph 3 hereof.

8. All supplies of the Goods shall take place according to the Buyer's needs in line with the written orders, each one of which constitutes a proposal to conclude a partial contract (hereinafter as an "**order**"), and confirmations, which constitute the acceptance of the proposal to conclude a partial contract (hereinafter as a "**partial contract**"). A partial contract shall be deemed to have been entered into once the Buyer receives confirmation of an order from the Seller, confirming the order without reservations.
9. The Buyer may invite the Seller to provide performance in accordance with this Contract up to the financial limit of the below-threshold public contracts relevant for this public contract and the type of a contracting authority within the meaning Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC, of the Government Regulation No. 172/2016 Coll., i.e. up to a **maximum financial amount of EUR 207 000** excluding VAT for the entire duration of this Contract.

### III. ORDERS

1. As a minimum requirement, an order shall contain the following details:
  - a) Seller's and Buyer's identification data;
  - b) detailed specification of the Goods, 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) the designation of the person placing the order, who is authorised to act on behalf of the Buyer.

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

2. The order shall be sent to the Seller electronically to the Seller's e-mail address XXX; XXX.
3. The Seller is obliged to confirm the receipt of this partial order in writing within 5 working days of receiving the order to the Buyer's e-mail address XXX. As a minimum requirement, confirmation of an order must contain identification data of the Seller and the Buyer, and identification of the order being confirmed.
4. The Parties agree that the Seller will respect the supplies of the Goods as requested and will not modify the supplies as to type, volume or finance unless expressly agreed by the Parties.

5. The Seller undertakes in the fulfilment of any purchase order to act in accordance with the Tender.
6. The Seller takes into consideration that the making of individual orders and the conclusion of individual partial contracts depends only on the discretion and needs of the Buyer.
7. Individual partial contracts fulfilling the conditions for publication in the Register of Contracts take effect once they are published in the Register of Contracts. Other individual partial contracts take effect on the day it is confirmed by Seller.

#### IV. DELIVERY TERM AND PLACE OF PERFORMANCE, PACKAGING, TRANSPORT AND DELIVERY CONDITIONS

1. The Seller is obliged to deliver the Goods to the Buyer no later than **7 (seven) weeks from the date when specific partial contract has taken effect**, unless the Buyer requires in a particular order a longer period – in which case the Seller undertakes to deliver the Goods within the period stipulated by the Buyer in such order.
2. Each delivery of the Goods shall be accompanied with a delivery note, which shall be confirmed by both Parties upon handover and takeover of the Goods, and shall be used as the Goods handover protocol.

The delivery note shall contain:

- a) Seller's and Buyer's identification data,
  - b) the number and date of issue of the Delivery Note,
  - c) the order number or position/serial number according to the order;
  - d) contract number (if stated in the order);
  - e) material code according to IS in the STC format (if stated in the order),
  - f) The number of the supplied units and unit of measure;
  - g) Item name.
3. The Buyer shall immediately send a single printout of the signed Delivery Note to the Seller at the following email address: XXX.
  4. The Seller is obliged to deliver the Goods to the Buyer's production plant at the address: **XXX**
  5. Delivery of the Goods according to this Contract shall be governed by the agreed delivery conditions INCOTERMS® 2020, CIP.
  6. The Seller shall send a preliminary advice of the Goods delivery to the Buyer's e-mail address XXX at least 3 (three) working days before the date of the Goods dispatch. The Seller shall further notify the Buyer at least 1 (one) working day before dispatch date about the dispatch of the Goods, name of the carrier, type and licence plate number of the vehicle, including the names and surnames of the drivers, and deadline for delivery of the Goods to the place of performance. The Seller shall without undue delay notify the Buyer of any delay in the delivery of the Goods in order for the latter to adapt to the situation.

7. The Seller shall deliver the Goods on business days and during the Buyer's regular working hours, i.e. between 6:00 a.m. and 2:00 p.m., unless stipulated otherwise by the Buyer. Outside these hours, it is only possible to receive Goods following a previous agreement made over the phone between the Seller and the Buyer's representative stated in the order.
8. The Buyer is entitled to refuse to take over the Goods if the Goods have defects or are not supplied in the agreed type, quality, quantity, or time.
9. The Buyer is obliged to take over to Goods free of any defects and supplied by the Seller on the basis of and in accordance with this Contract, and to pay the Seller the price of deliveries of the Goods.
10. The Seller is not entitled to supply a larger quantity of Goods than required by the Buyer in the relevant written order; in the event of supply of a larger quantity of Goods, the partial contract for this surplus is not concluded unless the Buyer approves additionally the acceptance of the surplus to the e-mail address.
11. Delivered Goods shall be packed in the manner usual for such Goods with regard to the place of delivery of the Goods and the method of transport in order to secure preservation, protection and quality of the Goods and the Goods are secured against mechanical damage and damage by climate effects. Each delivered dispatch shall be duly marked with the information of the Goods, manufacturer and weight of the Goods.
12. The Seller shall meet the requirement under the previous paragraph hereof by choosing a carrier/courier who possesses a valid security clearance without use of a collecting haulier. The Seller is required to take adequate transport measures to ensure that the Goods are not stolen, damaged or misused while in transit.
13. Each supply of the Goods must arrive with the following set of documents:
  - Delivery Note in 1 counterpart,
  - International Bill of Lading + CMR (Consignment Note – Carriage Document CMR).
14. The ownership title to the Goods supplied on the basis of this Contract shall pass on the Buyer at the moment of takeover of the Goods, i.e. at the moment the handover protocol for the Goods (delivery note) is signed by the Buyer. The risk of damage to the Goods shall pass to the Buyer at the same moment.

## V. PRICE

1. The price for the High security sewing thread is EUR **XXX** per 1 m.
2. The price for the Sewing thread is EUR **XXX** per 1 m.
3. If the Seller is a registered VAT payer in the Czech Republic, the Buyer shall pay the Seller the price plus the VAT in accordance with the applicable legislation.
4. The price is maximal and final and includes all costs of the Seller for the production and supply of the Goods, including packaging, which is non-returnable. The price includes all associated costs and charges related to the production, delivery of the Goods and the discharge of the Seller's obligations under INCOTERMS 2020 (defined delivery terms, i.e.

mainly including packaging, transport and delivery of the Goods to the Buyer, insurance of the Goods, costs associated with obtaining the documents, etc.).

## VI. PAYMENT TERMS

1. The delivery price shall be paid by the Buyer after proper delivery of the Goods on the basis of tax documents (invoices) issued by the Seller.
2. The Seller's right to issue a tax document (invoice) for each delivery of the Goods is established on the day of delivery, i.e. the date of signature of the Delivery Note by the Buyer's authorised person. The date of taxable supply is the date of documented handover and takeover of the performance, i.e. the date the Buyer signed the protocol of handover of the Goods (Delivery Note).
3. The Buyer does not provide the Seller with any advance payments for the price.
4. A tax document (invoice) shall contain all the prerequisites of a tax document according to the applicable legal regulations and this Contract. Each tax document (invoice) must include a copy of the confirmed Delivery Note relating to the executed delivery.
5. The Seller shall issue a separate tax document (invoice) for each delivery of the Goods.
6. The maturity period of any tax document (invoice) duly issued by the Seller is 30 calendar days following its issuance date. The Seller is obliged to deliver the invoice to the Buyer to e-mail address [XXX](#) and [XXX](#). For the purposes of this Contract, an invoice shall be deemed paid once the respective amount has been deducted from the Buyer's financial account specified in the header of this Contract.
7. If a tax document (invoice) issued by the Seller does not contain the necessary formalities or will contain incorrect or incomplete information, the Buyer is entitled to return the tax document (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 tax document (invoice) to the Buyer.
8. The Buyer shall pay the price in accordance with this Contract and the invoiced tax document (invoice) to the Seller's account number specified in the header of this Contract. In the event of a change in the account number, an amendment to this Contract shall be concluded.
9. If the Seller is an entity liable for VAT registered in the Czech Republic, the following arrangements as contained in this article shall be binding (paragraphs 10-13 of this article).
10. The Seller declares that in the moment of conclusion of the present contract 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 Seller also declares that in the moment of conclusion of the Contract there is no decision issued by a tax administrator, that the Seller is an unreliable payer pursuant to Section 106a of the Value Added Tax Act No. 235/2004 Coll., as amended (hereinafter "VATA"). The Seller shall immediately and demonstrably notify Buyer, 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 Seller is an unreliable payer pursuant to Section 106a VATA. In the

event that, during the period of validity and effectiveness of this Contract, the Seller's statements referred to in this paragraph prove to be false or the seller violates the obligation to notify the Buyer of the fact stated in the previous sentence within the specified period, this will be considered a substantial breach of this Contract.

11. The Seller pursuant to paragraph 10 of this Article undertakes that the bank account designated by him for the payment of any obligation of the Buyer under this Contract shall be published and accessible from the date of signing of this Contract until its expiry in accordance with Section 96(2) VATA, otherwise the Seller is obliged to provide another bank account to the Buyer that is duly published pursuant to Section 96. In the case Seller has been indicated by a tax administrator as an unreliable tax payer pursuant to Section 106a VATA, Seller undertakes to immediately notify this to Buyer along with the date on which this circumstance arose.
12. If surety for unpaid VAT arises for the Buyer according to Section 109 VATA on received taxable performance from Seller, or the Buyer justifiably assumes that such facts have occurred or could have occurred, the Buyer is entitled without the consent of Seller to exercise procedure according to the special method for securing tax, i.e. the Buyer is entitled to pay the concerned VAT according to the invoice (tax document) issued by the given Seller to the competent revenue authority and do so according to Sections 109 and 109a VATA.
13. By payment of the VAT into the account of the revenue authority, the Seller's receivable from Buyer is considered as settled in the amount of the paid VAT regardless of other provisions of the Contract. At the same time, Buyer shall be bound to notify the respective Seller of such payment in writing immediately upon its execution.
14. The Seller is not authorised, without prior consent of the Buyer, to set-off any of its receivables from the Buyer with any of the Buyer's receivables from the Seller or assign any of its rights and receivables from the Buyer to a third party.
15. The Seller agrees that it shall in no way burden its claims against the Buyer under the partial contract or in connection with a lien in favour of a third party.

## VII. LIABILITY FOR DEFECTS AND QUALITY WARRANTY

1. The Seller undertakes to properly deliver the Goods, and especially to comply with the Technical Specification, and shall also be liable for the quantity and term of delivery of the Goods stipulated in partial contracts.
2. The Seller is responsible for ensuring that the Goods are duly delivered in accordance with this Contract and that they shall be free of any defects for a period of **24 (twenty-four) months** from the date of delivery of the Goods to the Buyer and provides the Buyer with warranty for the quality of the Goods for the same period. The Buyer may claim defects in the delivered Goods at any time during the warranty term.
3. A defect means any condition where the quality, quantity or design of the supplied Goods does not comply with the conditions stipulated in the specifications of the required Goods according to this Contract, the Technical specification and partial contracts.



4. If an entire supply delivered by the Seller or a part thereof proves defective, the Buyer shall have the right to claim the Goods, in particular on qualitative and quantitative grounds. Any defect liability claims shall be dealt with:
  - a) by replacement of the defective Goods with defect-free Goods;
  - b) by delivery of the missing quantity of the Goods;
  - c) by a discount from the price;
  - d) by withdrawal from the specific contract concerned.

The choice among the claims listed above shall be left entirely at the Buyer's discretion.

5. Any complaint shall be accepted or rejected within 15 (fifteen) calendar days from its communication to the Seller to the e-mail address: XXX.
6. The time period for settling a warranty claim is 30 (thirty) days from the date of its receipt by the Seller. In the case of a compliant acknowledgement by the Seller the Seller shall be liable to replace the defective Goods. All costs incurred in connection with the defects of the Goods or the application of defect liability claims, in particular the costs of the replacement of any defective Goods, and the costs of delivery of any missing quantity of the Goods, shall be borne by the Seller. In the case of unacknowledged complaints, the Seller shall not be liable to replace the defective Goods and shall not bear the costs of the Buyer connected with the unacknowledged complaint.
7. Before all defects of the Goods are removed, the Buyer will not be obliged to pay the Seller the price of the defective Goods, if the price for defective Goods has not yet been paid to the Seller at the time of the exercise of warranty claim.
8. Making claim under liability for defects shall not affect Buyer's entitlement to the agreed contractual penalty and damages.
9. The Seller declares that the Goods are not encumbered with rights of third parties and have no other legal defects.
10. Any activities, which are necessary for or are relating to claiming the defects, shall be made by the Seller itself at its own costs in cooperation with the Buyer during the Buyer's working hours so that its activities will not endanger or limit the Buyer's activities.

#### VIII. 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 Act No. 110/2019 Coll., on Personal Data Protection, they will 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.
5. In this regard, the Parties agree, in particular:
  - a) Not to disclose non-public information to any third party;
  - b) To ensure the non-public information is not disclosed to third parties;
  - c) To secure the data in any form, including their copies, which include non-public information, against third party misuse and loss.
6. The obligation to protect non-public information shall 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 Contracting 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 Parties agree, 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 Contract.

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 at the 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 Contract is terminated or expires. The confidentiality commitment shall pass onto any potential successors of the Parties.

## IX. SPECIAL PROVISIONS, OTHER RIGHTS AND OBLIGATION OF PARTIES

1. For the entire period of validity and effectiveness of this Contract, the Seller is obliged to maintain valid a liability insurance contract for damages caused to third parties for the minimum amount of EUR 500.000 at the request of the Buyer, the Seller is obliged to submit a copy of the insurance contract (insurance certificate) proving the required insurance at any time, no later than 10 calendar days from the receipt of such a request by the Buyer.
2. The Seller is entitled to perform this Contract or part thereof through its subcontractor(s). In the case that the Seller uses a subcontractor within the meaning of the previous sentence,
  - a. the Seller remains responsible for fulfilment the subject of this Contract as if he performed it itself,
  - b. was obliged to submit to the Buyer (Contracting Authority) the List of subcontractors according to the 9.10 of the Tender Documentation,
  - c. in the case of a change in the List of subcontractors (e.g. different scope of performance, change of subcontractor, new subcontractor), the Seller is obliged to notify such change to the Buyer without undue delay, but no later than within 3 working days of such change. The Seller is entitled to change qualifying subcontractors only if the Seller shall demonstrate evidence of which would suggest that the new subcontractors meet the qualifications at least to the same extent as the original qualifying subcontractor.
  - d. the Seller is obliged to ensure proper and timely fulfilment of financial obligations to its subcontractors for the entire period of performance of this Contract, while full and timely fulfilment is considered full payment of invoices issued by the subcontractor for performances provided for Contract, no later than 30 days after receipt of

payment from by the Buyer for specific fulfilled Contract. For the purposes of checking this arrangement, the Seller is required in the first calendar month in each calendar year of the duration of this Contract, to submit to Buyer an affidavit of compliance with this obligation in the previous calendar year.

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

3. If the Seller at the time of signature of this Contract proves implementation of security processes to ensure the production security integrity (transport incl.) within the performance of the subject matter of this Contract through the certificate "ISO 14298 Management of security printing processes" or "CWA 15374 Security management system for suppliers to the security printing industry", the Seller shall ensure certificate validity for the entire duration of this Contract. The Seller is obliged to notify the Buyer of any changes or end of validity of this certificate without delay. In the event of end of validity of this certificate the Seller is obliged to ensure immediate compliance with the obligation under paragraph 4 and 5 of this Article and fulfilment of the obligations and requirements of the security audit pursuant to Annex No. 3 to Contract (hereinafter referred to as the "**Security Audit**").
4. If the Seller at the time of signature of this Contract does not prove implementation of security processes to ensure the production security integrity (transport incl.) within the performance of the subject matter of the Contract 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 Contract. The Security Audit will then be organized by the Buyer at regular three-year intervals.
5. The Seller is obliged to immediately inform the Buyer of any changes or termination of the certificate pursuant to paragraph 3 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. 3 to this Contract or changes in security systems on the part of the Seller such as changes in the security system, or any other changes in the safety of buildings or building modifications or alterations to buildings, etc. In such a case, the Buyer may request to perform without undue delay an extraordinary Security audit to the extend specified in Annex No. 3 to this Contract, i.e. thus outside regular three-year intervals.
6. For the fulfilment of purpose the preceding provisions sense of the Seller acknowledges and agrees that the Buyer will conduct the Security audit (or extraordinary Security audit) at the facility intended for the performance of the subject matter of this Contract, therefore requires the Seller'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. 3 which is integral part of this Contract.
7. Breach of the Seller's obligation to allow or secure the Security Audit to be performed in accordance with Annex No. 3 to this Contract (including the extraordinary Security Audit pursuant to paragraph 5 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 Contract in accordance with Article XIII paragraph 3 of this Contract.

8. The Seller at the time of signature of this Contract proves implementation of quality management system to ensure the production quality management within the performance of the subject matter of the Contract through the ISO 9001 certificate - Quality Management System, or other similar document in accordance with the tender procedure for the entire period of validity and effectiveness of this Contract. At the request of the Buyer, the Seller 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 Seller.
9. Breach of this Seller'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 Contract, or the fact that the Seller has not proved ensuring of this certificate or other similar document in accordance with the Tender Documentation at the Buyer's request pursuant to this paragraph constitutes a substantial breach of this Contract pursuant to Article XIII paragraph 3 of this Contract.
10. For the avoidance of any doubt, the Buyer states that the adjustment and obligations set out in paragraphs from 3 to 9 of this Article apply to any entity, which shall be participating within the performance of the subject matter of this Contract as subcontractor/s of the Seller and the Seller remains responsible for fulfilment of these obligations and the Seller is required to assure cooperation on the subcontractor/s side.
11. The Buyer is the sole customer and user of the Goods specified under Article II paragraph 1 to 3 hereof, with no territorial or temporal restrictions.
12. The Seller undertakes not to provide the High security sewing thread to a third party.
13. The Seller warrants to the Buyer that during the preparation, production or shipment and transport of the Goods—as long as the Goods are owned by Seller or the Seller bears the risk of damage to the Goods - there shall be no misuse of the materials used for the production of the Goods, or to the finished Goods, and to take all necessary and appropriate measures to prevent the Goods from being lost or stolen.
14. Failure to comply with the provisions of paragraphs 12 and 13 of this Article constitutes a material breach of this Contract, which may establish the Buyer's right to terminate this Contract, while the Buyer's entitlement to compensation for any damage, including lost profit, caused by the Seller's failure to comply with the obligations referred to in paragraphs 12 and 13 of this Article shall not be affected.
15. Both Contracting Parties shall respect the confidentiality of any information and communications related to the actual cooperation and internal affairs of the Contracting Parties where the disclosure of such information might harm the other Contracting Party.
16. The Contracting Parties agree that the Technical Specification of the Goods, especially the security elements, meet all the requirements to qualify for trade secret and the Contracting Parties undertake to ensure its appropriate classification.

## X. SANCTIONS

1. In the case of Seller's delay with the delivery of the Goods within the term according to Article IV paragraph 1 hereof, the Seller is obliged to pay a contractual penalty to the Buyer in the amount of 0,1 % of the price of the Goods or its part with the delivery of which the

Seller is in delay, for each started day of such delay, up to the maximum of 25% of the price of the delayed Goods or its part.

2. In the case of the Seller's delay in settling a warranty claim within the period specified in Article VII paragraph 5 or 6 hereof, the Buyer is entitled to demand a contractual penalty in the amount of 0.5% of the price of the defective Goods or its part for each commenced day of such delay, up to the maximum of 25% of the price of the delayed Goods or its part.
3. In the case of violation of the obligations resulting from Article II paragraph 6 hereof, the Buyer shall be entitled to a contractual penalty in the amount of EUR 7 850 per each discovered case of violation of these obligations.
4. In the case of violation of the obligations resulting from Article VIII hereof, the Buyer shall be entitled to a contractual penalty in the amount of EUR 7 850 per each discovered case of violation of these obligations.
5. In the case of violation Seller's obligation resulting from Article IX paragraph 2 point d) hereof or its obligation in Article XIV paragraph 8 hereof, the Buyer shall be entitled to a contractual penalty in the amount of EUR 100 for each started day such a violation, i.e. delay.
6. Payment of the contractual penalty does not release the Seller from its duty to perform the obligations imposed on the basis of this Contract and the respective partial contract.
7. Stipulating the contractual penalty is without prejudice of the right to compensation of any incurred harm to full extent.
8. The contractual penalty is due within 30 calendar days after the delivery of the bill for the contractual penalty to the Seller.

## XI. FORCE MAJEURE

1. For the purposes of this Contract, "force majeure" means an extraordinary and unavoidable event beyond the control of the Contracting Party which invokes it, which it could not have foreseen when concluding this Contract and which prevents it from fulfilling its obligations under this Contract. 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 Seller and affect its performance under this Contract. Errors or omissions on the part of the Seller, 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.
2. The Contracting Parties are aware of the existence of the pandemic Coronavirus (COVID-19) at the time of the conclusion of this Contract and the Seller declares that at the time of concluding this Contract this pandemic does not prevent the fulfilment of its obligations under this Contract.
3. If it is clear that as a result of the events referred to in paragraphs 1, the Seller will not be able to complete the work or fulfil another obligation within the agreed period, then it shall immediately notify the Buyer. The Contracting Parties shall, without undue delay, agree to

resolve this situation and agree on the further procedure for the performance of the work under this Contract.

4. If either party is unable to perform its contractual obligations by reason of force majeure, the Contractual 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 Contract if more than three months have elapsed since the occurrence of force majeure preventing performance and the defective condition persists.
5. If a case of force majeure arises, the party claiming force majeure shall provide the other party with documents relating to that case.
6. The Contracting Parties agree that, for the existence of the circumstances precluding liability, does not affect the arrangements for contractual penalties, i.e. the obligation to pay the contractual penalty is not affected by the circumstances excluding liability, as well as this fact does not affect the arrangements concerning the right to withdraw from the contract under Article 13 paragraph 3 point e) of this Contract.

## XII. APPLICABLE LAW AND RESOLUTION OF DISPUTES

1. This Contract 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 Contract. 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 Contract is the general court according to the Buyer'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 Contract.

## XIII. TERM OF THE CONTRACT

1. This Contract has been entered into for a definite period of time, namely for a period of time, namely for a period of 4 years from the date of its entry into force, or until the maximum financial limit agreed in Article II Paragraph 9 hereof has been exhausted, whichever is the earlier.
2. This Contract shall terminate
  - a) with the lapse of the period of time stated in the paragraph 1 of this Article;
  - b) upon the exhaustion of the maximum financial limit stated in Article II paragraph 9 hereof;
  - c) by written agreement of the Parties;
  - d) by written notice of termination by either Party;

- e) by withdrawal from this Contract in the cases given in this Contract or in the event of a substantial breach by either Party.
3. The Parties agree that they consider the following cases in particular to constitute a substantial breach hereof:
- a) a failure to meet Technical specification of Goods pursuant to Article II paragraph 3 and 4;
  - b) breach Seller's obligation under Article II paragraph 5 to 7 hereof;
  - c) repeated, at minimum the second, delay of the Seller in the delivery of Goods according to partial contracts for a period exceeding 30 days;
  - d) breach of Article VIII hereof or Article IX paragraph 15 hereof which has not been remedied following a previous notice for correction,
  - e) breach of obligation under Article IX paragraph 1 hereof;
  - f) breach of obligation under Article IX paragraph 2 point c) hereof;
  - g) breach of obligation under Article IX paragraph 3, 5, 6, 7, 8, 9, or 10 hereof;
  - h) breach of obligation under Article IX paragraph 12 or 13 hereof;
4. The partial contract shall terminate:
- a) if such termination is agreed upon by both of the Parties hereto;
  - b) by withdrawal of the Buyer
    - i. in the case pursuant to Article VII Paragraph 4 point (d) hereof; or
    - ii. in the case of a breach of the partial contract by the Seller in a substantial manner, whereas the Parties consider such a breach of the partial contract in a substantial manner to be in particular the case pursuant to Article XIII Paragraph 3 points (a), (c), (d), (e), (f), (g), (h) hereof and the case where the Seller is in delay with the delivery of Goods according to specific partial contract for more than 30 days from delivery term;
    - iii. in other cases stated in this Contract.
5. The written notice of withdrawal from this Contract or a specific partial contract shall take effect on the day the written notice of withdrawal is delivered to the other Party. The notice of withdrawal from this Contract or a specific partial contract must be sent by registered mail. Withdrawal from this Contract or from a specific partial contract does not terminate the contractual relationship from the very beginning, the mutual performances provided by the Parties until the termination of this Contract or a specific partial contract shall be retained by both Parties.
6. The Parties are entitled to terminate this Contract at any time, without stating any reason. The notice period shall be 6 months and shall begin on the first day of the calendar month following the delivery of written notice of termination to the other Party. The notice must be sent by registered mail. The Parties take into consideration that they are obliged to fulfil the obligations arising from this Contract during the notice period.
7. Termination of this Contract shall not affect the provisions regarding contractual penalties, damage compensation, and such rights and obligations which, by their nature, shall persist



even after this Contract is terminated. This Contract is also to be applied to the relations, including partial contracts, formed during this Contract even after this Contract is terminated.

#### XIV. 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.
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 Seller undertakes to notify the Buyer without undue delay if the Seller becomes insolvent or is under threat of becoming insolvent.
4. 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 Contract. At the same time, the Parties confirm by their signatures that all the assurances and documents hereunder are true, valid and legally enforceable.
5. 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.
6. The Parties assume the risk of a change of circumstances and are obliged to fulfill obligations under this contract even if the change of circumstances is so significant that the change creates a particularly gross disproportion in the rights and obligations of the parties by favoring one of them disproportionately increasing costs or disproportionately reducing the value of the subject of performance; in particular, they shall not be entitled to seek a court decision to restore the balance of rights and obligations or to terminate the contract. Even if the performance of one of the parties is grossly disproportionate to what was provided by the other party, the abbreviated party cannot demand the cancellation of the contract and the restoration of everything to its original state.
7. The Seller 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 Buyer in a reliable and verifiable manner learns that the Seller has violated or violate Rights, and the Seller despite a prior written notice of the Buyer continues to violate generally accepted Rights or fails to remedy, the Buyer has the right to withdraw from this Contract pursuant to Article XIII paragraph 5 point d) and Article XIII paragraph 8 hereof and right to withdraw from partial contract pursuant to Article XIII paragraph 7 point b) and Article XIII paragraph 8 hereof.

8. The Seller further declares that, in the performance of this Contract, he will observe fair working conditions and recognize and ensure the rights of employees in accordance with labor law and occupational safety regulations in force in the country in which subject matter of this Contract is performed. For the purposes of checking this arrangement, the Seller is required in the first calendar month in each calendar year of the duration of this Contract, to submit to Buyer an affidavit of compliance with this obligation in the previous calendar year.
9. The Parties take into consideration that in accordance with Section 219 (1) (d) of the PPA, this Contract 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), as amended. The publication shall be arranged by the Buyer.
10. The Contract becomes valid on the date of its signing by the Contracting Parties and comes into force upon publication in the Register of Contracts
11. This Contract is drawn up in two copies in English language, each having the same validity as the original itself. Each Party shall receive one copy.
12. The Parties declare they agree with the content hereof and this Contract is prepared in a certain and intelligible manner, on the basis of true, free and serious will of the Parties, without any duress on either Party. In witness whereof they append their signatures below.
13. The following Annexes form an integral part of this Contract:  
Annex No. 1 – Technical specification - non-classified part  
Annex No. 2 – Security instructions  
Annex No. 3 – Security audit

For the Buyer:

In Prague, on .....

For the Seller:

In Canovelles, on .....

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**Tomáš Hebelka, MSc**  
Chief Executive Officer  
STÁTNÍ TISKÁRNA CENIN, státní podnik

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**Jose M Mauri Adell**  
Administrador CEO  
CUSBOR S.L.