



**TO BE RETURNED  
BACK TO STC II**

## GENERAL AGREEMENT

Buyer's registration No.39/2014

Seller's registration No. \_\_\_/2014

concluded pursuant to paragraph 409 et seq. of Act No. 513/1991 Coll., of the Commercial Code, as amended, and pursuant to paragraph 18, Item, 1, letter a) of Act No. 137/2006 Coll., on Public Contracts, as amended (hereinafter referred to as "Agreement" only).

### I.

#### CONTRACTING PARTIES

##### **STÁTNÍ TISKÁRNA CENIN, state enterprise**

registered office Prague 1, Růžová 6, building No. 943, postal code 110 00

Czech Republic

registered at the Commercial Registry maintained by the Municipal Court in Prague,

under section A LX, file No. 296, reference No. Ps 296/1

represented by: **PhDr. Olga Dudková, Economic Director,**

Charged with the performance position of General Director

Company ID No.: 00001279

VAT No.: CZ00001279

banking details: UniCredit Bank Czech Republic, a.s., Na Příkopě 858/20, 113 80 Prague 1

account number: 200210010/2700

IBAN account number: CZ44 2700 0000 0002 0021 0010

SWIFT code: BACX CZPP

(hereinafter referred to as the "Buyer" only)

##### Persons authorized to act on behalf of the Buyer

in contractual

and business matters:

**PhDr. Olga Dudková, Economic Director,**

Charged with the performance position of General Director

in technical issues:

[REDACTED]

and

##### **OVD KINEGRAM AG**

registered office Zählerweg 12, CH-6301 Zug, Switzerland

registered at Commercial Registry in Zug Switzerland under the number CH-

170.3.021.956-9

represented by: **Orlando Hirt, Managing Director**

**Christian Saxer, Head of Government Documents**

VAT No.: CHE-104.191.520 MWST

IBAN: [REDACTED]

SWIFT code: [REDACTED]

account number: [REDACTED]

(hereinafter referred to as the "Seller" or "OVDK")

##### Persons authorized to act on behalf of the Seller:

in contractual and business matters:

in technical issues:

[REDACTED]

(both parties together referred to as "Contracting parties")

ROZDĚLOVNÍK		Distribuční číslo 29.4.2014					
SGR	EŘ	ÚF	ÚA	ÚA	OR	ŘICT	
ÚUB	SEŘ	ÚCK	SVŘ	ÚPM	SOŘ	NDC	
ÚPK	ZÚ	HS	VVÚ	ÚTR	ÚMO		
EP	ÚVÚ	HS	ÚTPV	VZ II	POÚ		
BPT	PEÚ	ÚVZ	VZ III	PK Z			
ÚRJ							

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II.

**SUBJECT OF THIS AGREEMENT**

1. The subject of this Agreement is the obligation of the Seller to deliver to the Buyer foils equipped with diffraction safety element specified further below (hereinafter referred to as the "Element" only), manufactured according to a design and master hologram approved by the Buyer and according technical specifications described further below, and to transfer ownership rights relevant to the delivered goods (foils) over to the Buyer.
2. For the purpose of this Agreement a foil is understood as a plurality of Kinegram PCI applied on polycarbonate Sheets designed to manufacture plastic personal ID cards (hereinafter referred to only as "Sheet" only). One Sheet contains [REDACTED] positions of the Element design for personal ID cards (hereinafter referred to as "eOP card" only).
3. The Sheets will be manufactured according to the technical specifications, which conclusively describe the quality parameters of the Sheets including the Elements (hereinafter referred to only as the "Technical Specification"). The non-confidential and unprotected section of the Technical Specification including the position and orientation of the diffraction safety Element, registration marks on the Sheet and the Quality Management are included in Annex No. 1 of this Agreement.
4. The section of the Technical Specification containing confidential information as specified in Act No. 412/2005 Coll., describing confidential information protection and safety rules classified as "RESTRICTED" is available and stored at the Buyer's facility under reference No. [REDACTED] and will be provided to the Seller in accordance with this Act.
5. While this Agreement remains valid, the Seller is obligated to deliver to the Buyer Sheets based on requirements and needs of the Buyer and under conditions specified herein.
6. The Seller delivered to the Buyer 200 Sheets before the end of February 2014, which was used by the Buyer to perform tests and manufacture first eOP cards. Pricing and delivery requirements and provisions specified herein were analogically applied to the first sheet deliveries except for test requirements. The Buyer has approved these 200 Sheets on February 25<sup>th</sup> 2014. Limit samples as defined in the technical specification are made by OVDK and final agreed by the Seller and the Buyer.
7. The subject of this Agreement also obligates the Seller to provide the Buyer with the licenses within the extent specified in Article IV Item 2 of this Agreement.
8. The Buyer is obligated to accept Sheets delivered by the Seller pursuant to Article III, Item 6 of this Agreement or any ordered deliveries, and to pay for properly delivered Sheets the agreed price specified in Article IV of this Agreement.

III.

**DELIVERY TERMS - TIME AND PLACE OF PERFORMANCE**

1. The Seller is obligated to deliver to the Buyer Sheets according to the Buyer's needs - as individual deliveries based on written orders issued by the Buyer and within the agreed time schedules and quantities and under conditions specified in this Agreement, unless it is the first Sheets delivery which has been described in Item 6 of this Article.
2. The place of performance, respectively the place of delivery is [REDACTED], while observing applicable terms of delivery [REDACTED] (INCOTERMS 2010). Sheets may be delivered during business days between 6:00 and 14:00.

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3. Individual orders shall be sent by the Buyer via electronic mail to email address of the Seller [REDACTED] and at the same time, the original written order shall be sent via a licensed postal carrier to the address of the Seller.
4. Seller is obliged to confirm the order and send it to the Buyer via electronic mail to email address of the Buyer, i.e. [REDACTED] or [REDACTED] immediately after the relevant order was received but no later than within 3 business days after verification of the order details, e.g. quantity and delivery date. Should the Seller fail to confirm the order due to the fact that the order does not comply with requirements specified herein or other order details, the Seller is obligated to send an explanation note back to the Buyer within the same time period, and describe reasons why the order could not be accepted.

The Seller is required to supply the ordered quantity on the basis of the delivered Buyer's order, under the condition that this order was issued and complies with the terms of this Agreement.

5. Any order of the Buyer and the order confirmation of the Seller shall be exclusively subject to the terms and conditions of this Agreement even if no reference to this Agreement is made in any such order or order confirmation.
6. The Seller delivered to the Buyer 300,000 Elements (that is 20,000 Sheets) before March 21<sup>st</sup> 2014 as the first individual delivery of Sheets specified in this Agreement (hereinafter referred to only as "First Delivery"). The second and the following individual orders shall be carried out based on individual written orders issued by the Buyer and the order confirmation issued by the Seller in accordance with Item 4 of this Article no later than before 60 days following the delivery of the original written order to the Seller and the delivery of the order confirmation of the Seller to the Buyer as specified in Item 4 of this Article.
7. An individual order shall be considered delivered on the day when delivered at the place of delivery in accordance with Article III Item 2 of the present Article. At this moment the risk of damages relevant to the delivered Sheets shall be transferred from the Seller over to the Buyer. The Buyer is obligated to email back to the Seller confirmed delivery documents (packaging list) immediately after the Sheets are received. Confirmed delivery documents shall be sent to email address [REDACTED] no later than within 5 days following the delivery.

8. Sheet delivery and acceptance requirements are specified in Article VI of this Agreement.

9. The Seller must attach the following documents to each individual delivery:

- 3 sets of delivery documents
- Air Waybill
- EUR1 document
- invoice (proforma)

Delivery documents issued by the Seller, which must be attached to each individual delivery, must contain the following information:

- information clearly describing both Contracting parties including applicable identification information
- delivery document number and date of issue;
- type of fulfilment/delivery;
- number of Sheets;
- list of containers information as required by Article VI, Item 3 of this Agreement;
- place and date of delivery and acceptance
- signature of authorized employee of the Seller.

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10. The Buyer shall acquire ownership rights relevant to the delivered Sheets upon full payment of the purchase price to the Seller.
11. Sheets must be suitably packed to ensure protection during transportation and to ensure proper storage at the Buyer's facility. Detail packaging requirements are specified under Annex No. 1 "Technical Specification".

#### **IV. PURCHASE PRICE**

1. Element purchase price has been established based on offer issued by the Seller on November 21<sup>st</sup> 2013. Element purchase price is final and contains all cost of the Seller necessary to successfully complete subject of this Agreement that is, the price includes packaging as well and throw-away package as well, exception the transportation cost and insurance specified in Item 3 of this Article.

The purchase price is fixed for 5 years, for any orders of the Buyer, received by the Seller until 31/12/2019 and includes also all cost of the Seller necessary to create graphic design of the safety Element and the master hologram.

After elapse of 5 years, the Seller is entitled to increase the price of the Element, or more precisely the Sheet, by the year-on-year inflation rate expressed as the increase in the "Economic Swiss Country" index for the calendar year announced annually at [www.bfs.admin.ch](http://www.bfs.admin.ch), but by a maximum of 2 %; the increase in price cannot be cumulatively added up over several years. The Seller must increase the price as of the first day of the month following announcement of the inflation index for the closed calendar year, during which time it may increase the price for the first time in 2020 by the inflation rate for 2019 compared to inflation in 2018.

Element unit price has been established at CHF [REDACTED] without VAT per Element.

Sheet unit price has been established at CHF [REDACTED] without VAT (includes 15 Elements, Application and the Polycarbonate Material).

Invoiced purchase price for each individual delivery must correspond with the relevant Sheet unit price multiplied by the number of delivered Sheets.  
All prices are defined as EX WORKS Seller's site in Zug/Switzerland according INCOTERMS 2010

2. Any licence necessary for use of the Sheets and the Elements by the Buyer for manufacture of the eOP cards is implied in the purchase price of the Sheets and the Elements according to Item 1 of this Article and does not require obtaining additional licences or paying licence fees to the Seller.
3. Price for safe shipping of Sheets to the place of performance according to Article III, Item 2 of this Agreement according Article XI Item 6 and insurance shall be calculated by the Seller separately for each delivery and will be listed on the invoice for each partial delivery. The Buyer is entitled to inspect safety precautions applied to each shipment.

#### **V. INVOICING AND PAYMENT TERMS**

1. The Seller is entitled to issue an invoice for the delivery of the ordered quantity of (individual order) within 5 working days after the relevant individual delivery is completed in accordance with Article III Item 7 of this Agreement (date of taxable fulfilment).

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Together with the invoice, the Seller shall send to the Buyer a copy of a confirmed delivery document. The delivery terms according Article III, Item 2 of this Agreement will be marked in the invoice.

2. Invoice for the delivery of the agreed number of Sheets delivered to the Buyer for the purpose of testing and manufacturing test eOP cards according to Article II Item 6 shall be issued by the Seller and sent to the Buyer on the next following day after the relevant individual delivery.
3. Price for safe transportation and insurance as specified in Article IV, Item 3 of this Agreement shall be paid by the Buyer. Before the shipment, the Seller informs the Buyer about the transportation costs in order to get a confirmation from the Buyer.
4. Properly issued invoice, complying with all requirements shall be paid within 30 days following the receipt of the invoice by the Buyer. The Seller is obligated to deliver the invoice to the address of the Buyer specified in Article I of this Agreement.
5. The Buyer shall pay for the invoice by crediting the relevant amount to the account number of the Seller specified on the invoice. The invoice must contain Buyer's registration No. and all other information required by applicable laws.
6. The Buyer may return the invoice during the invoice payable and due period if:
  - the invoice contains incorrect price,
  - the invoice contains incorrect or incomplete information necessary for properly issued invoice.In such scenario, the payable and due period shall be terminated and a new due period shall begin on the day when the new or corrected invoice is delivered back to the Buyer.

## VI.

### SHEETS HANDOVER AND ACCEPTANCE PROCESS – AQL TESTS

1. Sheets shall be delivered by the Seller to the Buyer at the place of delivery according to Article III Item 2 using air shipping. The Seller shall request the Buyer to accept the delivery in written form no later than 2 weeks before the scheduled delivery date by sending an email message to authorized employees of the Buyer represented by [REDACTED], [REDACTED], [REDACTED], [REDACTED] and [REDACTED] and specify the day and hour when the relevant Sheets will be delivered to the established place of delivery. At least 5 business days in advance, the Seller shall provide the Buyer with the [REDACTED], name of the shipper an exact arrival time at the agreed place of delivery. The Seller shall send copies of documents necessary for Customs proceedings (delivery documents, packaging bill, air waybill, EUR 1 document and proforma invoice) to email addresses specified above one business working day before the actual delivery.
2. Handover and acceptance of individual deliveries as set forth herein shall be done at the agreed time and place, as specified in Article III, Item 2 of this Agreement.
3. Each shipment shall be packed in containers. Packing quantities and container specifications and handlings are defined under Annex No. 1 "Technical Specification".
4. Authorized employees of the Buyer shall accept the individual sheet delivery during the established delivery date as specified in Item 1 of this Article. During the handover process these employees shall inspect the integrity of individual packages/containers and seals and confirm status by signing the relevant delivery document.

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5. Defects apparent during the handover process (in particular damaged seals or damaged packaging) must be reported by the Buyer to the Seller without any undue delay. Furthermore the Buyer shall state in the shipping documents of the shipping company that a damage is suspected or noticed and the extent of such damage.
6. Hidden defects not apparent during handover process shall be notified to the Seller immediately after their discovery. In such scenario, the Seller is obligated to deliver a replacement order free of any defects during an additional delivery time of 30 days following the issuance of a written statement describing the defect discovered by the Buyer. A replacement delivery shall be shipped at the Seller's own expense. Necessary defect protocol shall be produced and signed by authorized representative of the Buyer which shall be attached with photographs demonstrating the relevant defects.
7. Sheet acceptance processes are defined under Annex No. 1 "Technical Specification".
8. Should defects be discovered in one delivery due to the test method defined under Annex No 1 "Technical Specification", the Buyer is entitled to return the entire delivery which exceeded limits allowed by the test method defined under Annex No. 1 "Technical Specification", back to the Seller. The Buyer is entitled to require delivery of additional Sheets free of any defects equal to the number of returned Sheets within a time period of 30 working days following the day when the written claim was submitted and the technical reason for the claim has been accepted by the Seller.

Defect in the sense of this Agreement shall mean any non-compliance of the Sheets with the quality parameters provided conclusively in the Technical Specification as provided in Article II Item 3 and 4.

9. Cost for a justified defect claim, in particular cost relevant to the delivery of replacement shipment, shall be paid by the Seller.

## VII.

### LIABILITY FOR DEFECTS, QUALITY GUARANTEE AND CLAIM REQUIREMENTS

1. The Seller is obligated to fulfil the subject of this Agreement properly, in particular, observe the Technical Specification specified in **Annex No. 1** of this Agreement, and to deliver the required volumes specified in Article III, Item 6 of this Agreement, or to deliver volumes ordered by the Buyer based on individual orders.
2. During the First Delivery according to Article III Item 6 of this Agreement, both Contracting parties approved Sheet samples (hereinafter referred to only as "**Approved Sample**") for a Defect catalogue which will be used as the basis for evaluation of possible claim. The Defect catalogue will elaborate the Seller and then it will be agreed by both Contracting Parties. The Defect catalogue will be elaborate in two copies by 30 April 2014, one copy will receive the Buyer, and one will be kept by the Seller. Both Contracting parties are obligated to notify each other about any discovery of defects. If a new defect not described in the Defect catalogue is discovered, new Approved Samples shall be taken in agreement between the Contracting Parties and added to the catalogue and will be used to evaluate future deliveries (Quality tests defined under Annex No. 1). The Seller's quality warranty shall apply for the first time to all deliveries starting from the mutual agreement respectively determination of the Approved Samples.

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3. Quality warranty period covers the supplied Sheet as long the sheet is not laminated. This period is 12 months and shall start on the day of the acceptance of the relevant delivery according to Article VI Item 2 of this Agreement. The Seller warrants visibility and functionality of the diffraction safety Element on the Sheet applied to eOP card for 2 years following the card production, but maximum 2 years after the date of shipment.
  4. The Seller's quality warranty applies provided that applicable technological and storage conditions specified in the Technical Specification provided in Annex No.1 of this Agreement have been complied with. In particular it is a condition precedent for the Seller's quality warranty, that the Sheet is applied to the substrate within the max. storage period as provided in the Technical Specification.
  5. Based on the characteristics and type of the Sheets, the Buyer may only inspect the number of delivered Sheets during the actual manufacturing process. Due to this reason, the Buyer is allowed to claim incorrect number of sheets delivered under individual orders at the time when the relevant order is processed.
  6. The Buyer is entitled to claim defects of the subject of this Agreement at any time during the warranty period, provided that requirements specified in Item 4 of this Article have been observed, including the right of the Buyer to claim quality defects of the safety Element even if already laminated and applied in eOP plastic cards in the sense of Item 7, 8 of this Article. Defect claims will be settled by delivering new defect-free Sheets or possibly by financial compensation, whatever the Buyer prefers.
  7. The Buyer is entitled to claim quality defects of the safety element even if already laminated and applied on eOP plastic cards. Claim submitted according to this Article shall be processed collectively once within 6 months based on a written note of the Buyer. Nevertheless, the Buyer is, after detecting a quality defect, obliged to inform immediately the Seller, in order to avoid any further production or shipments having the same quality defects. Deadline to satisfy and process claims has been established at 30 calendar days and shall begin on the day when the Buyer submits the claim. The Seller is allowed to perform analysis of the claimed Elements but he may do so only at the facility of the Buyer due to existence of personal data on the relevant eOP card. In such scenario, defects of the Elements will be settled by delivering new defect-free Elements or possibly through a financial compensation, whatever the Buyer prefers.
  8. Should Sheet or Element defects be discovered after the eOP card is manufactured, the Buyer is entitled (in addition to rights specified above) to claim reimbursement for manufacturing cost spent by the Buyer to manufacture 1 eOP card and he may do so in the following way:
    - a) the Seller shall reimburse the Buyer for direct manufacturing cost spent to manufacture the body of the card in the amount of [REDACTED] CHF for one eOP card with a chip or in the amount of [REDACTED] CHF for one eOP card without a chip, provided that the card was not personalized (no personal information on it) at the time when the defect was discovered or
    - b) the Seller shall reimburse the Buyer for direct manufacturing cost spent to manufacture the body of the card in the amount of [REDACTED] CHF for one eOP card with a chip or in the amount of [REDACTED] CHF for one eOP card without a chip, provided that the card was already personalized (personal information already on the card) at the time when defect was discovered.
- The foregoing reimbursement shall be the sole remedy for the Buyer for Foil defects be discovered after the eOP card is manufactured and any and all further claims of the Buyer against the Seller shall be excluded.
9. All costs in connection with a justified claim and in connection with the delivery of missing or replacement Sheets shall be paid by the Seller.

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### VIII.

#### CONTRACTUAL PENALTIES AND LATE INTEREST FEE

1. Should the Seller be late with the delivery of Sheets according to time schedules specified in Article III of this Agreement, the Seller shall pay to the Buyer a contractual penalty equal to 0.25% for each commenced day of delay, up to a maximum amount of 20%, of the price of the late delivery. Payment for contractual penalty has no effect on the Seller obligation to fulfil requirements and commitments specified in this Agreement.
2. Should the Seller be late with the delivery of replacement Sheets as specified in Article VI, Item 6 or 8 of this Agreement, or in Article VII Item 7 of this Agreement, the Seller shall pay to the Buyer a contractual penalty equal to 0.25% for each commenced day of delay, up to a maximum amount of 20%, of the price of the undelivered Sheets of delay.
3. Should the Buyer be late with his payment for the delivered goods/subject of this Agreement as specified in Article V of this Agreement, the Buyer shall pay to the Seller an interest on late payment in the amount of 0.25 % of the due amount for each commenced day of delay.
4. Before claiming right to issue a contractual penalty, late interest fee or reimbursement for damage, both Contracting parties are obligated to notify and request the other party in written form to provide an explanation.
5. The Seller is obliged to pay contractual penalty specified in Item 1 and 2 of this Article within 30 days following the delivery of the invoice issued by the Buyer. The Buyer is obliged to pay interest on late payment specified in Item 3 of this Article within 30 days following the delivery of the relevant invoice issued by the Seller.
6. Payment for contractual penalty issued under this Agreement does not affect the right of the Buyer to receive reimbursement for damages exceeding the amount of the issued contractual penalty, however penalties paid by the Seller shall be set off against any payment of the Seller for reimbursement for damages such as, but without limitation, reimbursement according to Article VII Item 8 of this Agreement.
7. The Buyer may set off contractual penalties against the purchase price invoiced by the Seller.

### IX.

#### DAMAGE REIMBURSEMENT AND CIRCUMSTANCES OF FORCE MAJEURE EXCLUDING LIABILITIES

1. Both of the Contracting parties is liable for inflicted damages occurred to the other party due to a failure of the relevant party to observe binding regulations or requirements and conditions specified in present Agreement. Both Contracting parties are obligated to exercise their best efforts to eliminate or prevent occurrence of damages.
2. No Contracting party shall be liable for damages occurred due to incorrect initial tasks or requirements received from the other party.
3. Any liability of the Contracting parties under this Agreement for damages occurred to the relevant other party for which they are responsible, under any legal theory including copyright and intellectual property issues, shall be limited per each 12 months period starting from the Effective Date (as defined in Article XV Item 7 of this Agreement) to a maximum amount corresponding to the purchase price of the Foil deliveries invoiced by the Seller to the Buyer in the respective 12 months period. The Contracting parties agree that the actual maximum amount of each 12 months period cannot be finally determined

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until the respective 12 months period has been closed. Thereafter final settlement shall be carried out by the parties without any delay.

In any case the Contracting parties shall not be liable for indirect damages, consequential damages, loss of profit, loss of production, interruption of business or loss of data or information. The foregoing limitations shall not apply in case, where a legally binding liability exists under mandatory law, in case of wilful misconduct or gross negligence of that party, or in case of personal injury or death.

Insofar as a Contracting party's liability according to this Article is excluded or restricted, this shall also apply to the personal liability of that party's employees, personal, staff and other agents.

4. No Contracting party shall be liable for a failure to fulfil contractual obligations ensuing from this Agreement, provided that such failure occurred due to the existence of circumstances of Force Majeure.
5. Both Contracting parties are obligated to notify the other party in writing and without any undue delays about the occurrence of any circumstances of Force Majeure excluding liabilities and preventing the party from fulfilling its contractual obligations.
6. Circumstances of Force Majeure are considered events or obstacles which occurred independently of the will of the obligated Contracting party and which prevent the party from fulfilling its contractual obligations, provided that it could be reasonably assumed that the obligated party could not foresee or divert the relevant event or obstacle and also that the party could not estimate the occurrence of such event or obstacle at the time when the contractual obligation came into existence. Circumstances of Force Majeure are considered such as, fires, floods, embargoes, acts of sabotage, riots, civil disorders, mandatory compliance with a governmental act, regulation.
7. An event or obstacle which came into existence after the party at fault was already in delay, or if such event is based on poor business performance of the party, does not exonerate the party from the relevant responsibility.
8. The rule excluding liability shall remain valid only while the relevant event or obstacle lasts.
9. In such scenario, the obligated Contracting party shall notify the other party about the nature of the event or obstacle, which prevents the obligated party from fulfilling its contractual obligations, as well as about consequences due to the existence of such event or obstacle. This notification must be done in writing and without any undue delays after the obligated Contracting party learned about the relevant event or obstacle or when the obligated party may have learned about such event or obstacle while exercising all due care. Immediately after the event or obstacle ceases to exist the obligated party shall resume fulfilment of its contractual responsibilities towards the other party and shall apply all efforts to compensate performance of the Agreement for the time delay which occurred due to the existence of the event or obstacle.
10. Should the event or obstacle of Force Majeure specified in Item 6 of this Article not cease to exist within 14 days following its occurrence, both Contracting parties shall meet and discuss further proceedings necessary to fulfil the subject of this Agreement.

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X.

**COPYRIGHT ISSUES AND EXCLUSIVE UNLIMITED LICENSE**

1. The Seller is the author of the design of the Element created as the master hologram pursuant to Act No. 121/2000 Coll., the Copyright Act, as amended and valid as of 31 December 2013, based on Buyer's requirements and the Buyer approved the final version of the master hologram on 8 January, 2013 (hereinafter referred to as the "**Master Hologram**" only).
2. Both Contracting parties agree that the copyright issues including the right to use the design and the Master Hologram shall follow the rules described further in this Article. Licenses provided by the Seller shall be legally acquired by the Buyer when this Agreement is signed. For the use of the Sheets supplied by the Seller the Buyer does not need to obtain additional licences or paying licence fees for the use.
3. The Seller states and guarantees that the design of the Element in the form of the Master Hologram does not interfere with, or violate rights of third parties, in particular, does not infringe copyrights, trademarks protection rights, patent rights or other property rights applicable to the design or to the Master Hologram. Further, the Seller states that these rights were not provided without consent and approval of the relevant entities or authors. The Seller is aware about the fact that he is fully and legally liable for consequences due to failure to observe this statement.
4. The Seller is hereby giving to the Buyer the exclusive right to purchase of the Sheets with the Elements from the Seller, use them for production of eOP cards and supply to end customer and the Seller herewith confirms not to sell or supply the Sheets with the Elements to any third party without the prior written consent of the Buyer.
5. Further, the Seller states that no prior exclusive or nonexclusive licenses in terms of the design and the Master Hologram were given to the Third party.
6. The Seller hereby states and guarantees that he will properly store and archive at its site the manufactured Master Hologram which is its property for 5 years following the end of this Agreement, unless both Contracting parties agree otherwise. After this time period expires the Seller is allowed to destroy the Master Hologram at his own cost and document this action on the relevant protocol, provided that the Buyer issued a confirmation allowing the Seller to destroy the Master Hologram.

XI.

**RIGHTS AND OBLIGATIONS OF BOTH CONTRACTING PARTIES**

1. Both Contracting parties are obligated to cooperate between each other and to provide all cooperation necessary for successful fulfilment of this Agreement and to inform each other about any issues which are or may be important for the fulfilment of this Agreement.
2. While fulfilling this Agreement, the Seller is obligated to proceed with professional and due care and to observe reasonable instructions of the Buyer. At the same time, the Seller is obligated to notify the Buyer about any incorrect or unsuitable instructions which could damage rights of the Buyer.
3. The Seller is allowed to use for the fulfilment of this Agreement services provided by third parties only with a prior consent of the Buyer.
4. During the fulfilment of this Agreement the Seller is obligated to carry a damage liability insurance policy/contract covering damages occurred to third parties up to at least CHF 5,000,000.00.

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5. By signing this Agreement both Contracting parties declare that they are allowed to learn and handle confidential information pursuant to Act No. 412/2005 Coll., describing protection of confidential information and other safety issues, as amended, or information classified as "RESTRICTED". With regard to the protection of information, which are kept in secret at the Buyer and/or the Seller and protection of confidential information both Contracting parties are obligated with the „nondisclosure agreement“ from 14.5.2013, registered by the Buyer under Nr. 19/2013.

The Seller fulfils requirements for learning and handling confidential information at the "SECRET" level. The Seller presented to the Buyer a valid certificate of security clearance.

6. The Seller is obligated to follow the instructions of the security transport during the transport of the subject to the place of delivery, laid down in the document "Procedure for the transportation of performance", which is stored at the Buyer's facility under reference [REDACTED] and classified as "RESTRICTED" in accordance with Act No. 412/2005 Coll., describing confidential information protection and safety rules. This document will be provided to the Seller in accordance with this Act.
7. In the case that it will not be possible to hand the confidential information to the Seller in the security level "RESTRICTED" according to Article II Item 4, Article XI Item 5 and 6 of this Agreement, the Buyer explicitly draws Seller's attention to the fact that the part of Technical Specification registered with the Buyer under Ref. No. [REDACTED] and the document "Procedure for the transportation of performance" registered with the Buyer under Ref. No. [REDACTED] are classified with the security level "RESTRICTED" according to the Czech law about protection of classified information and about security eligibility (412/2005 Sb.). As applicable the Seller as a certified supplier of optical security elements will provide the level of protection to the listed classified documents which corresponds to the security level for documents marked with "INTERN" according to the Swiss law (510.411 - Informationsschutzverordnung, ISchV) about protection of classified information and Seller shall work with these classified annexes on a "need-to-know" base only.
8. Upon request of the Seller the Buyer is obligated to allow the Seller to enter the eOP card production facilities, where the Sheets are processed and also upon the Buyer's request the Seller is obligated to allow the Buyer to enter the production facilities where Sheets are manufactured so the Buyer may examine the following:
- the final tuning of the Sheet processing method,
  - Sheet defect claim process,
  - to evaluate other factors or aspects that might affect the quality of the final product - the eOP card.

The Buyer and the Seller may limit the access to their production facilities in such moments when other high security products or secret products are in operation.

## XII.

### GOVERNING LAW AND DISPUTE RESOLUTION

1. Situations not explicitly specified in this Agreement and relevant rights and obligations of both contracting parties shall be subject to applicable Czech laws, in particular to Act No. 513/1991 of the Commercial Code, as amended and to Act No. 121/2000 Coll., the Copyright Act, as amended and to other relevant legal regulations, because negotiations between both Contracting parties and which led to the conclusion of this Agreement began before 31 December 2013 and accordingly the Czech law as amended shall apply in the version valid until 31 December 2013.
2. Both Contracting parties are obligated to solve any dispute arising from this Agreement in amicable way and through negotiations. Should no agreement be reached, either

*[Handwritten signatures and initials]*



Contracting party is allowed to forward the relevant dispute to the applicable court of law whereas both Contracting parties agreed that the dispute shall be solved through the use of Czech jurisdiction. In this connection both parties agreed that any dispute arising from this Agreement shall be solved by applicable local court of law having the jurisdiction in the location of the Buyer. According to agreement of Contractual parties, any dispute shall be subject to applicable Czech laws as amended in the version valid until 31 December 2013.

### **XIII.** **AGREEMENT DURATION AND TERMINATION**

1. This Agreement is concluded for a definite time period ending on 31 December 2023. Expiration or termination of this Agreement shall not have any influence on orders placed under this Agreement and delivered to and confirmed by the Seller prior to the expiration or termination of this Agreement. These individual orders shall be confirmed by the Seller and fulfilled/delivered according to requirements specified in this Agreement or in the relevant individual order.
2. This Agreement may be terminated through a written agreement between both Contracting parties.
3. Both Contracting parties are allowed to withdraw from this Agreement if the other Contracting party seriously violates material provisions of this Agreement (hereinafter referred to as the "**Violating Party**" only) and if such violation is not cured - as required in a written request sent by the other party - within an additional 10 business days following the receipt of such request or within such other reasonable period of time as agreed between the parties. Withdrawal must be done in written form and addressed to the Violating Party and must be sent without any undue delay, immediately after the other party learned about the existence of the reason for the withdrawal. Withdrawal from this Agreement does not terminate the contractual relation from the beginning of this Agreement or mutual fulfilments already completed before the withdrawal. Completed fulfilments shall remain in the possession of both parties.
4. For the purpose of this Agreement both Contracting parties agreed that pursuant to paragraph 345, Item 2 of the Commercial Code, a serious violation of this Agreement includes the following:
  - a) if delivered Sheets repeatedly fail to comply with material quality parameters of the established Technical specification (see Annex No.1 of this Agreement);
  - b) if the Seller is repeatedly late with his deliveries of Sheets as required in the Article III of this Agreement more than 15 days.
  - c) if the amount of defective Sheets in the relevant delivery is repeatedly higher than 50 % (regardless of the fact when the Buyer discovered these defects)
  - d) if the Buyer is repeatedly late with the payment for issued invoices for more than 30 days.

Other violations shall be not considered as serious violations of this Agreement. For the purpose of this Agreement, repeated violations are violations which occurred more than 3 times within any 12-months period starting from the relevant violation.



5. The withdrawal shall take legal effect when the written withdrawal note is delivered to the other Contracting party with written confirmation of receipt by the receiving party. Withdrawing from this Agreement does not affect the right to receive reimbursement for damages occurred due to violation of this Agreement, due to a breach of the relevant law or due to a failure to pay for contractual penalty. Unless both Contracting parties agreed otherwise, withdrawal shall not affect orders placed under this Agreement and already delivered to and confirmed by the Seller prior to the withdrawal.
6. In case of a withdrawal, both Contracting parties shall produce accounting breakdown including individual completed fulfilments and receivables/obligations and shall settle these issues within 2 months following the withdrawal.
7. Despite any other provision of this Agreement, the following Articles shall survive the expiration or termination of this Agreement: Article VII, Article IX, Article X, Article XI Item 5, Article XII.

**XIV.**  
**CLOSING AND JOINT PROVISIONS**

1. The Seller guarantees that the subject of the fulfilment specified herein is not burdened with rights of third parties.
2. Rights and responsibilities ensuing from this Agreement cannot be transferred over to a third party without written consent of the other Contracting party.
3. Rights and obligations ensuing from this Agreement may be transferred over to legal successors of each Contracting party.
4. This Agreement may be modified or supplemented only through written and sequentially numbered annexes, following approval of both Contracting parties and signed by representatives of both Contracting parties.
5. Any general conditions of business of the Contracting parties are hereby excluded in the execution of this Agreement.
6. This Agreement is produced in English language in three copies each having the same validity as the original, of which, the Buyer shall receive two copies and the Seller one copy.
7. This Agreement will be used also for the modification of the contractual relationship established by written order of the Buyer from January 10, 2014, order No: 03/140065/2014, confirmed by the Seller also on January 10, 2014 and supersedes all arrangements of the parties made before the effective date of this Agreement.
8. This Agreement takes legal effect and force at the date when signed by authorized representatives of both Contracting parties.



9. The following Annexes forms an integrated part of this Agreement:

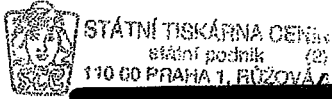
- o Annex No. 1: Technical Specification

In Prague on *17/04/2014*

In *Zug* on *24/04/2014*

On behalf of the Buyer:

On behalf of the Seller:



*[Redacted]*  
**PhDr. Olga Dudková**  
Economic Director,  
Charged with the performance position  
of General Director



**Orlando Hirt**  
Managing Director

OVD Kinegram AG  
Zählerweg 12  
CH-6301 Zug  
Tel. 041 700 11 00



**Christian Saxer**  
Head Government Documents

*[Faint, illegible text]*

*[Handwritten signature]*