

# THE DELIVERY OF STARCOS CHIP MODULES CONTRACT

registered by the Buyer under No. /OS/2024  
registered by the Seller under No.

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

made pursuant to the provision of Section 25 and Section 56 et seq. of the Act No.  
134/2016 Sb., on public procurement, as amended  
(hereinafter referred to as the "**PPA**")  
and  
pursuant to Section 1746 (2) of Act No. 89/2012 Sb., the Civil Code, as amended  
(hereinafter referred to as the "**Civil Code**")

by and between:

## **Státní tiskárna cenin, s.p**

with its registered office at, Růžová 943/6, Nové Město, 110 00 Praha 1  
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: **Tomáš Hebelka, MSc**, Chief Executive Officer

Bank details: UniCredit Bank Czech Republic and Slovakia, a.s.

Account number:

IBAN:

SWIFT:

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

and

## **Giesecke+Devrient ePayments GmbH**

with its registered office at Prinzregentenstrasse 161, 81677 Munich, Germany

Business ID: HRB 224694

Tax Identification No.: DE305560986

Represented by: Baumgarten Florian , CFO

Bank details:

Account number:

IBAN:

SWIFT:

(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:

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

On behalf of the Buyer:

On behalf of the Seller:

## **I. INTRODUCTORY PROVISIONS**

1. This Contract is concluded on the basis of the results of an over-threshold open tender procedure within the meaning of Section 56 et seq. of the PPA, which is entitled **"Production and delivery of STARCOS 3.7 eIDAS C1 chip modules "** (hereinafter referred to as the "tender procedure"), with the Seller that meets all tender conditions, and the tender of which was selected as economically the most advantageous. The basis for this Contract is also the Seller's tender for the tender procedure submitted on the 18th of March 2024, 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 consider 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 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 - orders, 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 contract - orders concluded hereunder.

## **II. SUBJECT MATTER OF THE CONTRACT**

1. Under this Contract the Seller undertakes to supply to Buyer chip modules used for the production of smart cards with the profile for První certifikační autorita, a. s. (First Certification Authority, a. s.) and its customers:

**STARCOS 3.7 eIDAS C1 chip modules for the encapsulation according to the technical specifications contained in Annex 1 of this Contract** in following configuration with initialization table created through a specific profile.

(hereinafter referred separately to as the “**chip modules**” and/or “**subject of performance**” or “**goods**”).

An integral part of the subject of performance is also a provision of the technical support by the Seller, in case of technical problems in course of processing of the goods by the Buyer.

2. The Seller shall be obliged to inform in writing the representative of the Buyer authorised to negotiate factual and technical matters at least 6 months before planned termination of production of chip modules in version 3.7 or in case of a change in the specifications of the chip, its encapsulation or a change in the shape of the contact surface.
3. The Buyer undertakes to accept the goods, duly delivered as regards the required quantity, type and quality of the goods as provided for in this Contract, and pay for the goods the price specified under Article V hereof.

### **III. ORDERS**

1. Partial deliveries of the subject of performance will be realised according to the needs of the Buyer on the basis of the Buyer's written orders that are proposals to conclude a partial contract (hereinafter the “**partial order**” or “**order**”) and Seller's confirmation of these partial orders, which constitutes acceptance of the proposal to conclude a partial contract.
2. A partial order shall as a minimum requirement contain the following essentials:
  - a) identification data of the Seller and the Buyer;
  - b) definition of the goods and detailed goods specifications according to Art. II par. 1 hereof, including the quantity of the goods to be delivered;
  - c) other requirements for the goods;
  - d) detailed delivery conditions, especially the delivery term and place of delivery;
  - e) designation of the person placing the order, authorised to act on behalf of the Buyer.In the case of any doubt the Seller is obliged to ask for additional information from the Buyer. If he did not, it shall be deemed that the instruction was sufficient for the Seller and the Seller may not exempt from responsibility for this reason for non-fulfilment or faulty performance of partial delivery.
3. The minimum quantity is 10,000 pieces of chip modules by Art. II paragraph 1 hereof for each partial order.
4. The representative of the Buyer authorized to negotiate factual and technical matters shall submit to the representative of the Seller authorized to negotiate factual and technical matters at the e-mail address: XXX a non-binding forecast for chip modules purchase for a period of following 12 calendar months from the conclusion of this Contract (hereinafter as “**Non-Binding Year-Long Forecast**”) and the first Non-Binding Year-Long Forecast shall be provided in the period of **10 working days** as of the conclusion of this Contract.

The Non-Binding Year-Long Forecast shall be submitted by the representative of the Buyer authorized to negotiate factual and technical matters afterwards repeatedly every succeeding year as of the date of conclusion of this Contract.

The representative of the Buyer authorized to negotiate factual and technical matters shall submit to the representative of the Seller authorized to negotiate factual and technical

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

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

5. Each partial delivery of chip modules shall contain the quantity of defect-free goods specified in the Buyer's order. In excess of this quantity, each partial delivery may contain defective goods, but these must be marked with punch-through. Defective chips will not be invoiced.
6. The partial order shall be delivered to the Seller at the e-mail address:
7. The Seller is obliged by return to confirm acceptance of such a partial order to the Buyer in writing at the Buyer's e-mail address [purchasing@stc.cz](mailto:purchasing@stc.cz) at the latest within 2 working days after its receipt, otherwise the Seller shall be liable to the Buyer for any damage resulting from the failure to confirm such order.
8. The periods for fulfilment of the partial delivery are maximum 4 calendar weeks, provided the relevant delivery was included by the Buyer in the forecast provided to the Seller in terms of Art. III paragraph 4 above. In case that a partial order was not contained in the corresponding Binding Six-Months-Long Forecast, the period for fulfilment of such partial delivery is maximum 24 calendar weeks. The period shall be given in the partial order and commences on the date on which the partial order was published in the Register of Contracts in terms of paragraph 11 below; whereby the Buyer shall publish the order no later than the next working day after the written confirmation of the relevant order by the Seller.
9. The Parties agree that the Seller will respect the supplies of the goods as requested and will not modify the supplies as to type or finance except as provided for in this Contract or as expressly agreed by the Parties.
10. The Seller undertakes in the fulfilment of any purchase order to act in accordance with the Tender.
11. Individual partial orders fulfilling the conditions for publication in the Register of Contracts take effect once they are published in the Register of Contracts. Other individual partial orders take effect on the day it is confirmed by Seller.

#### **IV. DELIVERY PLACE OF PERFORMANCE AND DELIVERY CONDITIONS**

1. The Seller is obliged to deliver the goods to the Buyer's production plant at the address:  
**Production Plant I – Růžová 943/6, Nové Město, 110 00 Praha 1, Czech Republic.**  
Transport of the subject of performance to the place of performance shall be done by the Seller via a contractual carrier at its own risk and cost in compliance with DAP delivery terms according to INCOTERMS 2020.
2. The Seller undertakes to provide the subject of performance for transportation and subsequent storage in a manner, which is usual for this type of the subject of performance in trade, to ensure the preservation, protection and quality of the subject of performance. Each consignment delivered shall be duly marked with the subject of performance, manufacturer and weight.
3. Each delivery of the subject of performance shall be provided with a delivery note, which shall be confirmed by both Parties upon handover and takeover of the subject of performance. The delivery note serves at the protocol of handover and takeover of the subject of performance.
4. The delivery note shall contain the following data:
  - a) Seller's and Buyer's identification data;
  - b) delivery note number and date of issue;
  - c) order number;
  - d) position/serial number;
  - e) contract number (if specified in the order);
  - f) material code according to IS in STC format (if stated in the order);
  - g) quantity of items delivered and the unit of measurement including designation of the number of defect-free items and defective items;
  - h) item name.
5. The subject of performance is delivered on the day when it was accepted by protocol, i.e. the date when the Buyer signs the delivery note.
6. The Seller is obliged to notify the Buyer about the deadline for shipping of the subject of performance at the electronic address [purchasingq@stc.cz](mailto:purchasingq@stc.cz), at the latest 2 working days before the date of shipping from Seller's plant. If the Seller engages a carrier, who allows tracking the delivery status, the Seller shall send the Buyer also the bill of lading number.
7. Delivery of the subject of performance is possible on business days from 06:00 to 14:00 hours, provided the Buyer does not stipulate in writing otherwise. Outside these hours, it is only possible to receive goods following a previous written agreement between the Seller and the Buyer's representative stated in the order.
8. The performance of the Seller shall be considered as fulfilled if delivered duly and on time, i.e. free of any quantitative, qualitative or legal faults, including the accompanying written delivery documents. 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 at the agreed time, but only to the extent that the goods supplied exceed the tolerances provided for in Art. IV paragraph 9 below.
9. The Seller is entitled to supply a larger quantity of goods than required by the Buyer in the relevant written order; however, in the event of such larger supply the quantity of supplied goods must not be more than 3% required, i.e. ordered quantity in the partial order. If the

specified percentage tolerance is met, the goods are accepted in the entire delivered quantity.

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

## **V. PRICE**

1. The price for deliveries of goods in **EUR excluding VAT** is determined on the basis of the really realised performance according to a specific partial order and the unit price for one piece of chip. The unit price for one piece of chip is:

**1 pc of chip STARCOS for the encapsulation according to the technical specification Annex 1 is**

***XXX EUR / piece.***

2. If the Seller is an entity liable for VAT registered in the Czech Republic, VAT shall be billed at the rate stipulated in the legislation that is valid and in force on the date of taxable supply.
3. The prices according to the paragraph 1 of this Article are maximal and final and include all costs of the Seller for all associated costs and charges related to the production, delivery of the goods and the discharge of the Seller's obligations under DAP 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 price shall be paid by the Buyer after proper delivery of the goods based on tax document - invoice (hereinafter referred to as the "invoice") issued by the Seller.
2. The Seller's right to issue an 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). For the avoidance of any doubt, the Contracting Parties state that if the goods are delivered in several deliveries according to one partial order, a separate delivery note and a separate invoice will be issued for each such delivery.
3. An invoice shall contain all the prerequisites according to the applicable legal regulations and this Contract, at least:
  - a) Seller's and Buyer's identification data, including the business ID no. (IČO);
  - b) number of the respective order;
  - c) number of the respective delivery note;
  - d) contract number (if specified in the order);
  - e) code of the goods according to IS in STC format (if stated in the order);
  - f) number of invoiced faultless items and unit of measure;
  - g) unit price of the subject of performance;

- h) total price of the subject of performance;
  - i) specification of the subject of performance.
4. The Seller shall issue a separate invoice for each delivery of goods.
  5. The Buyer does not provide the Seller with any advance payments for the price.
  6. The maturity period of any 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. For the purposes of this Contract, an invoice shall be deemed paid once the respective amount has been posted to the Seller's financial account specified in the header of this Contract.
  7. If an 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 invoice to the Seller stating the reason for such return, without getting into arrears with payment. The new maturity period shall commence on the date of delivery of a duly corrected or supplemented invoice to the Buyer.
  8. The Buyer shall pay the price in accordance with this Contract and the invoice to the Seller's account number specified on first page 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 and applicable (paragraphs 10 to 13 of this Article).
  10. The Seller declares that in the moment of conclusion of this 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 this 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 it 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 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 98 VATA, otherwise the Seller is obliged to provide another bank account to the Buyer that is duly published pursuant to Section 98 VATA. In the case Seller has been indicated by a tax administrator as an unreliable taxpayer pursuant to Section 106a VATA, Seller undertakes to immediately, within two working days of it 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, 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 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 this 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 claims against any of the Buyer's claims against the Seller or assign any of its rights or claims against 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 order or in connection with a lien in favour of a third party.

## **VII. LIABILITY FOR DEFECTS AND WARRANTY**

1. Quality Warranty: Subject of performance shall be free of any factual or legal defects. Subject of performance has defects if it was not supplied in accordance with the agreed specifications provided in this Contract.
2. The Seller provides 24 months Quality Warranty to the Buyer as of the day of the invoice (hereinafter referred to only as the „warranty“ or also “warranty period”). The defect should be claimed within the warranty period provided, immediately after its discovery in writing upon notification of such defect. If the last day of the warranty period was Saturday, Sunday or a holiday, the defect is deemed to be claimed in time, if the notification was sent to the Seller the next business day.

With regard to the character of the subject of performance, the Buyer shall check the number of delivered goods within 5 (five) working days after receipt. Furthermore, Buyer shall do an income inspection of the subject of performance latest during their card production.

3. By granting the warranty, the Seller accepts the commitment that the delivered goods will be defect-free, thus during the warranty period it shall be eligible to the contracted purpose or customary purpose. The Buyer may claim defects in the delivered goods at any time during the warranty period. The Warranty shall apply in case the defects are discovered by the analysis performed by the Buyer and confirmed by the analysis performed by the Seller, which proves that the goods are defective due to a material default which is of the Seller's exclusive responsibility.
4. If an entire supply delivered by the Seller is defective, the Buyer shall claim the goods without undue delay after taking note of the defect.
5. Defects discovered within the processing shall be claimed by the Buyer without undue delay in writing to the Seller after the discovery. The Buyer shall always attach to the claim



the defective goods as received or as processed to form a card, whichever is relevant. Personal data on the surface of the already personalised cards shall be removed prior to its handing over to the Seller or the Parties shall agree on a process to provide to the Seller the claimed defective goods already processed to form personalised cards (e.g. enable the Seller to analyse the defective goods in the premises of the Buyer).

6. The period for acceptance of rejection of complaints is 14 calendar days and commences on the date of claim of the defective goods to the Seller.
7. If the Seller after analysis review of the claimed defects confirms that the defects are covered by warranty, the claim shall be solved as follows:
  - a) repair or replace the faulty quantity of the subject of fulfilment in the following partial delivery; or by supply or replace of a (new or missing) subject of fulfilment, or
  - b) financial compensation.

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

8. The Seller shall be obliged to remove the defects by supply of (new or missing) goods in the period of 30 calendar days of the complaint acceptance in accordance with the paragraph 6 and 7 a) of this Article.
9. Making claim under liability for defects of the goods shall not affect the Buyer's entitlement to the agreed contractual fine and damages.
10. In the event that a chip is found to be defective after processing and where the defect is attributable to the Seller, the Seller is obliged apart from satisfying the claims of the Buyer from defective performance also to compensate the Buyer for costs demonstrably incurred in relation to the processing of the goods, or possibly also other costs or damage arising from the supply of the defective goods. This means in particular that in the event of acceptance of the claim of the defective goods after processing into a card the Seller compensates the defective chip and at the same time the Seller compensates direct costs of a body of the card as well.
11. The following additional provisions shall apply for the Buyer:
  - a) The conditions for storage must be clean and dry, so that the Products are not subjected to rapid fluctuations of temperature, radiation or moisture, vapor, chemicals or abnormal electrical influences or to continuous sunlight.
  - b) Storage temperature must be between +15 - +25, ambient relative humidity between 40% - 55% (not condensing).
  - c) The goods must not be subjected to undue mechanical stress (twisting, blows or bending), which may cause damage to the goods or the fixings or structures or the microchip component.
  - d) The goods must not be exposed to water or other solvents that may weaken the goods construction leave forensic traces or damage the microchip component.
  - e) The goods must not be connected to devices or systems for which the goods are not designed.

If the Buyer disregard these provisions, the Seller does not have to warrant as mentioned in paragraphs 8 – 10 of this Article.

## **VIII. 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 100.000 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 if he performed it itself,
  - b. was obliged to submit to the Buyer (Contracting Authority) the List of subcontractors according to the Tender Documentation and under the conditions specified in 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 10 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 this Contract, no later than 30 days after receipt of payment from the Buyer for specific fulfilled partial order. Violation of the above-mentioned Seller's obligations is considered a material breach of the Contract, on the basis of which Buyer has the right to withdraw from this Contract.

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

3. For the avoidance of any doubt, Seller states that the performance of this Contract shall not affect or unduly infringe the rights of third parties, in particular copyrights, trademark, patent and other intellectual property or other industrial property rights associated with the delivered performance, and such performance is not provided without the knowledge and permission of such entities or authors, especially that the performance of this Contract is not an unauthorized or illegal use. In the event, that a third party asserts a justified claim against Buyer on the grounds that the goods provided by Seller infringe industrial property rights or copyrights, Seller shall be liable to Buyer as follows:
  - a) Seller shall, at its expense, secure for Buyer a right to use the goods. In the event, that this is not possible on financially reasonable terms, Seller shall, at its discretion, either modify the goods in such a way that the property right is not infringed or supply a goods that do not infringe the property right or take the goods back and refund the purchase

price paid to Seller with respect thereto.

- b) Seller's obligations as stated in this paragraph above shall apply only on condition that Buyer notifies Seller immediately in writing of any claim lodged on the grounds of infringement of property rights, does not acknowledge any infringement and conducts or settles any disputes, including settlements made out of court, only by agreement with Seller.
  - c) Claims of the Buyer under Sub-Clause (a) are excluded if the infringement of industrial property rights arises from the part the Buyer is contributing to the product or if the relevant product was modified by the Buyer or a third party on its behalf and/or used together with products that were not supplied by the Seller and the infringement of industrial property rights results from exactly this modification or the combination with third-party products.
4. As a person authorized to act in the name of or for the Seller, hereby declare in compliance with the Article 5k of the Council Regulation (EU) No. 2022/576 of 8 April 2022, by which the Council Regulation (EU) No. 833/2014 of 31 July 2014 concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine, was amended, that the Seller is not:
- a. a Russian national, or a natural or legal person, entity or body established in Russia;
  - b. a legal person, entity or body whose proprietary rights are directly or indirectly owned for more than 50 % by an entity referred to in point a. of this paragraph;
  - c. a natural or legal person, entity or body acting on behalf or at the direction of an entity referred to in point a. or b. of this paragraph.
5. As a person authorized to act in the name of or for the Seller, hereby declare, that the Seller does and shall not account for more than 10 % of contract value of this Contract, subcontractors, suppliers or entities, referred to in the paragraph 4 point a. or b. or c. of this Article whose capacities are being relied on within the meaning of the public procurement legislation.
6. The Seller further declares that the Seller in the sense of:
- Article 2, paragraph 2 of Council Regulation (EU) No. 269/2014 of 17 March 2014 on restrictive measures with regard to activities that violate or threaten the territorial integrity, sovereignty and independence of Ukraine, as amended, (hereinafter referred to as the "Regulation No. 269/2014"), and
  - Article 2, paragraph 2 of Council Regulation (EU) No. 208/2014 of March 5, 2014, on restrictive measures against certain persons, entities and authorities in view of the situation in Ukraine, as amended, (hereinafter referred to as the "Regulation No. 208/2014"), and
  - Article 2, paragraph 2 of Council Regulation (EC) No. 765/2006 of 18 May 2006 on restrictive measures against President Lukashenko and certain representatives of Belarus, as amended, (hereinafter referred to as "Regulation No. 765/2006"),
- is not a natural or legal person, entity or body or a natural or legal person, entity or body associated with them listed in Annex I of Regulation No. 269/2014, Regulation No. 208/2014 or Regulation No. 765/2006.
7. The Seller also further declares that for purposes of performance of this Contract no funds

or economic resources will be made available directly or indirectly to natural or legal persons, entities or bodies listed in Annex I of Regulation No. 269/2014, Regulation No. 208/2014 or Regulation No. 765/2006 or for their benefit.

8. If, during the validity and effectiveness of this Contract, there should be non-compliance with the conditions specified in paragraph 4, 5, 6 or 7 of this Article hereof, the Seller undertakes to immediately once the Seller finds out about the change of circumstances, inform the Buyer of this fact in writing.
9. Violation of the Seller's obligations above mentioned in paragraph 4 - 8 of this Article is considered a material breach of the Contract, on the basis of which Buyer has the right to withdraw from this Contract.
10. The Contracting Parties are obliged to ensure the protection of information that one of the Contracting Parties designates as non-public information or trade secrets within the meaning of Section 504 of the Civil Code. The Parties are obliged to ensure the protection of such designated information under the terms and conditions agreed in a separate agreement concluded between the Parties - Mutual Non Disclosure Agreement. The text designated by the Parties as a trade secret shall not be published in the Register of Contracts within the meaning of Article XIII paragraph 9 of this Contract.

## **IX. PENALTIES**

1. In the event of Seller's delay to deliver the subject of performance within the agreed time periods according to Art. III paragraph 8 hereof, the Seller is obliged to pay a contractual penalty to the Buyer at the rate of 0,1 % from the price of the subject of performance (excl. VAT), with the delivery of which the Seller is in default and do so for each day or part thereof of delay, in total not more than 15% of the subject of performance.
2. If the Seller fails to comply with the information obligation in accordance with the Art. II paragraph 2 hereof, the Seller shall pay a contractual penalty to the Buyer in the amount of 30 000 EUR. The aforementioned obligation to pay the contractual penalty does not apply if the change does not affect the form, fit and function of the goods.
3. Payment of the penalty does not exempt the Seller of its duty to meet the obligations under this Contract.
4. Agreeing the contractual penalty is without prejudice to the right to compensation of any damage resulting from the delay with due regard to the limitation of liability as provided for in Article X below.
5. 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 order.
6. The contractual penalty is due within 30 calendar days after the delivery of the bill for the contractual penalty to the Seller.

## **X. COMPENSATION OF DAMAGES, LIMITATION OF LIABILITY AND FORCE MAJEURE**

1. Each Party shall be liable for the damage caused in connection with a breach of generally binding regulations and breach hereof. Both Parties shall make every effort to prevent and minimize damage.
2. Neither Party shall be liable to the other Party for any indirect, consequential damages of any kind or any loss of production, lost profits or lost use incurred or suffered by the aggrieved party or any third party or loss of business as a result of any defect, failure of the goods to perform in accordance with the terms of this Contract.
3. The Seller's total cumulative liability resulting from the performance, bad performance or non-performance of its contractual obligations under this Contract, is limited to a maximum of 50% in aggregate the total sums of partial contracts which took effect during the last 12 months preceding the application of the claim for damages by the Buyer (hereinafter referred to as the "Seller's total cumulative liability"). In the event of the application of the claim under the previous sentence less than 12 months after taking effect of first partial order, the Contracting Parties stipulate that the Seller's total cumulative liability shall not exceed the amount of 125 000 EUR.
4. The above specified Seller's total cumulative liability shall not apply in cases of wrongful intent, breaches of binding product liability law, or to losses arising from injury to life, limb, or health that result from the deliberate or negligent failure to perform obligations on the part of Seller, one of its legal agents or its vicarious agents.
5. Obligations to pay damages and penalties resulting from the Seller's delay in the execution of this Contract shall be waived if the Party proves that it was hindered in the fulfilment of obligations temporarily or permanently by an extraordinary, unpredictable and insurmountable obstacle that is beyond its control.
6. The obligation to pay damages, however, is not precluded by an obstacle that arose at a time when the obliged party was in default with performance of its duties in terms of this Contract. The effects excluding liability for damages are limited only to the duration of the obstacle to which they relate.
7. The Party claiming force majeure under this paragraph 2 of this Article must notify the other Party in writing about such obstacle at the latest within 5 business days from its inception and also indicate the period of its probable duration. Unless the Party invoking force majeure complies with the above obligation, it shall be deemed to have waived its right to apply the obstacle as force majeure.
8. Within 8 business days from the date on which the obstacle arises, the Party that claims force majeure is required to prove the obstacle that has arisen, including the fact that this obstacle has seriously impacted ability of the concerned Party to fulfil the contractual obligations. The Party that claims force majeure must inform the other Party of the lapse of such obstacle no later than 5 business days after it ceases.

## **XI. 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 office.
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.

## **XII. DURATION OF THE CONTRACT**

1. This Contract shall come into force on the day it is signed by the authorised representatives of the Parties and comes into force upon publication in the Register of contracts.
2. This Contract is concluded for a definite period 4 years as of the day of effectiveness of this Contract or until the maximum quantity of 500,000 pieces of defect-free goods in accordance with Art. II paragraph 1 hereof was purchased, whichever occurs first.
3. This Contract shall be also terminated:
  - a) through a written agreement between both Parties; or
  - b) by withdrawal from this Contract in case of a fundamental breach of contractual obligations specified in paragraph 4 of this Article.
4. Either Contracting Party may withdraw from this Contract or partial order by serving a written notice of termination if the other Contracting Party commits a material breach of the provisions hereof. Except as stipulated by law or any other provisions hereunder, material breach of this Contract shall apply at all times if:
  - a) failure to comply with the technical specifications of the subject of performance under Article II paragraph 1 hereof caused by the Seller;
  - b) Seller's delay in delivery of the subject of performance by more than 30 days;
  - c); Buyer delay in payment invoice by the due date more then 14 days;
  - d) further also in the cases expressly stipulated by this Contract.
5. The legal effects of the withdrawal shall occur on the day of the delivery of the written notice to the other Party. The notice of withdraw must be sent by registered mail. In the case of any doubt concerning the delivery date, the 3rd business day after posting the notice of withdrawal at the post service provider will be considered as the date of delivery. Withdrawal from this Contract or partial order does not terminate the contractual relationship from the outset; the mutual performances provided by the Parties up to withdrawal from this Contract or partial order shall be retained by both Parties.
6. The termination of the present Contract is without prejudice to the provisions hereof regarding contractual fines, damage compensation and such rights and obligations that, by their nature, are meant to survive the termination hereof.

### **XIII. 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. Rights and obligations arising from this Contract may not be assigned or transferred to a third party without written consent of the other Party.
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 Contract. 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 Seller hereby declares that it 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 or partial pursuant to the Article XIII 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 labour law and occupational safety regulations in force in the country in which subject matter of this Contract is performed. Violation of the above mentioned Seller's obligations is considered a material breach of the Contract, on the basis of which Buyer has the right to withdraw from this Contract.
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 Sb., 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 shall be drawn up for the purpose of signing in electronic form in one copy in English with electronic signatures of both parties in accordance with Act No. 297/2016 Sb., on trust services for electronic transactions, as amended; or for the purpose of signing the Contract in paper form in two copies in English with the validity of the original, of which each party shall receive one copy.
11. 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.
12. The following Annexes form an integral part of this Contract:

Annex No. 1 - Technical specifications

For the Buyer:

In Prague, on .....

For the Seller:

In            On .....

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