

CONTRACT ON PROVISION OF ISO 14298:2013 CERTIFICATION RELATED SERVICES

Executed pursuant to § 2652 to 2661 of Act no 89/2012 Coll, the Civil Code, as amended (hereinafter "CC") and in keeping with § 27 of Act no 134/2016 Coll., on Public Procurement, as amended (hereinafter "PPA")

Kept on file at the Customer under Ref. No. 145/2018

Kept on file with the Auditor under ref.
(hereinafter referred to as this "Contract")

by and between:

Client: **STÁTNÍ TISKÁRNA CENIN, státní podnik**
[STATE VALUABLES PRINTING HOUSE, state establishment]
with headquarters at Prague 1, Růžová 6/ 943, post code 110 00
entered in the Commercial Register maintained by the Municipal Court
in Prague, Section ALX, Insert 296, File no AXL 296
Acting through: **Tomáš Hebelka, MSc, CEO**
Business ID: 00001279
Tax ID: CZ00001279
Bank details: UniCredit Bank Czech Republic and Slovakia,
a.s.
Account number: 200210010/2700
IBAN: CZ44 2700 0000 0002 0021 0010
SWIFT (BIC): BACX CZPP

(hereinafter the "**Client**")

Auditor: **VPGI Certification B.V.**
With its registered office at Santiagosingel 26, 2548 HM, The Hague,
The Netherlands
Registered in The Netherlands maintained by Dutch Chamber of
Commerce, KvK number 63794780
Acting through: Marc Been, Managing Director
Business ID (RSIN): 855405296
Bank details: XXX
Account number: XXX
IBAN: XXX
SWIFT (BIC): XXX

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

(hereinafter together the "**(Contracting) Parties**")

Representatives authorised to act in contractual and economic matters:

For the Client: **Tomáš Hebelka, MSc, CEO**

For the Auditor: **XXX, XXX**

Representatives authorised to act in material and technical matters:

For the Client: **XXX, XXX**

For the Auditor: **XXX, XXX**

I.

SUBJECT OF THE CONTRACT

1. This Contract is executed on the basis of the result of a small-scale public tender titled **“Selection of Certification Authority for ISO 14298:2013 MANAGEMENT OF SECURITY PRINTING PROCESSES – GOVERNMENTAL LEVEL”**, with an Auditor meeting all tender conditions whose bid has been selected as the best from the economic point of view. This Contract is further based on the Auditor’s bid of 22 August 2018, the content of which is known to the Parties (hereinafter the **“Bid”**).
 2. The subject hereof is the commitment of the Auditor **to perform audit within the following scope:**
 - a) AUDIT STAGE 1, i.e. preparation for certification audit for the purpose of assurance of compliance with the valuables production process management system (governmental level) of the Client with the requirements of ISO 14298:2013 to obtain ISO 14298:2013 certification for MANAGEMENT OF SECURITY PRINTING PROCESSES – GOVERNMENTAL LEVEL (G), consisting of the following activities:
 - i. Methodological inspection of the facility and Client documentation;
 - ii. Submission of a written report on the found level of compliance of the current valuables production process management system with the requirements of ISO 14298:2013 standard with recommendations of potential required remedial measures for achievement of an acceptable level of compliance with these requirements;
 - b) AUDIT STAGE 2, i.e. Performance of a certification audit for the purpose of assurance of compliance with the valuables production process management system (governmental level) of the Client with the requirements of ISO 14298:2013 to obtain ISO 14298:2013 certification for MANAGEMENT OF SECURITY PRINTING PROCESSES – GOVERNMENTAL LEVEL (G), consisting of the following activities:
 - i. Performance of a certification audit;
 - ii. Performance of 2 follow-up audits for the purpose of comparison of the current status of the valuables production process management system with the requirements of ISO 14298:2013 standard;
 - iii. Evaluation of the activities performed pursuant to bullet point i. and ii. letter b) above herein and submission all necessary documents to the holder of the INTERGRAF certification mark which will be the basis for preparation and submission of an audit report on the found level of compliance of the valuables production process management system with the requirements of ISO 14298:2013 standard which will be issued by the holder of the INTERGRAF certification mark, including issue of a certificates with **3-year** validity period and its registration in the case of successful completion of the certification audit by the holder of the certification mark;
- (AUDIT STAGE 1 and AUDIT STAGE 2, hereinafter also together as **“Activity”**).

3. The particular requirements of the Client for the scope of AUDIT STAGE 1 pursuant to letter a) section 2 above herein and further details or changes in the Activity provision shall be specified by the Client in written requirements delivered by the authorised representative of the Client for acting in material and technical matters to the email address of the Auditor office@vpgi.nl. The Auditor shall be liable to confirm to the Client the requirement receipt to the email address of the Client [XXX](#) in 7 days from the Client requirement receipt.
4. The Auditor shall prepare the document pursuant to bullet point ii. letter a) section 2 above herein, i.e. the written report, in the English language and shall submit it for the Client in the printed as well as the electronic format. The holder of the INTERGRAF certification mark shall hand over the audit report within the meaning of bullet point iii. letter b) section 2 above herein to the Client in the form of the encrypted file. The Client requires issuance of 1 counterpart of Certificate for each production plant pursuant to Art. II section 2 herein.
5. The Client shall be entitled to request the Auditor's presentation of the written report pursuant to Art. I. section 2 letter a) bullet point ii. hereof, its extension or more detailed clarification of the Auditor's activity results in the form, scope and within the deadlines agreed between the Parties. The Parties shall be liable to confirm the takeover of the written report by Takeover Protocol signed by both Contracting Parties.
6. In the case of the Client's reservations concerning quality or the scope of the activity pursuant to Art. I section 2 letter a) above herein the Client shall be entitled to return the written report pursuant to Art. I section 2 letter a) bullet point ii. above herein to the Auditor for the purpose of the defect remedy. The Auditor shall be liable to agree the remedy with the Client in 3 (in words: three) business days from the reservation notification, unless otherwise agreed between the Contracting Parties.
7. The Auditor hereby claims to be competent to perform the subject hereof within its full scope, especially to hold the relevant trade certificates covering the whole subject of the Auditor's performance pursuant hereto. The Auditor further agrees to perform the subject hereof in compliance with all applicable valid and effective legislation.
8. The Auditor is responsible for the quality of the performed Activities pursuant to the applicable legislation relevant for the subject hereof.
9. If the output of the supply pursuant hereto includes any documents of the nature of authorial work directly related to the subject hereof and compiled in the course of the effectiveness period hereof in direct relation to the implementation hereof then the Auditor hereby grants to the Client an exclusive and non-transferable licence for unlimited use of those documents by the moment of their provision to the Client. The licence fees are included in the remuneration pursuant to Art. III below herein.
10. The Client hereby agrees to provide to the Auditor the necessary assistance, at least in the contracted scope, and pay the agreed remuneration to the Auditor for its duly and timely performed services in the amount and in the manner pursuant to Art. III below herein.

II.

AUDIT PLAN AND SCHEDULE

1. The **schedule** of fulfilment of contractual liabilities of the Contracting Parties in the Activity implementation and **performance of the certification and the follow-up audits** are specified in Annex 1 hereto forming an integral part hereof. The detailed schedule respects the Client required basic milestones of the Activity implementation:

- a) Methodological inspection of the Client's facility including the relevant written report
October 2018
 - b) Certification audit of manufacturing plant I including the relevant written report
December 2018
 - c) Follow-up audit of manufacturing plant I in the course of year 2 of the certificate validity and certification audits of manufacturing plants II and III
December 2019
 - d) Follow-up audit of manufacturing plant I in the course of year 3 of the certificate validity and follow-up audits of manufacturing plants II and III in year 2 of their respective certificate
December 2020
 - e) Follow-up audit of manufacturing plants II and III in year 3 of their respective certificate validity
December 2021
2. Client facilities where the certification audit will be implemented include:
 - Production Plant I – Růžová 6/943, 110 00 Prague 1, Czech Republic.
 - Production Plant II – za Viaduktem 8, 170 00 Prague 7, Czech Republic.
 - Production Plant III – Na Vápence 14/915, 130 00 Prague 3, Czech Republic.
 3. The certification audit will be performed on the particular date agreed between the Client and the Auditor on the basis of the date options submitted by the Auditor to the Client at least a month in advance in writing. The Certification audit dates shall be based exclusively on mutual agreement between the Contracting Parties.
 4. The Auditor shall be liable to perform the activities pursuant to Art I section 2 exclusively by the individuals specified in its bid of 20 August 2018, replacement of whom shall be subject to prior consent of the Client. The Client shall however not be entitled to withhold such consent without serious reasons. In the case of the Activity performance by other persons the Auditor shall be liable for the performance as if its own.

III. PRICE AND PAYMENT TERMS

1. The Auditor shall be entitled for remuneration for the Activity pursuant to Art. I section 2 above herein pursuant to section 2 below herein.
2. The remuneration has been specified by agreement between the Contracting Parties based on the Auditor's bid submitted in the context of the small-scale public tender of the Client as the contracting authority and amounts, VAT. exclusive:

EUR 44.998

(in words: forty-four thousand and nine hundred and ninety-eight **EURS**),

and consists of:

- a) Remuneration in the amount of EUR 3.555,- exclusive of VAT For the activities pursuant to Art. I section 2 letter a) above herein including the relevant written report and all other direct and indirect costs of the audit preparation;
- b) Remuneration in the amount of EUR 6.975,- exclusive of VAT. for the **certification audit of production plant I**;
- c) Remuneration in the amount of EUR 3.980,- exclusive of VAT for **1st follow-up audit of production plant I**;
- d) Remuneration in the amount of EUR 10.330,- exclusive of VAT. for the **certification audit of production plants II and III**;

- e) Remuneration in the amount of EUR 3.999,33 exclusive of VAT for **2nd follow-up audit of production plant I**;
 - f) Remuneration in the amount of EUR 7.998,67 exclusive of VAT for **1st follow-up audit of production plants II and III**;
 - g) Remuneration in the amount of EUR 8.160,- exclusive of VAT for **2nd follow-up audit of production plants II and III**;
3. The date of taxable supply for payment of the remuneration pursuant to section 2 letter a) above herein shall be the date of the Takeover Protocol to the written report signature in the sense of Art. I section 2 letter a) bullet point ii) hereof. The date of taxable supply for payment of the remuneration pursuant to section 2 letter b) – g) above herein shall be the date of the submission of relevant documents with evaluation of the audit in the sense of Art. I section 2 letter b) bullet point iii) hereof by the Auditor to the holder of the INTERGRAF certification mark.
 4. The Auditor's right to issue the tax invoice for subject matter of the contract pursuant to Art. I section 2 letter a) hereof shall be constituted within 15 calendar days from signature of the Takeover Protocol to the written report by both Parties in the sense of Art. I section 5 above herein. The Auditor's right to issue the tax invoice for subject matter of the contract pursuant to Art. I section 2 letter b) hereof shall be constituted within 15 calendar days from or submission of the documents with evaluation of the audit in the sense of Art. I section 2 letter b) bullet point iii) hereof by the Auditor to the holder of the INTERGRAF certification mark. The signed Takeover Protocol to the written report respectively a written evidence of a verifiable submission of documents with evaluation of the audit by the Auditor to the holder of the INTERGRAF certification mark will be attached to the tax invoice (invoice) issued by the Auditor.
 5. The tax invoice must include all appurtenances of a tax document including the Client's contract number. In the case of an incomplete tax invoice the Client shall be entitled to return the invoice before its payment deadline to the Auditor for completion without being in delay with the payment; a new payment deadline shall start from the date of re-delivery of the corrected or completed tax invoice to the Client.
 6. The payment deadline of the tax invoice shall be 30 calendar days from the date of its issue. The Auditor shall deliver the tax invoice electronically to the email address of the Client podatelna@stc.cz. Payment for the purpose hereof shall be the date of crediting of the relevant amount to the Auditor's bank account specified in the header hereof.

IV. CERTIFICATION MARK

1. In the case of successful certification pursuant to Art. I section 2 letter b) and receipt of the relevant certificate by the Client the Client shall be entitled to begin to use the INTERGRAF certification mark provided to the Client together with the certificate.

V. PENALTIES

1. In the case of the Auditor's delay in fulfilment of the schedule, i.e. any milestone pursuant to Art. II section 1 above herein or pursuant to Annex 1 hereto, including any milestone subsequently agreed between the Parties, the Client shall charge a contractual penalty in the amount of EUR 100 for each commenced day of the delay.
2. In the case of the Auditor's breach of the confidentiality clause pursuant to Art. VI below herein the Client shall charge a contractual penalty in the amount of EUR 11,800 for

each individual case of the breach, without prejudice to its right for damage compensation.

3. Payment for the penalty does not exonerate the Auditor of its duty to meet the obligations under this Contract.
4. In the case of the Client's delay in payment of the price specified in a duly issued and delivered tax invoice the Auditor shall charge a delay interest pursuant to Government Regulation no 351/2013 Coll., laying down delay interest and costs of receivable enforcement, remuneration for the liquidator, the receiver and the member of the legal entity body appointed by a court of justice and covering certain questions of the Business Journal and public registers of legal entities and natural persons.
5. Claiming the contractual penalty (delay interest) is without prejudice to the right to compensation of any damage suffered in the full extent.
6. The contractual penalty (delay interest) is payable within 30 calendar days from the date of delivery of the contractual (delay interest) penalty billing to the obliged party.

VI. CONFIDENTIALITY CLAUSE

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 relating to entering into this Contract and its content. This does not apply if the information is disclosed to the employees of the contracting party for the purpose of implementation hereof on the need-to-know basis, or to other individuals (information processors) involved in implementation hereof, under the same terms as laid down for the Parties hereto and always within the minimum scope necessary for due fulfilment hereof.
2. The Contracting Parties are liable to assure compliance with the liability pursuant to this Article of all individuals to whom the non-public information is disclosed pursuant to the previous sentence. Violation of the confidentiality commitment by these individuals shall be deemed violation by the Party disclosing the information to them.
3. Confidential information is any information mutually provided in written, oral, visual, electronic, or other format as well as know-how which has actual or potential value and which is not commonly available in the respective business circles, and further information which is designated in writing as confidential (abbreviation "DIS") or which may be assumed to be confidential information due to the nature of the respective matter.
4. In this regard, the Parties undertake:
 - a) Not to disclose confidential information to any third party;
 - b) Ensure that the confidential information is not disclosed to third parties;
 - c) Secure the data in any form, including their copies, which include confidential information, against third party abuse and loss.
5. The obligation to protect confidential information does not apply to the following cases:
 - a) The respective Contracting Party proves that the given information is available to the public without this availability being caused by the same Contracting Party;
 - b) If the Contracting 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 Contracting 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 audit at one of the contracting parties based on authorization specified in applicable legal regulations.
6. The Party undertakes, upon the request of the other Party, to:
- a) Return all the non-public information which was handed over to it in a “material form” (especially in writing or electronically) and any other materials containing or implying the non-public information;
 - b) Return or destroy copies, extracts or other entire or partial reproductions or records of non-public information;
 - c) Destroy without undue delay all documents, memoranda, notes and other written materials elaborated on the basis of the non-public information;
 - d) Destroy materials stored in computers, text editors, or other devices containing non-public information pursuant to this 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.
7. The employee of the liable Party authorised to destroy the documents in the sense of the previous paragraph shall confirm the destruction in request of the other Party in writing.
8. In case that either of the Contracting 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 unauthorized party, they shall be bound to inform the other Contracting Party of such a fact without undue delay.
9. 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 Contracting Party lasts even after this Contract is terminated or expires. The confidentiality commitment shall pass onto any potential successors of the Contracting Parties.

VII.

TERM AND TERMINATION

1. This contract shall expire on the day of fulfilment of the last contractual liability.
2. Before this day this contract may be terminated in writing:
 - a) By mutual agreement of the Parties on the basis of their joint will,
 - b) By written termination notice served by either Party without stating any reasons.
 - c) By contract withdrawal in the sense of § 2001 et seq. of the CC.

The Parties agree that the following shall be considered as fundamental breach of contract:

- a) The Auditor has not performed any Activity, not even within an alternative deadline provided by the Client after elapse of the initial agreed deadline for the Activity implementation, which must be at least 15 calendar days;
- b) The Client has not provided assistance to the Auditor, not even within an alternative deadline provided by the Auditor after elapse of the initial agreed deadline for the assistance provision, which must be at least 15 calendar days.

The contracting parties shall be entitled to withdraw from this Contract by written notice in the case of substantial breach hereof by the other Party if the breaching party does not

discontinue the breaching activity or activity in conflict herewith despite a written notification on the breach from the non-defaulting party.

3. Either Contracting Party is further entitled to withdraw from this Contract if the other Contracting Party is in liquidation or its assets are the subject matter of bankruptcy proceedings in which a bankruptcy or a composition decision has been rejected for lack of adequate assets to cover the costs of the bankruptcy proceedings or the bankruptcy proceedings have been cancelled because the assets were inadequate or receivership was instituted according to special legislation.
4. The legal effects of the withdrawal from this Contract shall occur on the day of delivery of written notice to the other Contracting Party. The notice of withdrawal must be sent by registered mail.
5. The notice period in case of withdrawal by either Party shall be 2 months starting from the first day of the calendar month following after the month in which the withdrawal notice was delivered to the other Party. The notice must be sent by registered mail. The Contracting Parties hereby agree that their liabilities pursuant hereto shall apply until the end of the notice period.
6. The termination of this Contract does not affect the provisions regarding the contractual penalties, damages, and provisions regarding such rights and duties, from the nature of which it ensues that they prevail even after the termination of this Contract.

VIII. **FINAL PROVISIONS**

1. This Contract shall become valid on the day of its execution by both Parties and effective on the day of its publication in the Register of Contracts.
2. The Parties agree that in accordance with Section 219(1)(d) of the PPA, the Contract will be published in the Register of Contracts pursuant to Act No. 340/2015 Coll., laying down special conditions for the effectiveness of certain contracts, the disclosure of these contracts and the register of contracts (the Register of Contracts Act). The Client shall arrange for the publication.
3. This Contract may be amended or supplemented only through written and consecutively numbered annexes, following an agreement between both contracting parties.
4. The Parties hereby declare that no verbal arrangement, contract or proceedings on the part of any of the Parties exists, which would negatively influence the exercise of any rights and duties according to this Contract. At the same time, the contracting parties confirm by their signatures that all the assurances and documents hereunder are true, valid and legally enforceable.
5. This Contract replaces all previous agreements between the Parties made before the date of execution hereof. This Contract and its interpretation shall be governed by the currently valid Czech legislation. The Parties have agreed that all disputes that might follow from this Contract shall be settled by their mutual agreement as the primary method of dispute settlement. If no amicable agreement can be reached in 60 days (or within another deadline agreed between the Parties) then the contract-based dispute shall be submitted for final settlement to the competent Czech courts of justice.
6. In the event that any of the provisions of this Contract is or becomes invalid, void or unenforceable or shall be found to be such by a competent body, the rest of the provisions of this Contract shall remain valid and in force unless from the nature of such provision or its content or circumstances under which it was concluded it ensues that it cannot be separated from the content hereof. The Parties undertake that they shall

replace the invalid, ineffective or unenforceable provision hereof with a provision, which in terms of content and meaning best corresponds to the initial provision and purpose of this Contract.

7. The Auditor as well as the Client are liable to keep confidential all facts, data and information concerning the other Party of the nature of business secret learned in the context of implementation hereof. The Auditor and the Client hereby agree not to disclose this information and not to provide this information in any other manner to any third party and to provide for its adequate protection and confidentiality.
8. The Auditor hereby agrees that the Client is liable to provide information on third party request pursuant to Act no 106/1999 Coll., on free access to information, as amended, and agrees with this requested disclosure of the Contract information to the requesting third parties.
9. This Contract has been made in 4 (four) counterparts with the validity of an original, 2 (two) in the Czech language and 2 (two) in the English language, of which the Client and the Auditor shall each receive one copy in every language. In the event of any discrepancies between the Czech and English versions of this Contract, the version in English shall prevail.
10. The Parties declare that they have read the Contract, agree with the contents herein, and declare that it was executed certainly, comprehensibly, on the basis of their true, free and solemn will, without duress on any of the Parties. In witness whereof they append their signatures below.
11. The following annexes are integral parts hereof:
Annex 1 - Schedule for Activity implementation

In Prague, dated

In The Hague, dated

For the Client:

For the Auditor:

Tomáš Hebelka, MSc, CEO

Frank Verhagen, Certification Manager

STÁTNÍ TISKÁRNA CENIN, státní podnik

VPGI Certification