



## CONTRACT FOR SUPPLY AND SERVICE OF THE ENVELOPING MACHINE FOR ID1 CARDS

registered by the Client under No. 041/OS/2024

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

made pursuant to Section 27 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 2079 et seq. and Section 2586 et seq. 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, 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:           | UniCredit Bank Czech Republic and Slovakia, a.s.    |
| Account number:         | 200210010/2700                                      |
| IBAN:                   | XXX   |
| SWIFT:                  | XXX   |

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

and

### **Innovative Card Systems GmbH**

with its registered office at Karl-Schurz-Str. 50, 331 00 Paderborn  
entered in the Commercial Register administered by Commercial Register B of the District Court Paderborn, HRB 7752

|                         |                    |
|-------------------------|--------------------|
| Business ID:            | VAT-ID DE814384696 |
| Tax Identification No.: | VAT-ID DE814384696 |
| Represented by:         | <b>XXX</b>         |
|                         | <b>XXX</b>         |
| Account number:         | XXX                |
| IBAN:                   | XXX                |
| SWIFT:                  | XXX                |

(hereinafter the "**Contractor**")

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

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



On behalf of the Client: **Tomáš Hebelka, MSc**, Chief Executive Officer  
On behalf of the Contractor: **XXX**  
**XXX**

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

On behalf of the Client: **XXX**  
**XXX**

**XXX**  
**XXX**

**XXX**  
**XXX**

**XXX**  
**XXX**

On behalf of the Contractor: **XXX**  
**XXX**

**XXX**  
**XXX**

**XXX**  
**XXX**

**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 "Supply and service of the enveloping machine for ID1 cards" (hereinafter referred to as the "**tender procedure**"). The basis for this Contract is also the Contractor's tender for the tender procedure, 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 tender documentation to the tender procedure (hereinafter referred to as the "Tender Documentation").
3. The purpose of this Contract is to supply the Device defined in Article III of this Contract to the Client and to ensure providing preventive inspections and maintenance and out-of-warranty maintenance of the Device in accordance with the conditions and terms stated in this Contract (hereinafter referred to as the "purpose").

## II. SUBJECT OF THIS CONTRACT

1. The Contractor undertakes to supply the Client with **1 (one) piece of enveloping machine for ID1 cards**, including all other related accessories and equipment, manufactured under applicable EU directives and regulations related to the subject of this Contract according to paragraph 2 and 3 of this Article and in accordance with the Technical parameters stated below in this paragraph and in accordance with the Tender, the Technical specification listed in **Annex No. 1a**, with the Detailed technical description listed in **Annex No. 1b**, and with Detailed technical drawings of the offered Device listed in **Annex No. 1c**, which is an integral part hereof, and within the terms stated in the Time Schedule attached to this Contract as **Annex No. 4**.

(hereafter referred to as the "**Device**", unless otherwise stated by individual provisions of this Contract)

2. The supplement of the Device according to paragraph 1 includes:
  - a) supplement of the software development kit (SDK) – a simulator for the Client's programmers, which will include all modules such as the offered mail inserting line and related technical documentation, so that it is possible to optimally prepare the necessary SW equipment or applications of the Client's production system in advance and thus ensure a problem-free implementation into live production operations,
  - b) transportation of the Device including liability insurance which provides cover for damage to the Device, with a compensation limit as determined in Article XII paragraph 1 hereof, DAP Praha (Incoterms® 2020),
  - c) installation and commissioning of the Device, passing SAT offline test and SAT in production system in accordance with Article VIII of this Contract, including 30 calendar days of its test run,
  - d) training of specified Client's employees in the Device operation and maintenance for at least 2 persons (hereinafter referred to as the "operator training"), conducted at the Client's Production Plant II for a minimum of 3 working days (8 hours per day, 60 minutes per hour),
  - e) handover of certificates and documents relating to the use of the Device, as specified in **Annex No. 2** which is an integral part of this Contract (in particular, operating and maintenance instructions, technical documentation in the Czech language).

Detailed specification of the Device is stated in Technical specification which is Annex No. 1a to this Contract, as well as in Annex No. 1b (Detailed technical description of the offered Device) and in Annex No. 1c (Detailed technical drawings of the offered Device).

3. The subject of this Contract also includes the handover of a list of all installed computers, including the basic parameters, and software, which is part of the delivery hereunder, including identification numbers and software license numbers. The above list must contain a specific information whether the OEM (Original Equipment Manufacturer) version is used or not. If this SW identification is missing, it is understood that this is not an OEM version.
4. The Contractor also undertakes to provide **preventive inspections and maintenance and out-of-warranty maintenance of the Device** (defined in the paragraph 1 hereof) according to the conditions and terms stated in the **Article X hereof** and **warranty service of the Device** according to the conditions and terms stated in the **Article IX hereof**.

5. In accordance with Article X paragraph 14 hereof on the **reserved change of obligation, the Client has the right to extend the period of servicing of the Device, specifically the period of providing of a preventive inspections and maintenance and out-of-warranty maintenance of the Device.** For the avoidance of doubt, the Contracting Parties state that the Client is entitled to extend the service period of the Device by up to 5 years under the reserved change of obligation: or not to extend it. Details of the reserved change of obligation are set out in Article X paragraph 14 hereof.
6. The Contractor states and affirms that:
  - a) the Contractor is aware that the Client shall use the Device specified in paragraph 1 of this Article for enveloping for ID1 cards from polycarbonate material or from a PVC material, in 2 shift operation (Device can enable 3-shift operation), and Device will be fully functional for this purpose;
  - b) during the performance of this Contract, the Contractor shall observe legal regulations applicable to the Client, regarding occupational safety and health, fire protection and environmental protection, including ecological disposal of waste, provided that the Contractor's technicians are familiarized with these regulations by the Client;
  - c) acknowledges that the Client is going to procure its own material for its tests of the Device as part of SAT offline test and SAT test in production system. If tests need to be performed on the Device in the production and actual test phases, the Contractor will procure its own material. After conclusion of this Contract the Client shall provide to the Contractor the information about a typical composition and material of the card;
7. The subject of this Contract also includes Contractor's obligation to grant to the Client unlimited, non-exclusive and for the next possible sale of Device a transferable right to use (licence) computer software in the Device within the scope of use of the Device to the contracted purpose. The Client is granted a non-exclusive and non-assignable right to use all supplied software products provided that the Contractor's copyrights are respected. However, the Client may neither interfere with, nor modify the functions of the computer programmes in any way.
8. The Client undertakes to take over the subject of this Contract as specified above in this Article, and to the price for it as specified herein.
9. The contracting parties agree that, on the basis of the notification of the Client and upon agreement with the Contractor, the Client has the right to change the orientation and/or location of the equipment differently than is specified in Annex No. 3 of this Contract - Installation site drawing. For the avoidance of doubt, the Contracting Parties state that due to the change according to the previous sentence, there is no need to conclude an addendum to this Contract.
10. The Contractor declares bindingly that the service life of the Device will be at least 15 years from the time the Device is put into operation with standard level of operation and maintenance.

### **III. PLACE OF PERFORMANCE**

The place of performance is the Client's production plant at the address: **Production Plant II – Za Viaduktem 8, 170 00 Prague 7, Czech Republic** (hereinafter "**Client's Production Plant II**" or "**Client's Site**"), unless the nature of the individual actions necessary for the fulfilment of this Contract indicates otherwise.

#### IV. DELIVERY TERMS

1. The **Time Schedule** for the performance of the subject of this Contract is set out in **Annex No. 4** to this Contract.
2. Before delivery of the Device, the Contractor must inform the Client by e-mail to the address [XXX](#), that the Device is eligible and functional for acceptance by the Client, the Device has been tested, and the basic parameters required by the Client and fulfilment of the required technical parameters of the Device were successfully met.
3. After the Contractor's proclamation in accordance with previous paragraph of this Article the Contractor shall **supply the Device to Client's Production Plant II**, within the term according to point in Annex No. 4 to this Contract. The Delivery Note will be signed by the Contracting Parties on the delivery of the Device.
4. After delivery of the Device (i.e. after signing the Delivery Note), the Contractor shall ensure installation, commissioning, SAT offline test, including the operator training and handover the certificates and technical documents in the Czech language relating to the use of the Device according to the **Annex No. 2** to this Contract, within the term specified in the Annex No. 4 to this Contract. **Protocol No. 1** shall be signed by the Contracting parties according to Article VIII paragraph 5 hereof.
5. Next day after completing the site acceptance tests (SAT test in production system) according to the parameters specified in Article VIII hereof, confirmed by signing Protocol No. 2, a test run will begin ranging 30 calendar days. For avoidance of any doubt the Client states, that the presence of the Contractor's technician during the test run is not necessary.

#### V. PRICE

1. The price of the subject matter of this Contract has been determined in accordance with the Contractor's Tender submitted under the selection procedure organised by the Client as the contracting authority.

The **price for one (1) piece of Device** is set below in this paragraph.

| subject of the Contract according to:     | amount:            |
|---|--------------------|
| Art. II para. 2 point a),                 | <b>1 EUR</b>       |
| Art. II para. 1 and 2 point b), c) and e) | <b>184 388 EUR</b> |
| Art. II (2) point d) (operators training) | <b>1 EUR</b>       |
| <b>Total price</b>                        | <b>184 390 EUR</b> |

If the Contractor 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.

2. The prices set in paragraph 1 and 5 of this Article are maximal and final and include all costs of the Contractor for all associated costs and charges related to the production, delivery of the Device and the discharge of the Contractor's obligations under INCOTERMS 2020 DAP Praha (defined delivery terms, i.e. mainly including packaging in non- returnable pallets, transport and delivery of the Goods to the Client, insurance of the Goods, costs associated with obtaining the documents, etc.).
3. **The price** of the subject matter referred to in paragraph 1 of this Article **does not include**:
  - test material for performance of the subject matter of this Contract within the meaning of Article II paragraph 6 point c) hereof, i.e. for verification of the quality and functionality of the Device (SAT offline test, SAT in production system), which will be provided and supplied by the Client at its expense; The Client will provide this test material to the Contractor only for the needs of SAT offline test and SAT test in production system. For the other purposes, the Contractor is obliged to provide the test material itself and at its own expenses;
4. The **prices carrying out a preventive inspections and maintenance or for providing out-of-warranty maintenance** of the Device as defined in the scope specified in Art. X hereof as follows:
  - a) unit price for 1 hour (that is 60 minutes) for carrying out a preventive inspections and maintenance during the Contractor's working hours (on working days from 8:00 to 18:00) amounting to:
    - **150 EUR** excluding VAT (specialist engineer, instructor, service technician),
    - **1 EUR** excluding VAT (SW specialist),
  - b) unit price for 1 hour (that is 60 minutes) of out-of-warranty maintenance of the Device during the Contractor's working hours (on working days from 8:00 to 18:00) amounting to:
    - **150 EUR** excluding VAT (specialist engineer, instructor, service technician),
    - **150 EUR** excluding VAT (SW specialist),
  - c) unit price for 1 hour (that is 60 minutes) of out-of-warranty maintenance of the Device during the weekend or public holiday in the country where the Contractor has a registered office amounting to:
    - **225 EUR** excluding VAT (specialist engineer, instructor, service technician),
    - **225 EUR** excluding VAT (SW specialist),
  - d) lump-sum price amounting to **1500 EUR** covering all costs incurred by the Contractor's technician (costs of travelling to the Client's Site and back, accommodation, travel expenses, time on the road, etc.) when conducting unscheduled servicing on the Device.

The price for carrying out a preventive inspections and maintenance and the out-of-warranty maintenance of the Device is set as the product of the actually provided services and the hour unit price according to this paragraph.
5. The prices of the delivered spare parts or consumables that were included in the life cycle costs of the Device in the Tender will be governed by the prices listed in List of spare parts and consumables in **Annex No. 9**, which forms an integral part hereof. These prices can be increased by inflation rate analogously as the unit prices for carrying out a preventive inspections and maintenance and unit prices for the out-of-warranty maintenance according to Article X paragraph 14.4 hereof. The prices of the delivered spare parts or consumables

that are not included in Annex No. 9 shall always be governed by the current and valid Contractor's price offer for a particular spare part or consumables requested.

## VI. PAYMENT TERMS

1. The price for one piece of the Device according to Article V paragraph 1 hereof shall be paid by the Client to the Contractor in EUR by bank transfer as follows:

- a) **advance payment in amount of 30 % of the total price for one piece of the Device referred to in Article V paragraph 1 hereof**, i.e. in amount **55 317 EUR excl. VAT** after taking effect of the Contract. If the Contractor is an entity liable for VAT registered in the Czech Republic, VAT (stated in the legislation that is valid and in force on the date of taxable supply) shall be added to the amount according to the previous sentence.

The right to issue a proforma invoice for payment under para. 1 point a) is given to the Contractor on the next working day following the effectiveness of this Contract. The Contractor shall issue and send to the Client a proforma invoice within 1 week of the effectiveness of this Contract (due date is 14 days after issuance of the proforma invoice).

- b) **payment in amount of 50 % of the total price for one piece of the Device referred to in Art. V paragraph 1 hereof**, i.e. in amount **92 195 EUR excl. VAT** after the signing of the Protocol No. 1 against submitting a final invoice (tax document) for the total amount for the one piece of the Device. If the Contractor is an entity liable for VAT registered in the Czech Republic, VAT (stated in the legislation that is valid and in force on the date of taxable supply) shall be added to the amount according to the previous sentence.

The right to issue this final invoice (the tax document) is given to the Contractor the following working day after the signing of the Protocol No. 1 (the date of taxable chargeable event is the date of signing of this Protocol No. 1). The Contractor shall issue and send to the Client the final invoice (tax document) within 10 days from the occurrence of the right to its issue. This invoice (tax document) includes a copy of the signed Protocol No. 1. Through this final invoice (tax document) will be accounted the proforma payment of 30 % of the price paid in compliance with point a) of this paragraph; maturity of the part of the price according to this point of this paragraph is within 30 days after the issuance of the final invoice (tax document).

- c) **payment in amount of 10% of the total price for one piece of the Device referred to in Article V paragraph 1 hereof**, i.e. in amount **18 439 EUR excl. VAT** after completion of the site acceptance test, i.e. after the signing of Protocol No. 2. If the Contractor is an entity liable for VAT registered in the Czech Republic, VAT (stated in the legislation that is valid and in force on the date of taxable supply) shall be added to the amount according to the previous sentence. An annex to the final invoice (tax document) according to letter b) of this paragraph will be a copy of the Protocol No. 2. The due date of the specified part of the price according to this point of this paragraph is 30 days from the signing of the Protocol No. 2.
- d) **payment in amount of 10% of the total price for one piece of the Device referred to in Article V paragraph 1 hereof**, i.e. in amount **18 439 EUR excl. VAT** after completion of the test run period and commencement of the warranty period, i.e. after the signing of Protocol No. 3. If the Contractor is an entity liable for VAT registered in the Czech Republic, VAT (stated in the legislation that is valid and in force on the date of taxable supply) shall be added to the amount according to the previous sentence. An annex to





the final invoice (tax document) according to letter b) of this paragraph will be a copy of the Protocol No. 3. The due date of the specified part of the price according to this point of this paragraph is 30 days from the signing of the Protocol No. 3.

2. The Contractor always becomes entitled to invoice the **price for carrying out a preventive inspections and maintenance according to Article V paragraph 4** hereof on the working day that follows the handover of the performance to the Client, or finishing the Contractor's activities provided as part of servicing. The invoices (tax documents) for the price for these activities shall always be issued on the basis of the approved Maintenance form and shall include a breakdown of the working time spent in the scope of activities referred to in Article X paragraph 3 hereof. Copies of these documents shall be attached to the invoice (tax document). Properly issued invoices (tax documents) shall be due within 30 days from the date of issue.
3. The Contractor always becomes entitled to invoice the **price for the out-of-warranty maintenance according to Article V paragraph 4** hereof on the working day that follows the handover of the performance to the Client, or finishing the Contractor's activities provided as part of servicing. The invoices (tax documents) for the price for the out-of-warranty maintenance shall always be issued on the basis of the approved Maintenance forms. The invoices (tax documents) for the deliveries of spare parts and/or consumables carried out according to Article X paragraph 9 hereof shall be issued on the basis of the delivery note, confirmed by the Client. Copies of these documents shall be attached to the invoice (tax document). Properly issued invoices (tax documents) for out-of-warranty maintenance shall be due within 30 days from the date of issue.
4. The Contractor is required to deliver the proforma invoice/invoice (tax document) to the Client's email address XXX. The proforma invoice/invoice (tax document) shall show the bank account to which the payment is to be made. The bank account shall be identical to that stated in this Contract.
5. Each proforma invoice/invoice (tax document) must at least include the following essentials:
  - identification details of the contracting parties (i.e. name, registered office address, identification number, registration details);
  - the Contract reference number indicated in the Contract, as well as the Client's internal number of the order;
  - payment identification via a link to the appropriate Article hereof;and all essentials of a proper tax document laid down by the applicable legal regulations and the present Contract.
6. If any of the documents stated above (proforma invoice/invoice (tax document)) does not contain any of the essentials, or contains incorrect price information, or if the proforma invoice/invoice (tax document) is issued in breach of the applicable payment conditions, the Client may return such a proforma invoice/invoice (tax document) to the Contractor for a revision. If the above is the case, the Client must indicate the reason for returning the invoice on the proforma invoice/invoice (tax document) concerned or in a cover letter. The maturity term of the new (corrected) proforma invoice/invoice (tax document) shall start on the date of its demonstrable delivery to the Client.
7. Payments of the individual price instalments shall be deemed made once the respective amounts are debited from the Client's account.
8. If the Contractor is an entity liable for VAT registered in the Czech Republic, the following arrangements as contained in this article shall be binding and applicable (paragraphs 9 to 12



of this Article).

9. The Contractor declares that in the moment of conclusion of the Contract it is not in liquidation and no proceedings are being conducted against it pursuant to Act No. 182/2006 Sb., on bankruptcy and settlement (Insolvency Act). The Contractor also declares that in the moment of conclusion of the Contract there is no decision issued by a tax administrator, that the Contractor is an unreliable payer pursuant to Section 106a of the Value Added Tax Act No. 235/2004 Sb., as amended (hereinafter "VATA"). The Contractor shall immediately and demonstrably notify Client, 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 Contractor is an unreliable payer pursuant to Section 106a VATA. In the event that, during the period of validity and effectiveness of the Contract, the Contractor's statements referred to in this paragraph prove to be false or the Contractor violates the obligation to notify the Client of the fact stated in the previous sentence within the specified period, this will be considered a substantial breach of the Contract.
10. The Contractor undertakes that the bank account designated by him for the payment of any obligation of the Client 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 Contractor is obliged to provide another bank account to the Client that is duly published pursuant to Section 98 VATA. In the case Contractor has been indicated by a tax administrator as an unreliable taxpayer pursuant to Section 106a VATA, Contractor 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 Contractor is an unreliable payer pursuant to Section 106a VATA, notify this to Client along with the date on which this circumstance arose.
11. If surety for unpaid VAT arises for the Client according to Section 109 VATA on received taxable performance from Contractor, or the Client justifiably assumes that such facts have occurred or could have occurred, the Client is entitled without the consent of Contractor to exercise procedure according to the special method for securing tax, i.e. the Client is entitled to pay the concerned VAT according to the invoice (tax document) issued by the given Contractor to the competent revenue authority and do so according to Sections 109 and 109a VATA.
12. By payment of the VAT into the account of the tax authority, the Contractor's receivable from Client is considered as settled in the amount of the paid VAT regardless of other provisions of the Contract. At the same time, Client shall be bound to notify the respective Contractor of such payment in writing immediately upon its execution.

## **VII. SHIPPING CONDITIONS**

1. The transport of the Device to the Client's site stated in Article III hereof shall be provided by the Contractor under the terms of DAP Prague Incoterms® 2020 and shall be by road haulage truck and the Contractor shall notify the Client in writing about the date of dispatch of the Device from the Contractor's manufacturing plant. At the same time, the Contractor shall give the Client the licence plate number of the give vehicle as well as the names and surnames of the crew, at the latest 3 working days before delivery of the Device to the Client.
2. The shipment of the Device must be complete and must comply with deadline requirements specified Time schedule which is the Annex No. 4 to this Contract. Partial deliveries are not permitted.



3. The Device must be shipped in a packaging unit sufficiently protecting the Device from damages, destruction or theft during the shipping. The parts, whose size does not exceed the **size of the transport lift with an official load capacity of 2000 kg and dimensions: width 1640 mm, height 1980 mm and length/depth 2240 mm**, shall be preserved and packed on pallets and covered with foil. The pallets will be prepared for unloading with a forklift and their centre of gravity will always be marked. The packaging of the Device or the Device alone must also allow to move the Device in other position (e.g. laying on side or back) in necessary cases. The Contractor is obliged to prepare a separate delivery note for each pallet dispatched with specification of its dimensions and weight.

## VIII. COMMISSIONING AND TEST RUN OF THE DEVICE

1. The Contractor shall hand over the Device to the Client completely installed and fully functional, including the related certificates and documents relating to the use of the Device specified in Annex No. 2 to this Contract. A partial handover or arrears preventing the normal use of the Device are not acceptable.
2. For the Contractor's technician who installs and starts up the delivered Device at the Client's Production Plant II, the Client shall ensure a lockable room/cabinet where the technician may store his necessary equipment and tools for performance of the subject hereof.
3. After the Device is installed and commissioned at the Client's Production Plant II, the SAT offline test shall be performed at the Client's Production Plant II within the term according to Annex No. 4 to this Contract, whose purpose is to obtain test samples, which will be evaluated by the Client next working day of their receipt and which shall be approved by report on the successful acceptance tests result. Basic parameters of the commissioning test required by the Client are: whole functionality according to the technical specification Annex No. 1a, 1b and 1c to this Contract in the autonomous mode without connection to the production system of the Client. The Device must be able to print the letter, implement the ID1 card on the letter, put the letter with the card into the envelop, close the envelop, weight the complete envelop and put the correct envelops on the output conveyor, all incorrect parts must be putted into the REJECT boxes. The device must be able to print of the final production protocol of the production batch. With this test Client will verify the required technical parameters of the Device.
4. At the Client's request, made following the connection of the Device to the Client's production system, the site acceptance tests (SAT test in production system) shall be performed at the Client's Production Plant II within the term according to Annex No. 4 to this Contract. The purpose of the site acceptance tests (SAT test in production system) is to obtain test samples, which will be evaluated by the Client next working day of their receipt and which shall be approved by report on the successful acceptance tests result. Basic parameters of the acceptance test required by the Client are: whole functionality according to the technical specification Annex No. 1a, 1b and 1c to this Contract with the connection to the production system of the Client. The Device must be able communicate with the production system, get the necessary data, produce the production batch and after the ending of the production must be able send back to the production system the necessary data. With this test Client will verify the required technical parameters of the Device.
5. After installing and commissioning the Device, the operator training, handover of the documents and successful passing the SAT offline test at the Client's Production Plant II, **Protocol No. 1** shall be signed, whose template is attached as **Annex No. 5**, which is an

integral part hereof. If the Contractor has his own template of the report of the test results, it may be attached to the Client's report of the acceptance test as an annex. By signing Protocol No.1 the Client confirms the Device commissioning, operator training and handover of certificates and technical documents (Annex No. 2). Protocol No. 1 shall be issued by the Client in two copies, which shall be signed by both Contracting Parties' representatives authorised to negotiate in factual and technical matters, and each Party shall receive 1 copy. The Protocol No. 1 may be signed also by the technician of the Contractor, who is present during the commissioning test in offline mode. If any Device defects are identified which do not prevent the normal use of the Device, they shall be described in Protocol No. 1, including the period for elimination thereof by the Contractor. If both Contracting Parties do not agree any period for elimination of the defects, then it applies that the defects must be eliminated within 2 weeks from the date of Protocol No. 1 issuance.

6. After successful passing the site acceptance tests (SAT test in production system) at the Client's Production Plant II, **Protocol No. 2** shall be signed, whose template is attached as **Annex No. 6**, which is an integral part hereof. If the Contractor has his own template of the report of the test results, it may be attached to the Client's report of the acceptance test as an annex. By signing Protocol No.2 the Client confirms the commencing of a test run of 30 calendar days. Protocol No. 2 shall be issued by the Client in two copies, which shall be signed by both Contracting Parties' representatives authorised to negotiate in factual and technical matters, and each Party shall receive 1 copy. The Protocol No. 2 may be signed also by the technician of the Contractor, who is present during the site acceptance tests (SAT test in production system). If any Device defects are identified which do not prevent the normal use of the Device, they shall be described in Protocol No. 2, including the period for elimination thereof by the Contractor. If both Contracting Parties do not agree any period for elimination of the defects, then it applies that the defects must be eliminated within 2 weeks from the date of Protocol No. 2 issuance.
7. Any defects or arrears preventing or hampering the Device use in a normal way or in accordance with the purpose of this Contract shall be a reason for not accepting the Device. A report of the Device non-acceptance shall contain a list of defects and arrears, including periods for elimination thereof. If both Contracting Parties do not agree any period for elimination of the defects and arrears, then it applies that the defects and arrears must be eliminated within 2 weeks from the date of issuance of the report of the Device non-acceptance.
8. After finishing the 30-day test run successfully, **Protocol No. 3** shall be drawn up, whose template is attached as **Annex No. 7**, which is an integral part hereof. Protocol No. 3 shall be issued by the Client in two copies, which shall be signed by both Contracting Parties' representatives authorised to negotiate in factual and technical matters, and each party shall receive 1 copy. If any Device defects are identified which do not prevent the normal use of the Device, they shall be described in Protocol No. 3, including the period for elimination thereof by the Contractor. If both Contracting Parties do not agree any period for elimination of the defects, then it applies that the defects must be eliminated within 15 days from the date of Protocol No. 3 issuance. Upon signing Protocol No. 3, the warranty period specified in Article IX paragraph 2 hereof shall commence.
9. The Device must be installed so that its operation would comply with the applicable technical and safety standards in the EU countries, including, but not limited to, the following Czech standards:
  - a) electrical systems of the Device comply with EU Machinery and Engineering Directive 2006/42/EC - CE conformity, IEC 61140, HD 60364-1:2008, Low-voltage electrical installations,

- b) labels with handling instructions for the Device operation shall be either in the Czech language or fitted with international symbols. Control and operational software including all displays must support the Czech language,
  - c) The Client shall ensure the initial inspection of the electric connection for installed Device, at its expense.
10. The Contractor states that the Device is not and shall not be encumbered with third-party rights as of the date that it is taken over by the Client.

### **IX. WARRANTY**

1. The Contractor shall deliver the subject of the Contract in the quantity, quality and make as determined hereby. The Contractor is responsible for Device correct design guaranteeing the function thereof and use for the purpose of this Contract and for which it was manufactured and bought by the Client, for using the materials complying with the relevant technical documents, and for SW function, proper and professional make reaching the state-of-the-art standard.
2. The warranty period is **12 months from the date of signing Protocol No. 3.**
3. The warranty does not cover defects occurring as a result of a natural disaster, mechanical damage by the Client or a third party, or unprofessional operation of the Device, normal wear, or handling of the Device in a manner that is not approved by the Contractor in advance. The quality warranty applies on condition that the Device is properly operated and maintained in accordance with the operating and maintenance instructions, supplied by the Contractor.
4. The warranty service of the Device shall be provided by the Contractor from the Contractor's registered office or its local authorised representative. Minor repairs during the warranty period may be performed by the Client's maintenance workers who were trained by the Contractor.
5. The Client is entitled to request that the Device defects are eliminated at any time during the warranty period, but no later than within 30 days after expiry of the warranty period, if the defect occurred during the warranty period. Defects may be reported to the Contractor in any form, including by phone (XXX), in this case, however, the reported defect must be subsequently confirmed in writing, i.e. by email to the following address: XXX. Notice of the defect is received by the Contractor during his working hours 8:00 a.m. to 4:00 p.m.
6. The Client must describe the reported defects, specify how they manifest, and provide the necessary documents as well (for example photographs of the defective parts or products). A template form for reporting defects, the Maintenance form, is attached as **Annex No. 8**, which is an integral part hereof (hereinafter "Maintenance form").
7. The Contractor undertakes to respond to the Client and give its opinion regarding a reported defect as soon as possible, but no later than within 2 hours from delivery of the notice, and to **arrange for the arrival of its technician** within **48 hours** from delivery of the notice, and to **repair the identified defects or replace the defective part** within **60 hours** after the arrival of the Contractor's technician at the Client's Production Plant II, at Contractor's expense. The Contractor undertakes, when performing the warranty service, to dispatch spare parts from its warehouse within 24 hours from receiving the Client's requirement for their supply. The Contractor guarantees to the Client that all spare parts which will be used for removing defects shall be original and new. In the event that the notification of the defect is not delivered within the Contractor's working hours specified in the paragraph 5 of this Article, these periods begin to run from the next working day provided that these periods do not include days off, holidays



and public holidays of the country of the Contractor. If, in exceptional circumstances, the above time limits prove insufficient, both Contracting Parties shall specify an adequate additional grace period in writing. The above time periods do not include Sundays and Saturdays and public holidays observed in the Contractor's country, respectively in the country of residence of a local representative if that representative performs the repair.

8. If there is a danger that the defects may cause death or harm the health of persons, cause damage to the Device or assets of the Client or third parties, the Contractor undertakes to start repairs of the reported defects without delay, and to take necessary measures to prevent any harm or damage, unless otherwise agreed with the Client.
9. Upon request of the Contractor's technician, the Client undertakes to ensure that the Client's employees shall render the Contractor reasonable assistance and available machinery/tools.
10. The warranty period shall be extended by the period during which defects prevented the Client from using the Device for the purpose for which the Device was ordered.
11. Should any reported defects not be eliminated by the Contractor in compliance with the provisions of paragraph 7 or paragraph 8 of this Article, the Client is entitled to eliminate the defects or have them eliminated, in both cases at Contractor's expense.
12. The warranty period for any parts repaired or replaced by the Contractor during the warranty period shall apply till the end of the Device warranty period, or for 12 months from the repair or replacement carried out, depending on whichever occurs later.
13. Minor repairs, as well as regular maintenance and servicing, which do not require cooperation of the Contractor, may be carried out by the Client. For the purposes of this Contract, minor repairs mean, for example, replacement of defective light bulbs, fuses, identification lights, as well as works or activities for which the operating and maintenance workers were trained by the Contractor.
14. Any travel expenses, as well as insurance against damage or loss, of any parts returned for repair or replacement, including the expenses of returning or replacement thereof to the Client, incurred during the warranty period, shall be borne by the Contractor. The Contractor shall decide whether the original replaced parts should be sent back to the Contractor.
15. The Contractor undertakes to deliver spare parts or their suitable equivalents required for smooth operation of the Device to the Client for 15 years after expiry of the warranty period.
16. The Contracting Parties have agreed that carrying out the activities described in paragraphs 4, 11 or 13 of this Article shall not affect the quality warranty given by the Contractor under this Contract, even if the activities are carried out by a third party.

## **X. SERVICING OF THE DEVICE**

1. The Contractor undertakes to provide preventive inspections and maintenance and out-of-warranty maintenance of the Device stated in this Article for the period of **10 years** from the date of signing Protocol No. 3. In the event that a reserved change of the obligation pursuant to Article X paragraph 14 hereof is applied, the obligation to provide preventive inspections and maintenance and out-of-warranty maintenance of the Device stated in this Article shall be prolonged for the requested extension period in accordance with Article X paragraph 14 point 14.1 and 14.2 hereof.
2. The Contractor states that, for the proper operation of the Device, it recommends carrying out preventive inspections and maintenance of the Device in the frequency and extent of performance every 6 months **for** at minimum 8 hours. The Client is not obliged to carry out the





recommended number of preventive inspections and maintenance of the Device.

3. The Contractor undertakes to carry out these activities in particular as part of preventive inspections and maintenance: general inspection of the machine and all of its components (checking, cleaning, function control, firmware updates, software updates, replacement of worn-out parts, full test of the machine).
4. Out-of-warranty maintenance of the Device consists of solving the Device defects not covered by the warranty for the Device within the meaning of Article IX hereof, and defects occurring after expiry of the warranty period within the meaning of Article IX hereof or defects covered by the preventive inspections and maintenance within the meaning of Article X paragraph 3, and the Contractor shall provide the out-of-warranty maintenance on the basis of individual Client's requirement for necessary repairs, adjustments and settings of the Device. The Contractor shall prepare price offer in accordance with the Annex No. 9 to this Contract, in respect of the spare parts to be replaced, and submit it to the Client for an approval.
5. Each spare part replaced in the Device during out-of-warranty maintenance must be approved by the Client prior to its installation in the Device. The name and code of the replaced spare part shall be entered in the Maintenance form and confirmed by the Client's representative.
6. Requirements for preventive inspections and maintenance and requirements for out-of-warranty service must be in writing, in the form of a filled Maintenance form (hereinafter referred to as the "Requirement"). The Client shall send each requirement to the following e-mail address of the Contractor: XXX. Any change of contact details for receiving these requirements must be provably notified to the Client by the Contractor well in advance. The dates of every preventive inspection and maintenance of the Device shall be specified after mutual agreement of the Contracting Parties.
7. The Contractor shall always provide out-of-warranty maintenance of the Device after a defect is reported and out-of-warranty service is requested by the Client in accordance with previous paragraph. The Client must describe the reported defects, specify how they manifest, and provide the necessary documents as well (for example photographs of the defective parts or products).
8. If the Client makes Requirement during the working hours of the Contractor, i.e. 8:00 a.m. to 4:00 p.m., the Contractor shall communicate their response regarding the reported defect to the Client by return, no later than within 2 hours from receipt of such a notice, no later than the following working day, if the Requirement is not delivered within the Contractor's working hours.
9. The Contractor undertakes to ensure that their engineer shall arrive within 48 hours from delivery of a Requirement. **Any defects solved during out-of-warranty maintenance shall be eliminated by the Contractor's engineer within 72 hours from reporting the defect by repairing or replacing the defective part**, provided that these periods do not include days off, holidays and public holidays of the country of the Contractor. The Contractor undertakes, when performing the out-of-warranty maintenance, to dispatch spare parts from its warehouse within 24 hours from receiving the Client's requirement for their supply. The Contractor guarantees to the Client that all spare parts which will use for removing defects shall be original and new. In exceptional cases where a longer period of time is required for a repair or the required spare part is not currently available with the Device manufacturer, the Contractor shall notify the Client of it without delay, and both Contracting Parties shall jointly set an alternative date of the repair.
10. The out-of-warranty maintenance of the Device shall be provided on working days, from 8:00 a.m. to 4:00 p.m.



11. If the Client requests delivery of necessary consumables or spare parts for proper operation of the Device which are not provided within out-of-warranty maintenance of the Device, the Contractor shall supply the requested materials according to previous sentence on the basis of Client's order, based on the Contractor quotation. The order shall at least contain the Client's identification data; description and specification of the requested materials, including the quantity to be delivered; detailed delivery terms, in particular the term and place of delivery of the requested materials; identification of the person who places the order who is entitled to act on behalf of the Client. Written orders shall be sent by the Client to the Contractor to the Contractor's email address XXX. The Contractor shall confirm the order acceptance to the Client by return to the Client's email address from which the order was sent. Confirmed orders (i.e. the 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 Contractor.
12. The Contractor shall deliver the consumables or spare parts requested on the basis of an order as per the previous paragraph of this Article within 10 working days from effective day of the partial contract in the meaning of the previous paragraph. A delivery note shall be attached to each delivery, which shall be confirmed by both Contracting Parties upon handover and takeover of the consumables or spare parts and shall be used as the goods handover protocol.
13. For each conducted preventive inspection and maintenance of the Device or out-of-warranty maintenance of the Device the Contractor shall produce/fill in the Maintenance form to be approved by the authorized person of the Client after execution of relevant activities including the specification of any spare parts needed for replacement. Contractor's technicians are obliged to record each and every activity carried out in the course of the preventive inspection or out-of-warranty maintenance to the book of maintenance and repairs of the device.
14. The Client, as the Contracting Authority, hereby reserves the following changes to the obligation under this Contract:
  - 14.1. **Reserved change of obligation: Extension of the period of servicing of the Device**

If the Client requests before the end of the service provision period according to Article X paragraph 1 hereof and if the conditions under point 14.2 of this paragraph are met:

    - a) the Contractor undertakes to provide preventive inspections and maintenance and out-of-warranty maintenance of the Device under the same conditions according to Article X hereof up to maximum of 5 years (i. e. in the sum of the individual extensions maximum of 5 years) from the end of the original service provision period according to Article X paragraph 1 hereof;
    - b) upon application of the reserved change of obligation the Client will determine the exact required length of extension of the servicing period of the Device and shall indicate it to the Contractor in the request according to point 14.2 of this paragraph;
    - c) the duration of this Contract stated in the first sentence of Article XIV paragraph 2 hereof shall be prolonged for the requested extension period.
  - 14.2. The Client shall notify to the Contractor Client's decision to exercise the reserved change of obligation under point 14.1 of this paragraph by written notice delivered to the Contractor no less than 3 months before the end of the service provision period according to the Article X paragraph 1 hereof, or extended duration of the Contract if the duration of the Contract is repeatedly extended in accordance with paragraph 14.1 of this Article.
  - 14.3. For the avoidance of any doubt, the Contracting Parties state that the Client is entitled, but not obliged, to apply a reserved change of obligation according to point 14.1 of this

paragraph, and using the procedure to paragraphs 14.1 a 14.2 of this Article, the original duration of this Contract according to Article XIV of this Contract can be extended by maximum of 5 years (i. e. in the sum of the individual extensions maximum of 5 years).

#### 14.4. **Reserved change of obligation: Inflation clause**

Not earlier than from **3 years** from signature of the Protocol No. 3 pursuant Article VIII paragraph 8 hereof specifically every calendar year no later than 15<sup>th</sup> November of given year, with the effect of prices increase always from 1<sup>st</sup> of January the following calendar year, the Contractor is entitled to increase the prices for providing preventive inspections and maintenance and/or out-of-warranty maintenance by the inflation rate, if the conditions below will be adhered to:

- a) For the purposes of this Contract, the inflation rate means the average inflation rate calculated on the basis of the monthly Harmonised index of consumer prices (HICP) of European Union published by the Eurostat for country where the Contractor has registered office (hereinafter referred only as „Index“) and calculated as the averaged change in the Indexes for the 12 calendar months preceding the month in which the Contractor received Client's request according to this paragraph.
- b) This Contractor's notification shall contain details of the calculation of the inflation rate and new unit prices pursuant Article V paragraph 4 and 5 of this Contract in accordance with this Article. If the Contractor does not apply its entitlement to increase prices by the inflation rate and does not deliver the notification of this to the Client in the term according to the previous sentence or if the notification does not contain details on the calculation of the inflation rate, the Client's notification of an increase of prices will not take effect.
- c) In the case that the country where the Contractor has registered office is not published in the HICP, the inflation rate according to previous point means the average inflation rate calculated on the basis of the monthly Harmonised index of consumer prices (HICP) of European Union published by the Eurostat for whole European Union (hereinafter referred only as „Index EU“) and calculated as the averaged change in the Indexes EU for the 12 calendar months preceding the month in which the Contractor received Client's request according to this paragraph.

14.5. For the avoidance of any doubt, the Contracting Parties state that for the purposes of this Article, a written notice/request means a written document signed by a person authorized to sign this Contract and delivered via a postal service operator or via data box. The date of making such written notification/request is considered to be the day when such written notification/request is delivered to the other Contracting party.

## **XI. SANCTIONS**

1. In the event that Contractor is in delay with the fulfilment of the deadline pursuant to point #3 of the Annex No. 4 to this Contract (SDK was not delivered within term), the Contractor is obliged to pay a contractual penalty in the amount of 0.1 % of the price (excluding VAT) of the software development kit (SDK) according to Art. V paragraph 1 of this Contract for each started day of delay.
2. In the event that Contractor is in delay with the fulfilment of the deadline pursuant to point #5 of the Annex No. 4 to this Contract (Protocol No. 1 was not signed within term), the Contractor is obliged to pay a contractual penalty in the amount of 0.1 % of the total price (excluding VAT) of Device with the delivery of which the Contractor is in delay for each started day of delay.

3. In the event that Contractor is in delay with the fulfilment of the deadline pursuant to point #6 of the Annex No. 4 to this Contract (Protocol No. 2 was not signed within term), the Contractor is obliged to pay a contractual penalty in the amount of 0.1 % of the total price (excluding VAT) of Device with the delivery of which the Contractor is in delay for each started day of delay.
4. In the event of the Contractor is in delay with remedying defects pursuant to Article VIII paragraph 5 or 6 or 7 or 8 hereof the Contractor is obliged to pay a contractual penalty in the amount of EUR 1 000 for each started day of delay.
5. In the event that the Device does not meet the requirements of Article VIII paragraph 9 hereof, even after the expiration of the term stated in the previous written Client's request for remedy, the Contractor is obliged to pay a contractual penalty in the amount of EUR 1 000 for each case of violation of these obligations.
6. In the event that the of Contractor is in delay within any of the deadlines specified in Article IX paragraph 7 hereof, the Contractor is obligated to pay a contractual penalty in the amount of EUR 1 000 for each started day of delay and each defect.
7. In the event that the of Contractor is in delay within any of the deadlines specified in Article X paragraph 9 hereof, the Contractor is obligated to pay a contractual penalty in the amount of EUR 1 000 for each started day of delay or part thereof.
8. In the event of a breach of any of the obligations in Article XII paragraph 12, 14 or 15 of this Contract by the Contractor, or if the statement in Article XII paragraph 11 or 13 of this Contract turns out to be false, the Client has the right to impose a contractual penalty in the amount of EUR 4 000 for each case of violation of these obligations.
9. In the case of violation of the obligations resulting from Article XIII hereof, the Contractor is obliged to pay a contractual penalty to the Client in the amount of EUR 6 000 for each discovered case of violation of these obligations.
10. In the event of the Client's delay in paying a duly issued tax document (invoice), the Client is obliged to pay default interest of the amount due in the amount according to Government's regulation No. 351/2013 Sb., for each started day of delay.
11. For the purposes of an avoidance of any doubt, the Contracting Parties state that in the case of breach more Contractor's obligations simultaneously according to paragraphs 1 to 8 of this Article, the Contractor is obligated to pay all such contractual penalties.
12. The contractual penalty is due within 30 calendar days after the delivery of the bill for the contractual penalty to the Contractor. The default interest is due within 30 calendar days after the delivery of the bill for the default interest to the Client.
13. Payment of the contractual penalty does not release the Contractor from its duty to perform the obligations imposed on the basis of this Contract.
14. Stipulating the contractual penalty is without prejudice of the right to compensation of any incurred harm to full extent.

## **XII. SPECIAL PROVISIONS**

1. For the entire period of validity and effectiveness of this Contract, the Contractor is obliged to maintain valid a liability insurance contract for damages caused to third parties for the minimum amount of EUR 400.000 at the request of the Client, the Contractor 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 Client.

2. The Device installation and operators training will typically take place from 08:00 a.m. to 4:00 p.m. on working days and in special cases also outside the specified time, or on non-working days provided the Contracting Parties so agree in advance.
3. Due to the specific conditions of production in the Client's premises, the entry and movement of the Contractor's employees must be governed by internal safety rules. The basic principle of these rules is to identify all persons entering the Client's premises with the Client's right not to grant the right to enter the premises, or to ban a person from the premises if these rules are not observed. As part of ongoing security measures, the Client may also restrict the Contractor's activities for a short time. The Contractor's staff must be demonstrably acquainted with the basic security rules of the Client (in the form of a document "Declaration / Advice") before entering the Client's premises. In the case of longer-term activities in the Client's premises, the Contractor's staff will be issued an entry identification card stating the name and photograph of the holder and the name of the Contractor, which the holders are obliged to visibly wear during the entire activity in the building. The Contractor personnel must endure the fact that work activities can be monitored by CCTV.
4. The Contractor undertakes to submit to the Client no later than 5 working days prior to the commencement of the activities according to this Contract, a list of persons performing the activities including the designation of an employee who is the contact person for Client's security personnel (hereinafter referred to as "**the Contractor's responsible employee**"). The Contractor shall include in the list of persons the name, surname and number of the identity card or passport. The Client shall approve the list of persons within 2 working days from the date of its delivery. Otherwise, the Contractor is obliged to modify this list according to the Client's requirements. The Contractor is obliged to ensure an update of the Contractor's employee list.
5. The Client shall ensure for the proper execution of the Work by Contractor:
  - a) accessibility of all areas where the subject of this Contract will be performed;
  - b) entry of the Contractor's employees and vehicles into the Client's premises to fulfil the subject of this Contract;
  - c) instructing the Contractor's employees to observe the protective and security measures in the Client's premises during their stay in the Client's premises, in the form of signing the "Declaration / Information" for information protection, occupational health and safety, fire protection and environmental protection. The Contractor is responsible for OHS and observance of fire protection regulations when performing the subject of this Contract. All employees of the Contractor and, where applicable, subcontractors are obliged to wear designated work protective equipment when performing the Work;
  - d) hygienic and safe working conditions complying with EU standards;
  - e) consumption of electricity and water at the Client's expense;
6. The Contractor's employees are in particular
  - a) authorized to enter only those premises in the Client's premises, which will be agreed between the representatives authorized to negotiate in factual and technical matters of both Contracting Parties; the Contractor's employees are entitled to enter the safety regime zone of the Client's premises (hereinafter referred to as "**BRZ**") only on the basis of an entry identification card authorized to enter the BRZ and accompanied by the responsible employee of the Client;
  - b) obliged to wear visibly entrance identification cards and wear their own yellow reflective vest and a valid identity card throughout their presence in the Client's premises; In the event that the Contractor's employees do not prove their issued identification card, they will not be

allowed into the Client's premises. After completion of activities, the Contractor is obliged to return all entrance identification cards. In case of loss, damage or non-return of the entrance identification card, the Contractor is obliged to pay compensation for the incurred damage in the amount of the purchase price for each entrance identification card;

- c) obliged to refrain from collecting any production-related data, both on data carriers and in writing;
  - d) obliged to comply with all applicable legal regulations (especially the Labor Code and safety regulations).
  - e) obliged to obey the instructions of Client's security personnel.
7. The Client shall take the necessary measures to protect persons and objects at the place of performance of the subject of this Contract. The Contractor's responsible employee is obliged to report to the security staff of the Client the breach of security rules or defects in the entry and security systems. In the event of a serious breach of the safety regulations by the Contractor's employee, the Client may refuse to continue to participate in the performance of this Contract and refuse access to its premises.
8. The Contractor acknowledges that smoking is prohibited throughout the Client's Production Plant II, with the exception of the designated smoking areas.
9. If the Contractor delivers any kind of chemical substances and preparations together with the device, the Contractor is obligated to provide the Client beforehand, but no later than on the delivery date of the device, with the copies of the given safety data sheets in Czech language.
10. The Contractor is entitled to perform this Contract or part thereof through its subcontractor(s). In the case that the Contractor uses a subcontractor within the meaning of the previous sentence,
- a) the Contractor remains responsible for fulfilment the subject of this Contract as if he performed it itself,
  - b) was obliged to submit to the Client (Contracting Authority) the List of subcontractors according to the Tender Documentation and under the conditions specified in 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 Contractor is obliged to notify such change to the Client without undue delay, but no later than within 10 working days of such change. The Contractor is entitled to change qualifying subcontractors only if the Contractor 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 Contractor 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 by the Client for specific fulfilled partial contract. In the event that the Client learns in a credible and demonstrable manner that the Contractor has failed to fulfil its obligations according to the first sentence of this letter. d), and the Contractor, despite prior written notice from the Client, continues to fail to fulfil these obligations or does not seek remedial action, the Client has the right to withdraw from this Contract under the conditions specified in Article XIV of this Contract.



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

11. The Contractor declares that the Contractor in the sense of:

- a) 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
- b) 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
- c) 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.

12. The Contractor 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.

13. As a person authorized to act in the name of or for the Contractor, hereby declare on my honour 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 Contractor 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.

14. As a person authorized to act in the name of or for the Contractor, hereby declare on my honour, that the Contractor does and shall not account for more than 10 % of contract value of this Contract, subcontractors, suppliers or entities, referred to in the paragraph 13 point. a) or b) or c) of this Article whose capacities are being relied on within the meaning of the public procurement legislation.

15. If, during the validity and effectiveness of this Contract, there should be non-compliance with the conditions specified in paragraph 11, 12, 13 or 14 of this Article, the Contractor undertakes to immediately once the Contractor finds out about the change of circumstances, inform the Client of this fact in writing.

### XIII. 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



Contract 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 (including subcontractors providing the connection of the Device to the Client's production system); 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. Non-public 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 Sb., 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.
- 11. The Contracting Parties are obliged to ensure the protection of information which one of the Contracting Parties designates as a trade secret within the meaning of Section 504 of the Civil Code. The Parties are obliged to secure information designated as a trade secret at least to the same extent as the non-public information defined in this Contract. Information designated by the Contracting Parties as a trade secret shall not be published in the Register of Contracts within the meaning of Article XVII paragraph 9 hereof. If the Contractor considers any information stated in this Contract to be its trade secret within the meaning of Section 504 of the Civil Code, it shall inform the Client at the latest before the publishing the Contract in the Register of contracts.

#### **XIV. DURATION OF THE CONTRACT**

- 1. This Contract comes into force on the day it is signed by both Parties and takes effect on day of its publication in the Register of Contracts.
- 2. This Contract is entered into for a definite period of time, namely for a period of 10 years from signature of the Protocol No. 3 pursuant Article VIII paragraph 8 hereof. In the event that a reserved change of the obligation pursuant to Article X paragraph 14 hereof is applied, the period of the Contract stated in previous sentence shall be prolonged for the requested extension period in accordance with Article X paragraph 14 point 14.1 and 14.2 hereof.
- 3. This Contract shall terminate
  - a) with the lapse of the period of time stated in the paragraph 2 of this Article;
  - b) by written agreement of the Contracting Parties;
  - c) by withdrawal from this Contract in the cases given in this Contract or in the event of a substantial breach by either Party;
  - d) by written notice of termination by either Party.
- 4. The Parties agree that they consider the following cases in particular to constitute a substantial breach hereof:

- a) the software development kit (SDK) was not handed over to the Client within 4 weeks after futile laps of the given period
  - b) the Device was not commissioned into operation and handed over to the Client within 2 months after futile lapse of the given period due to reasons attributable to the Contractor or the device does not fulfil the declared technical parameters;
  - c) a failure to meet the Technical specification of the Device stated in the Article II paragraph 1 and Annex No. 1 (1.a or 1.b) to this Contract;
  - d) the Device is supplied with defects that are not removable or defects, the removal of which would bring about excessive costs, or an unusual time required for their removal would be disproportionate to the Client's needs;
  - e) Contractor's statements referred to Article VI paragraph 9 hereof prove to be false;
  - f) the Contractor violates the obligation to notify the Client of the fact stated in the last sentence of the Article VI paragraph 9 hereof;
  - g) the Device does not meet the requirements of Article VIII paragraph 9 hereof, even after the expiration of the term stated in the previous written Client's request for remedy;
  - h) breach of obligation under Article XII paragraph 1 hereof;
  - i) breach of obligation under Article XII paragraph 10 point c) and d) hereof;
  - j) breach of the Contractor's obligations in Article XII paragraph 11 or 12 or 13 or 14 of this Contract or in Article XVII paragraph 7 or 8 of this Contract;
  - k) breach of Article XIII hereof which has not been remedied following a previous notice for correction;
  - l) Client is in delay with payment of a duly issued tax document (invoice) more than 1 month from its maturity.
5. The written notice of withdrawal from this 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 must be sent by registered mail.
  6. The Parties are entitled to terminate this Contract at any time, without stating any reason. This method of termination of the Contract can be used not before the expiry of a period of 3 years from signature of the Protocol No. 3 pursuant Article VIII Paragraph 8 of this Contract. 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.

#### **XV. LIBERATION REASONS**

1. The Contracting Party (hereinafter also referred to as "Tortfeasor") is released from the duty to provide compensation of any incurred harm, damages or loses only from the liberation reasons in the sense of § 2913 point 2 of the Civil Code.
2. For the purposes of this Contract, "liberation reasons" means an extraordinary, unforeseeable and insurmountable obstacle created independently of Tortfeasor 's will, which temporarily or permanently prevented from fulfilling Tortfeasor 's contractual duty. An obstacle arising from the Tortfeasor's personal circumstances or arising when the Tortfeasor was in default of performing his contractual duty, or an obstacle which the Tortfeasor was contractually required to overcome shall not release him from the duty to provide compensation.
3. If it is clear that as a result of the events referred to in paragraphs 2, the Tortfeasor will not be able to fulfil its obligations within the agreed period, then it shall without undue delay notify to the Other Contracting Party. The Contracting Parties shall, without undue delay, agree to resolve this situation and agree on the further procedure for the performance of this Contract.
4. If either party is unable to perform its contractual obligations by liberation reasons, 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 liberation reasons preventing performance and the defective condition persists.
5. If a case of liberation reasons arises, the party claiming liberation reasons shall provide the other party with documents relating to that case.
6. The Contracting Parties take into consideration that, for the existence of the liberation reasons, does not affect the arrangements for contractual penalties, i.e. the contractual obligation to pay the contractual penalty is not affected by liberation reasons.

#### **XVI. 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 Client's registered seat.
3. The application of the United Nations Convention on Contracts for the International Sale of Chips of 11 April 1980, known as the Vienna Convention, is excluded by this Contract.

#### **XVII. FINAL PROVISIONS**

1. The rights and obligations arising out of the present Contract may not be assigned to a third party without the consent of the other Contracting Party.

2. Subject to the conditions set out in paragraph 1 of this Article, the present contract shall be equally binding for the respective legal successors of the contracting parties.
3. The Contractor warrants to the Client that the device is not encumbered by third party rights.
4. 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. This provision shall not apply in the event of changes in the authorised representatives or contacts listed in the Contract, which may be addressed by means of an official letter and in the event according to Article XII paragraph 4 and Article X paragraph 14 hereof.
5. The Contracting Parties do not wish that any other rights and obligations, in addition to those expressly agreed under the Contract, should be derived from the existing or future practices established between the Contracting Parties or from general trade usage or from the usage applied in the field relating to the subject of performance hereof, unless expressly agreed otherwise herein. In addition to the provisions stated above, the Contracting Parties hereby confirm that they are not aware of any trading usage or practices established previously between them.
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 Contractor hereby declares that respects fundamental human rights and generally accepted ethical and moral standards in accordance with Universal Declaration of Human Rights (hereinafter also only „Rights“). In the case of the Client in a reliable and verifiable manner learns that the Contractor has violated or violate Rights, and the Contractor despite a prior written notice of the Client continues to violate generally accepted Rights or fails to remedy, the Client has the right to withdraw from this Contract pursuant to Article XIV.
8. The Contractor 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. In the event that the Client learns in a credible and demonstrable manner that the Contractor has failed to fulfil its obligations according to the first sentence of this paragraph, and the Contractor, despite prior written notice from the Client, continues to fail to fulfil these obligations or does not seek remedial action, the Client has the right to withdraw from this Contract under the conditions specified in Article XIV of 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 Client.
10. This contract is drawn up in electronic form, with both Contracting Parties receiving its electronic original with qualified electronic signatures of the responsible person and with a qualified electronic time stamp in accordance with REGULATION (EU) No 910/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC and Act No. 297/2016 Sb., on trust-creating services for electronic transactions, as

amended later regulations. In the event that this Contract is not drawn up in electronic form for any reason, it will be drawn up and signed in two copies, with each of the Contracting Parties receiving 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.a: Technical specification  
Annex No. 1.b: Detailed technical description of the Device in writing  
Annex No. 1.c: Detailed technical drawings of the Device  
Annex No. 2: List of documents and technical documentation  
Annex No. 3: Installation site drawing  
Annex No. 4: Time Schedule  
Annex No. 5: Protocol No. 1 (template)  
Annex No. 6: Protocol No. 2 (template)  
Annex No. 7: Protocol No. 3 (template)  
Annex No. 8: Maintenance form (template)  
Annex No. 9: List of spare parts and consumables  
Annex No. 10: Specification of SAT offline test and SAT in production system

In Prague, date \_\_\_\_\_

In Paderborn, date \_\_\_\_\_

For the Client:

For the Contractor:

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**Tomáš Hebelka, MSc**  
Chief Executive Officer  
Státní tiskárna cenin, s. p.

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**XXX**  
XXX  
Innovative Card Systems GmbH

In Paderborn, date \_\_\_\_\_

For the Contractor:

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**XXX**  
XXX  
Innovative Card Systems GmbH