

BUSINESS CONDITIONS OF DELIVERIES OF SKODA GROUP WORK

Version 1/2016

1. Applicability of Business Conditions

1.1. Subject and Content: These Business Conditions shall regulate the conditions of implementation of Work by any of the SKODA Group companies, being Client ("**Business Conditions**"). The SKODA Group shall include, in particular, the following companies:

- **ŠKODA TRANSPORTATION a.s.**, with its registered address at Emila Škody 2922/1, Jižní Předměstí, 301 00 Plzeň, ID: 626 23 753, entered in the Companies Register kept by the Regional Court in Plzeň in Section B, file number 12724,
- **ŠKODA ELECTRIC a.s.**, with its registered address at Plzeň, Tylova 1/57, postcode 30128, ID: 477 18 579, entered in the Companies Register kept by the Regional Court in Plzeň in Section B, file number 1313,
- **ŠKODA VAGONKA a.s.**, with its registered address at 1. máje 3176/102, Moravská Ostrava, 703 00 Ostrava, ID: 258 70 637, entered in the Companies Register kept by the Regional Court in Ostrava in Section B, file number 2435,
- **Pars nova a.s.**, with its registered address at Šumperk, Žerotínova 1833/56, postcode 78701, ID: 258 60 038, entered in the Companies Register kept by the Regional Court in Ostrava in Section B, file number 2350,
- **ŠKODA TVC s.r.o.**, with its registered address at Tylova 1/57, Jižní Předměstí, 301 00 Plzeň, delivery number: 301 28, ID: 252 47 964, entered in the Companies Register kept by the Regional Court in Plzeň in Section B, file number 12724,
- **LOKEL s.r.o.**, with its registered address at Moravská 797/85, Hrabůvka, 700 30 Ostrava, ID: 017 31 530, entered in the Companies Register kept by the Regional Court in Ostrava in Section C, file number 58064,
- **POLL, s.r.o.**, with its registered address at Praha 5 - Smíchov, Křížová 3132/3, postcode 150 00, ID: 629 67 754, entered in the Companies Register kept by the Municipal Court in Prague in Section C, file number 44280,

-and other companies in which **ŠKODA TRANSPORTATION a.s.**, as it is stated above, holds an ownership interest of more than 50 %.

2. Definitions of Certain Terms

2.1. Work. The Work in these Business Conditions shall mean the activity lying in the production, installation and maintenance of a certain item, the repair or modification of a certain item, or the activity aimed at another result of such activity which Contractor undertakes to perform for Client pursuant to the Contract of Work. Client undertakes to take over the Work and to remunerate the agreed upon

Price of Work.

If it is not clear, with regard to the specification of the Work, what Work shall be carried out by Contractor for Client or if such doubts could arise, Contractor shall be obliged to inform Client of this fact in writing through a postal licence holder, by telefax or e-mail (including without guaranteed electronic signature) or in person and interrupt the implementation of the Work until clarification is provided by Client.

2.2. Delivery. The Delivery pursuant to these Business Conditions shall mean the delivery through a postal licence holder, by telefax or e-mail (including without guaranteed electronic signature), into a data box, or in person. Unless expressly stated otherwise, all notices pursuant to these Business Conditions must be made in writing and delivered by any of the means stated in the first sentence of this clause. Contractor consents to Client and other private entities delivering notices to its data box.

2.3. Time-limits. Unless expressly stated otherwise, the time-limits shall be stated in calendar days.

2.4. Client. Client pursuant to these Business Conditions shall always mean the relevant company of the SKODA Group, always as per the specific provision stated in an order or the Contract of Work concluded in the manner pursuant to paragraph 3.1 of these Business Conditions

2.5. Substantial Breach of Obligations. In particular, the following events shall be considered as a substantial breach of Contractor's obligations stipulated in the Contract of Work or these Business Conditions:

- a) default with fulfilling the obligation to hand over Work to Client in a due and timely manner;
- b) default with fulfilling the obligations ensuing from liability for defective Work;
- c) breach of the Code of Conduct as per paragraph 24.1 a) of these Business Conditions;
- d) violation of industrial or other intellectual property rights as per Article 7 of these Business Conditions.

2.6. Contract of Work. The Contract of Work shall mean the Contract of Work concluded pursuant to Part 3 of these Business Conditions.

2.7. Contractual Penalties. All contractual penalties pursuant to these Business Conditions and the Contracts of Work shall always be payable within 30 days of delivery of their billing to the other Contracting Party. Client's right to compensation for damages shall not be affected in any way by the payment of a contractual penalty. Client shall be entitled to assert both claims separately and the arrangement of a contractual penalty shall not affect the liability for damages and their claiming and the amount or the right to their compensation.

3. Conclusion of Contract for Work

- 3.1. Conclusion of Contract of Work. A proposal for the Contract of Work shall mean Client's written order which must be delivered to Contractor. The Contract for Work shall be considered as concluded upon the Delivery in writing of the confirmed and signed order to Client. The order must be duly and unreservedly confirmed by Contractor in the full extent and without any supplements, reservations, limitations or any other changes compared to the wording of the order sent by Client; otherwise, no Contract of Work shall be considered as concluded.
- 3.2. Contractor's New Proposal. Confirmation of an order containing supplements, reservations, limitations or other changes shall be considered as refusal of the order and shall constitute Contractor's new proposal for concluding the Contract of Work even if such supplement, reservation, limitation or another change does not substantially change the conditions of the order. In such case, the Contract of Work shall be considered as concluded only if the new proposal is confirmed by Client in writing and delivered back to Contractor.
- 3.3. Time-limit for Order Acceptance and Revocation. Contractor shall be obliged to either confirm the delivered order in writing within 07 days of Delivery and deliver it to Client or notify Client within the same time-limit that it refuses the order. The confirmation and the refusal of the order must be made in writing, signed and delivered to Client.
- 3.4. Change(s) to Contract of Work. Client shall be entitled to demand that Contractor carries out:
- (i) any modification to the Work feasible with the use of the existing Work; or
 - (ii) development of a new Work; or
 - (iii) redesign of the existing Work (all the aforementioned shall hereinafter be jointly referred to as "Modification"), and Contractor shall be obliged to respond to such demand without delay; if Contractor approves the demanded Modification in whatever manner, it shall be obliged to carry out the Modification at Client's request and without delay in delivery of the request regardless of whether or not the cost of the Modification or the delivery date is known ("Modification Order").

The Contracting Parties agree that:

- (i) the cost of Modification of the Work and
- (ii) the delivery dates shall be agreed between the Contracting Parties at the latest within 30 days of the Modification Order; if the Contracting Parties fail to agree, they shall appoint by agreement, within an additional time-limit of 15 days, an independent third party who will determine the relevant cost of the Modification or the delivery date within 30 days of appointment; if the Contracting Parties fail to appoint the third party or the third party is not able to determine the cost of the Modification or the delivery date within the time-limit and in a manner as per these Business Conditions, either Contracting Party shall be entitled to have recourse to the competent organ which shall deal with the disputes ensuing from these Business Conditions and which shall resolve the dispute on the cost of the Modification or the delivery date. Contractor shall send Client the calculation of all the costs of the Modification, in particular the development, production and homologation

costs, in the form of an open and relevantly substantiated calculation (open book policy). At the same time, Contractor shall be obliged to notify Client of all other possible impacts associated with the Modification.

If Client asserts its right pursuant to this clause, Contractor shall be obliged, upon Client's notice and as per Client's proposal, to conclude an amendment to the Contract of Work containing the specification of the modified Work, the price of implementation of the Work, the handover date, and, possibly, other business conditions expressly agreed between the Contracting Parties. Within 14 days of delivery of the proposed amendment, Contractor shall be obliged to deliver its remarks on the proposed amendment to Client. If Client asserts its right pursuant to this clause, Contractor shall be obliged, at Client's request and as per Client's proposal, to conclude an amendment to the Contract of Work containing the specification of the modified Work, the price of implementation of the Work, the handover date, and, possibly, other business conditions expressly agreed between the Contracting Parties. Within 14 days of delivery of the proposed wording of the amendment, Contractor shall be obliged to deliver its remarks on the proposed amendment to Client. If Contractor fails to deliver its remarks on the amendment, Client shall be entitled to call on Contractor to conclude the amendment in the proposed wording. The failure to conclude the amendment shall not affect Client's right to order the Work and Contractor's obligation to hand it over in compliance with the conditions stated in this clause.

4. Work Quality, Workmanship and Packaging

- 4.1. Quality and Workmanship. The Work must correspond to all technical requirements and technical and safety standards applicable to the given type of Work, that is, both binding and recommended standards and with regard to the final product of which the Work shall be part. The Work and the components used to produce it must be new, unused, undamaged and made of quality material. If it concerns Work delivered on the basis of samples, designs or drawings, the Work must fully correspond to these samples, designs and drawings. In the event of contradiction among the samples, designs, and drawings and the Contract of Work, the Contract of Work shall be decisive. The Work must be able to generate permanently standard performance in compliance with the properties and the quality stipulated in the Contract of Work and must fully meet the purpose for which it is delivered. Contractor declares and guarantees that prior to confirming the Contract of Work, it has verified and made sure that it is able to duly implement the Work and hand it over in compliance with all assignments, both statutory and contractual (for example, standards, directives and norms). The subject of Work must not be encumbered with any legal defects, for example, a lien. Before the Work is handed over, it must not be entered in the assets accounts of accounting group 02 'Tangible Fix Assets depreciated', but only in 'Inventory'.

Contractor shall be obliged to notify Client of the country of origin of the Work at the latest by the due handover of the first delivery of the Work. If the country of origin of the Work and the country of origin of the components or materials of which the Work is made or consists differs, Contractor shall be obliged to state both these details. In the used components or materials, the details of these components or materials fundamental to the given type of Work are sufficient. In the event of a breach of this clause or falsity of such notification, Client shall be entitled to a contractual penalty of CZK 10,000 for each case of a breach.

- 4.2. Graphical Labels. Except for the labels, writings or symbols stipulated in the binding laws or demanded by Client, the Work must not contain any other elements of an advertising nature (manufacturer's logo or name). In the event of a breach of this clause, Client shall be entitled to a contractual penalty of CZK 20,000 for each individual case of a breach.
- 4.3. Special Tools or Equipment. If special tools or equipment are necessary to carry out the installation and regular and extraordinary maintenance and repair of the Work, Contractor shall be obliged to draw Client's attention to this fact, including the details on the availability and the usual cost of arranging such tools or equipment, in writing prior to concluding the Contract of Work.
- 4.4. Work Packing, Safeguarding and Protection. In the event of transportation, Contractor shall be obliged to pack, safeguard and protect the Work in the manner expressly stipulated in the Contract of Work and at its own cost. If no method of packing and safeguarding the Work for transportation is expressly stipulated in the Contract of Work, Contractor shall be obliged to pack and safeguard the Work for transportation in a manner such that damage to, or depreciation of, the Work is avoided during transportation, including loading and unloading. In packing and safeguarding the Work for transportation, Contractor shall be obliged to respect Client's instructions and draw Client's attention to the unsuitability of Client's instructions. If Contractor fails to draw Client's attention to the unsuitability of Client's instructions, it shall be liable for possible damages suffered as a consequence of Client's unsuitable instructions. Contractor consents to all the costs of packing, safeguarding and protecting the Work as per this clause being included in the price of Work pursuant to the Contract of Work.
- 4.5. Work Packaging Elements. The packaging of the Work must enable safe storage of the subject of Work without loss of quality. The packaging must be adjusted to enable handling by means of a fork-lift truck and efficient storage, i.e. it must be stackable. The Work must not hang over the edges of the packaging (palettes, etc.). It must be possible to easily take off the individual items of the Work without tools and time-consuming unpacking. The packaging of the Work must visibly and legibly state Contractor's and Client's identification details, the order number, the identification number of the subject of Work (ID), the quantity and type of the Work as per the identification and classification stated in the Contract of Work, and the instructions for safe storage and handling of the Work, i.e., in particular, the handling signs for marking transportation packaging, the identification signs of returnable packaging, and the labelling required pursuant to the laws pertaining to the production, use and handling of this subject of Work, for example, the laws regulating hazardous and toxic substances. The packaging of the Work must be environment-friendly (no polystyrene or packaging containing Freon, PVC, etc. must be used; bags, stretch foils and shrink wraps must be made only of polyethylene). If Contractor uses returnable packaging, it shall be obliged to mark it with the packaging number and owner, the relevant project, and a pictogram indicating that it is returnable packaging. Packaging which is not marked appropriately pursuant to the foregoing shall be handled as unreturnable packaging. By confirming these Business Conditions, Contractor declares that it meets the requirements of the laws pertaining to the disposal of waste. The packaging of the Work must also contain the gross weight of the Work and the packaging dimensions and must be furnished with a label, colour or in another visible and legible manner; an exception to this shall be the subject of Work packed in the packaging (for example, bags) which, when handled by Client, does not pose an

objective risk of injury and the gross weight of which does not exceed 5 kg. If the packaging of the Work does not contain the set elements, the Work shall be considered as defective.

- 4.6. Disposal of Returnable Packaging at Contractor's Cost. Contractor shall be duly obliged to arrange the removal (from Client's registered address) of the returnable packaging which Client has declared in writing that it no longer needs. Contractor or the person charged by Contractor shall remove the returnable packaging, at Contractor's risk and cost, at the latest with the next delivery of the Work to Client's registered address, unless another date for removing such packaging is set by Client in writing. If Contractor fails to arrange the removal of the returnable packaging on the date set according to the second sentence of this clause, Client shall be entitled to demand that Contractor provide compensation for the cost of storing the returnable packaging. This cost shall be payable within 30 days of Delivery of its billing. The risk of damage shall be borne by Contractor and Client shall have no obligation to look after the returnable packaging. If Contractor fails to arrange the removal of the returnable packaging within 2 months of the date set according to the first sentence of this clause, Client shall be entitled to take this returnable packaging back to Contractor's registered address at Contractor's cost and risk.

If Client has charged Contractor for the returnable packaging, for example, along with the Work, Contractor shall be obliged to deliver to Client, at the latest within 30 days of the reverse takeover of such packaging, a credit note the content of which is the payment for the removed returnable packaging. Contractor shall be entitled to reduce the payment for returnable packaging in the event of its wear and tear and depending on the extent of such wear and tear, but at the most by 20 % of the charged sum. If the credit note is not delivered to Client within the said time-limit, Client shall be entitled to set off the payment for returnable packaging against any of Contractor's due, undue, statute-barred or non-statute-barred claims.

5. Work-related Documents

- 5.1. Work-related Documents. Along with the subject of Work, Contractor shall be obliged to provide Client with the documents expressly stipulated in the Contract of Work. If no such documents are expressly stated in the Contract of Work, Contractor shall be obliged to provide Client with all documents necessary to take over, freely handle, declare and use the subject of Work, i.e., in particular, the documents regulating maintenance and storage conditions of the subject of Work. The necessary elements of a delivery shall include the delivery note, which must always contain at least the delivery note number, the order number, the contract number (if stated in the order), the item name, the order line position number, the item ID in the format as prescribed by Client, and the item serial number (if any), the number of delivered subjects of Work, and the measurement unit.
- 5.2. Certificates. Contractor shall provide Client with certificates pertaining to the subject of Work and specified in the Contract of Work or demanded for the subject of Work pursuant to legislation. Contractor shall hand over these certificates to Client in a manner such that Client always has valid certificates at its disposal. The certificates pursuant to this clause shall mean, in particular, the declaration of conformity of products, systems, etc. If gluing or welding technology is used by Contractor in the implementation of the subject of Work, Contractor shall be obliged to always have such gluing or welding systems

and certificates, which are stated in the design documentation or, possibly, the Contract of Work, available. In the event of a change to the gluing/welding system, Contractor undertakes to notify Client of this fact without delay and deliver the gluing/welding certificates.

- 5.3. Cooperation in Arranging Documents. At Client's request, Contractor shall be obliged to provide Client with all assistance in the arrangement of documents or the relevant electronic reports that have been issued in the Czech Republic or the country of origin and which may be demanded by Client to export or import the subject of Work and, if needed, to transit the subject of Work across the territory of a third state.
- 5.4. Form and Certain Elements of Documents. The documents which Contractor shall be obliged to submit to Client pursuant to the Contract of Work must be fully legible, well-arranged and without mistakes. The documents must be delivered in written, printed form, which cannot be replaced with a record on an information data carrier. At Client's request, Contractor shall be obliged to deliver the documents to Client also in the form of a record on an information data carrier, in freely accessible data format. Contractor shall be duly obliged to deliver the documents relating to the subject of Work in the language versions demanded by Client. The cost of executing and delivering all documents in the necessary number of copies, including their corrections, supplements, replacement delivery, and delivery in the form of a record on an information data carrier, shall be borne by Contractor. Upon the delivery of the documents to Client, these shall become Client's ownership and Client shall be entitled to handle them freely.
- 5.5. Compensation of Costs. All costs, such as customs, storage and other fees, expended by Client as a consequence of Contractor's late delivery of proper documents shall be borne by Contractor and Contractor hereby explicitly undertakes to pay for them. If these costs are paid for by Client, Contractor undertakes to compensate them to Client.

6. Work Implementation

- 6.1. Work Implementation. Contractor shall be obliged to carry out the Work at its own cost and risk.
- 6.2. Client's Instructions. In determining the method of implementing the Work and in the implementation of the Work itself, Contractor shall be bound by Client's instructions. No Client's instruction pursuant to the Contract of Work shall release Contractor from its obligation to act with professional care and notify Client in writing, in particular, in the event of any assignment or instruction which is unsuitable, does not meet the purpose of the Contract of Work or is not complete or sufficient. If Contractor fails to notify Client of the unsuitability of Client's instructions in writing without undue delay, it shall be liable for any possible defects in the Work and damages caused by the implementation of Client's unsuitable instructions. If Contractor is of the opinion that Client's instruction is unsuitable and Client insists on such instruction in writing despite Contractor's warning according to the previous sentence, Contractor may withdraw from the Contract of Work only if, as a consequence of Client's instruction, it could not carry out the Work in compliance with the agreed or, possibly, the usual purpose of the Work.
- 6.3. Arrangement of Means by Contractor. Contractor shall be obliged to arrange the means necessary for carrying out the Work and in which the responsibility for obtaining them

is not vested in Client pursuant to the Contract of Work.

- 6.4. Arrangement of Means by Client. If, pursuant to the Contract of Work, Client is obliged to arrange the means necessary to implement the Work, it shall be obliged to hand them over of Work, otherwise within 14 days of Delivery of Contractor's written request for the means to be handed over.
- 6.5. Return of Means and Materials. Upon the completion of the Work or upon the termination of the obligation to perform the Work, the Contractor shall be duly obliged to return to Client, without undue delay, all means and materials taken over from Client for the purpose of implementing the Work and not processed in the implementation of the Work.

7. Industrial or Other Intellectual Property Rights

- 7.1. Contractor undertakes to make sure that the provisions of the Contract of Work or their application do not unlawfully encroach on any industrial or intellectual property rights of any third parties enjoying legal protection pursuant to the laws of any state.
- 7.2. Licence. Contractor hereby expressly declares that it is fully licensed to exercise the industrial and intellectual property rights to the subject of Work and undertakes to ensure proper and undisturbed use of the Work by Client or Client's customers and the transfer of the Work by Client to third parties.
- 7.3. Copy-left Effect. Alongside the guarantees stated above, Contractor undertakes to make sure that no part being the subject of an open-source licence, an integral part of which in the event of even partial use thereof would be the obligation to ensure free distribution of which the subject of the open-source licence would be part (the so-called Copy-left Effect), is part of the Work.
- 7.4. Intellectual Property Rights. If the subject of Work is an activity result protected pursuant to industrial or other intellectual property laws, Contractor provides Client, by concluding the Contract of Work, with a licence to exercise the right to use the subject of Work without limitation as to the territory, time and method and with the right to grant a sub-licence and the right to assign the subject of Work without the consent of the industrial and intellectual property originator or owner. Contractor consents to Client using the subject of Work for a purpose other than that ensuing from the Contract of Work. The Contracting Parties state that any remuneration for the provision of these rights is already included in the price of the Work. Unless agreed otherwise in the Contract of Work, Contractor undertakes not to impart such subject of Work to any persons other than Client. In the event of a breach of this obligation, Client shall be entitled to a contractual penalty of CZK 1,000,000 for each case of a breach.
- 7.5. Damages. Contractor shall be liable for the violation of another person's industrial or other intellectual property rights as a consequence of use of the subject of Work. Contractor expressly undertakes to provide Client with compensation for all damages and costs suffered by Client as a consequence of a third party asserting his rights towards Client, any of Client's customers or any of the companies belonging to the SKODA Group.
- 7.6. Contractor's Obligation to Inform on Industrial Protection Rights. At the latest on the handover of the subject of Work, Contractor shall be obliged to inform Client in writing on the nature and scope of the industrial legal protection of the subject of Work or, possibly, the technical

documentation. If the subject of Work or the technical documentation is not the subject of Contractor's or third parties' industrial legal protection, Contractor shall be obliged to provide Client, at the latest on the handover of the subject of Work, with a written declaration that the taken-over subject of Work or its part or the technical documentation is not the subject of Contractor's or any third parties' industrial legal protection and does not contain any other industrial legal defects. If Contractor fails to provide such declaration or such declaration proves to be false, Client shall be entitled to demand that Contractor pay a contractual penalty of CZK 100,000 for each case of a breach.

8. Work Implementation and Cost of Inspecting Subject of Work

8.1. Work Implementation Inspections. Client shall be entitled to inspect whether Contractor is carrying out the Work duly and in compliance with its obligations. If Client finds that Contractor is carrying out the Work contrary to its obligations, it shall be entitled to demand that Contractor eliminates, already in the implementation of the Work, the defects caused by defective implementation of the Work and carries out the Work properly. If Contractor fails to do so despite the additional time-limit provided by Client, Client shall be entitled to withdraw from the Contract of Work.

8.2. Unsuitable Means. Contractor shall be obliged to draw Client's attention, without undue delay, to the unsuitability of the means/equipment taken over from Client to implement the Work provided that Contractor could have ascertained such unsuitability while exercising professional care. If Contractor fails to draw Client's attention, without undue delay, to the unsuitable nature of the means provided by Client, it shall be liable for any possible defects in the Work and for the damages caused by the use of Client's unsuitable means or instructions. If Contractor is of the opinion that the means provided by Client are unsuitable for carrying out the Work and Client insists on their use in writing despite Contractor's warning according to the previous sentence, Contractor may withdraw from the Contract of Work only if it could not carry out the Work with the use of these means in compliance with the agreed or, possibly, the usual purpose.

8.3. Cost of Inspection. Contractor shall be obliged to pay for cost(s) associated with inspections, such as quality/measurement/weight/quantity, etc., inspections necessary to duly hand over the subject of Work to Client. Client shall also be obliged to pay for the cost associated with the inspections of the subject of Work required by the state or other public authorities or bodies pursuant to the applicable laws.

9. Place of Handover of Subject of Work; Due Implementation of Work

9.1. Place of Handover. Unless stipulated otherwise in the Contract of Work and unless another place of handover is specified by Client at any time prior to the delivery, Contractor shall be obliged to hand over the subject of Work to Client, at its own cost and risk, in the place of the registered address of Client's relevant plant, except for the client ŠKODA ELECTRIC a.s. in which case the place of handover shall be "Reception, ŠKODA ELECTRIC a.s., Průmyslová 4 , building 49 or 77, 301 28 Plzeň, DOUDLEVCE, Czech Republic".

9.2. Implementation of Excessive Amount of Subjects of Work. If Contractor carries out a larger amount of subjects of Work than that ordered by Client in the Contract of Work, Client shall not be obliged to take over the redundant subjects of Work, unless it has granted its explicit consent to this prior to the handover of the subjects of Work. The takeover of the redundant subjects of Work by Client shall not be considered as the acceptance of the subjects of Work. Contractor shall be obliged to take the redundant subjects of Work back at its own cost, without undue delay and without Client's notice, unless Client has communicated in writing that it wishes to retain the redundant subjects of Work and pay Contractor the price of such Work.

9.3. Contractual Penalty. If Contractor fails to fulfil its obligation to carry out the Work specified in the relevant Contract of Work in due and timely manner, Client shall be entitled to demand that Contractor pays a contractual penalty of 0.5 % of the price of the Work (despite any possible reductions in the price of Work) with the due implementation of which Contractor is in default for each day of default.

10. Performance Deadline

10.1. Handover on Working Days and during Business Hours. If the place of handover of the subject of Work is Client's registered address or the Client's plant, Contractor shall be obliged to deliver the subject of Work for handover on working days and during Client's usual business hours, i.e. between 0600 and 1400 hours, unless otherwise specified by Client. The subject of Work may be handed over after 1400 hours only by prior telephone agreement between Contractor and the goods admission manager. Contractor's demand for handing over the Work after 1400 hours may be submitted each working day by 1330 hours at the latest. No unreported delivery shall be checked in after 1400 hours on the date of such delivery.

10.2. Notice of Date of Handover of Subject of Work. Contractor shall be obliged to notify Client, at least 07 days beforehand, of when the subject of Work pursuant to the Contract for Work will be delivered to Client's place of handover and given to Client at its disposal or, more precisely, when Client will be able to handle the subject of Work.

11. Warranty

11.1. Work Warranty. Contractor shall provide Client with a warranty for the implemented and handed-over Work. Contractor guarantees that the subject of Work implemented and handed over pursuant to the Contract of Work will be fit for use for the purpose stipulated in the Contract of Work, otherwise for the usual purpose, and its qualities stated in the Subject of Work will be preserved throughout the warranty period. If certain qualities of the Work are not stated in the Contract of Work, Contractor guarantees that the usual qualities of the subject of Work implemented pursuant to the Contract of Work will be preserved throughout the warranty period.

11.2. Warranty Period Length and Commencement. The length of the warranty period shall be stated in the Contract of Work. If no length of the warranty period is expressly stated in the Contract of Work, the warranty period shall be 36 months from the due takeover of the subject of Work. If the subject of Work is intended to be built in any of Client's products, the warranty period so determined shall be extended always by the period from the due takeover of the subject of Work until the commencement date of the warranty period applicable to Client's product for the

production of which the subject of Work implemented by Contractor has been used or of which the subject of Work is part, but at the most to 60 months of the due takeover of the subject of Work.

12. Liability for Defective Work

12.1. To avoid any doubt, the Contracting Parties expressly rule out the application of Sections 1965, 2103, 2104, 2105, 2106, 2107 and 2618 of the Civil Code.

12.2. Protocol of Defects in Taken-over Work. If Client discovers a defect in the handed-over Work, it shall, unless the Contract of Work or these Business Conditions stipulate otherwise, draw up a protocol of defects containing the details of the subject of Work, the person who discovered the defect, the date of discovery of the defect, and its consideration of the nature of the defect. Client shall deliver such protocol to Contractor without undue delay along with the demand for Contractor proposing the method of elimination of the defect and remedying the defective state.

12.3. Form and Delivery of Protocol of Defects. The protocol of defects may be delivered to Contractor in writing. If it is sent electronically or by telefax, it must be confirmed by Contractor without delay after the delivery.

12.4. Contractor's Obligations, Notice of Proposed Method of Eliminating Defects. Contractor shall be obliged to fulfil the following obligations within the time-limits stated in the Contract of Work, otherwise within 24 hours of Delivery of the protocol of defects pursuant to paragraphs 12.2 and 12.3 of these General Business Conditions, and in compliance with Client's instructions:

- a) to arrive at the place specified by Client for the purpose of inspecting the subject of Work and ascertaining in more detail the defects reported by Client in the protocol of defects and to notify Client, within the said time-limit, of the proposed method of eliminating the defects in the Work; or
- b) to notify Client of the concrete proposed method of eliminating the defects in the Work with maximum efforts, due care and with regard to the technological time-limits, including the planned dates of implementation of the set corrective measures;

-at Contractor's cost.

12.5. Choice of Right in Liability for Defects; Determination of Method and Time-limit for Eliminating Defects. The choice of the right in the liability for defects in the Work and the choice of the method of eliminating the ascertained defects shall be at Client's sole discretion and Client shall not be bound by Contractor's proposals. Within 48 hours of Contractor's communication pursuant to paragraph 12.4 of these Business Conditions, Client shall be obliged to communicate to Contractor in writing that:

- a) it agrees with the method of eliminating the defects in the Work as proposed by Contractor, and shall set the time-limit for eliminating them, or
- b) it does not agree with the method of eliminating the defects in the Work as proposed by Contractor, and shall determine the method and the time-limit for eliminating them, or
- c) it is asserting a right in the liability for defects in the Work pursuant to paragraph 12.6 of these Business Conditions other than that to the elimination of defects in the Work.

If Contractor is in default with fulfilling the obligation

pursuant to paragraph 12.4 of these Business Conditions, Client shall be entitled to choose the right in the liability for defects or the method of, and the time-limit for, their elimination within 24 hours of the day on which the time-limit for fulfilling the obligation stipulated in paragraph 12.4 of these Business Conditions expired in vain. The method of, and the time-limit for, eliminating a defect as determined by Client pursuant to subparagraphs a) and b) of this clause and the choice of the right in the liability for defects pursuant to subparagraph c) of this clause shall be binding upon Contractor.

12.6. Rights in Liability for Defects. Regardless of the nature of a defect and the gravity of the breach of the Contract of Work as a consequence of the defect, Client shall always be entitled to:

- a) demand that the defect be eliminated in the form of a substitute Work in lieu of the defective Work provided that the subject of Work can, with regard to its nature, be returned or handed over to Contractor;
- b) demand the elimination of legal defects;
- c) demand that the defect be eliminated in the form of repair to the subject of Work, if the defect is repairable;
- d) demand an adequate reduction in the price of Work;
- e) withdraw from the Contract of Work;
- f) inspect the Work, undertake the acts necessary to ascertain the defect, sort out, repair or ensure the substitute implementation of the Work, either by itself or through another person and at Contractor's cost, without these measures adopted by Client affecting the warranty for the taken-over Work. Contractor undertakes to provide Client with full compensation for this cost. In such case, Client shall be obliged to duly substantiate the cost according to the previous sentence and submit documentation showing the defects in the Work (photo documentation, video documentation, etc.);

-whereby the choice among these rights shall be made at Client's sole discretion.

Regardless of the chosen right, Client shall be entitled to charge Contractor a lump-sum compensation of CZK 1,000 in relation to the assertion of any right in the liability for defects. The lump-sum compensation shall be paid within 30 days of Delivery of its billing to Contractor.

12.7. Additional Choice of Right in Liability for Defects. If it is proven additionally that the respective defect in the Work is not repairable or its repair entails unreasonable cost, Client may demand that a substitute subject of Work be delivered (if the subject of Work can, with regard to its nature, be returned or handed over to Contractor) or assert another right in the liability for defects pursuant to paragraph 12.6 if it notifies Contractor of this decision without undue delay after learning about the stated fact from Contractor.

12.8. Failure to Eliminate Defects in Work. If Client asserts the right in the liability for defects as per paragraph 12.6 a), b) and c) of these Business Conditions and Contractor fails to eliminate the defects in the Work in a manner and within the time-limit set by Client or, prior to the expiration of such time-limit, Contractor notifies Client that it will not eliminate the defects, Client may:

- a) withdraw from the Contract of Work; or
- b) assert any other right as per paragraph 12.6 of these Business Conditions

12.9. No Payment of Price of Work until Elimination of Defects. Until all defects in the Work have been duly and verifiably eliminated, Client shall not be obliged to pay Contractor

the price of the defective Work which has not yet been paid to Contractor.

- 12.10. Type Defect. If the subject of delivery or repeated deliveries of the Work is the implementation of Work of the same kind and an identical defect is ascertained in at least 10 % (but at least in 2 items or, possibly, another measurement unit) of the total number of taken-over Works on the basis of all deliveries or of the deliveries carried out over the 12 months prior to the month in which the notice of a type defect was delivered to Contractor, such identical defect shall be considered as a type defect (and all so far implemented Works of the same kind shall be considered as defective). Client shall be entitled to assert the rights in the liability for type defects with Contractor at the latest within 5 years of the expiration of the warranty period of the Work. If the handed-over Works have a type defect and unless a right other than that pursuant to paragraph 12.6 of these Business Conditions is determined by Client in relation to all Works or any of their parts, Contractor shall be obliged to arrange for Client, at its own cost and within 14 days of occurrence of the type defect, a complete substitute Work complying with the Contract of Work. If Contractor fails to fulfil this obligation, Client shall be entitled to withdraw from the Contract of Work upon the futile expiration of the time-limit within which Contractor was to have delivered the substitute performance.

- 12.11. Recurring Defect. If an identical defect in the Work occurs within 5 days of elimination by Contractor, such defect shall be considered as unrepairable, with all consequences ensuing therefrom (in particular, the assertion of rights in the liability for defects or damages).

- 12.12. Client's Other Rights. Alongside the rights in the liability for defects, Client shall be entitled to demand that Contractor pay a contractual penalty of 0.5 % of the price of the defective Work (despite any possible reductions in the price of Work) for each day of default with fulfilling its obligations ensuing from the liability for defects in the Work.

13. Price of Work

- 13.1. Price of Work. Client shall be obliged to pay Contractor the price of Work specified in the Contract of Work. The price of Work shall include all costs associated with the Work, including the cost of packaging, transportation and insurance of the Work, the cost associated with the obtaining of documents for the subject of Work, the cost of labelling, customs duty, taxes, storage fees, etc. Contractor undertakes to deduct from the price of Work the reduction to which Client is entitled pursuant to the Contract of Work or another agreement, even if it has not been called on by Client to deduct it or Client has not calculated its specific amount. Contractor shall be responsible for the reduction being correct.

- 13.2. Original Invoice. Client shall pay the price of Work, through a non-cash transfer, only on the basis of an original invoice. The Contracting Parties agree to issue and send each other the invoices in electronic form. Until an original invoice is delivered by Contractor to Client, Client shall not be obliged to pay the price of Work charged on the basis of a late invoice.

Unless otherwise agreed between the Contracting Parties, the terms 'invoice' and 'accounting document' are used as synonyms.

- 13.3. Certain Elements of Invoices. Contractor shall be entitled and, concurrently, obliged to bill the price of Work only

after Client's obligation to pay the price of Work has arisen. The invoice must contain the elements of a tax/accounting document, i.e. in particular:

- order number;
- identification and specification of subject of Work;
- scope of Work;
- reduction to which Client is entitled;
- price of Work upon deduction of reduction.

The document proving the due handover of the subject of Work and confirmed by Client must be attached to the invoice.

Contractor shall be obliged to make out a separate invoice for each Contract of Work.

- 13.4. Invoice Correction and Completion. If the invoice made out by Contractor does not contain the prescribed elements, contains details contrary to the Contract of Work or these Business Conditions, or does not meet the conditions stipulated in paragraph 10.4 of these Business Conditions, it shall be refused by Client and shall not be paid. Client shall return such invoice to Contractor for correction or completion without being in default with paying the price of Work.

- 13.5. Maturity of Price of Work. The due date of the price of Work is stipulated in the Contract of Work. If no due date of the price of Work is stipulated in the Contract of Work, Client shall be obliged to pay the price of Work within 90 days of Delivery of the new due invoice. In the event of correction or supplement of the invoice, the moment of Delivery of the new due invoice shall be considered as the due Delivery.

- 13.6. Notice of Insolvency and Liability for VAT. Contractor undertakes to notify Client, without undue delay, of its insolvency or an apparent threat to its occurrence or of any other fact affecting or capable of affecting, in particular, the timely and due fulfilment of the Contract of Work or the levy of value added tax (VAT). In the event of suspicion of Contractor's insolvency or the apparent threat of its occurrence or in the event of suspicion of the failed payment of VAT or its evasion or of enticing of tax benefits, Client shall be entitled to levy VAT from the performed taxable supplies directly to the relevant Tax Office. In such case, Client shall notify Contractor of this fact without undue delay. Upon the payment of VAT to the Tax Office's account, Contractor's claim against Client, to the tune of the sum paid as VAT, shall be considered as settled despite other provisions pursuant to the Contract of Work and these Business Conditions. Concurrently, Contractor shall communicate to Client in writing that such payment has been recognized by the tax administrator.

- 13.7. Payment of Price of Work. In the event of non-cash payment, the date of payment of the price of Work shall be the date on which the sum corresponding to the price of Work was debited by the respective payment service provider from Client's account.

- 13.8. Set-off of Claims. Client shall be entitled to unilaterally set off its own or by assignment acquired due, undue, statute-barred or non-statute-barred claims towards Contractor's claims ensuing from, or relating to, the Contract of Work or these Business Conditions. Contractor shall not be entitled to unilaterally set off its claims against Client's claims ensuing from, or relating to, the Contract of Work or these Business Conditions.

- 13.9. Assignment of Contractor's Claims. Contractor shall be entitled to assign its claims towards Client ensuing from, or relating to, the Contract of Work or these Business

Conditions only with Client's explicit written consent.

- 13.10. Pledge of Contractor's Claims. Contractor undertakes not to encumber its claims towards Client ensuing from, or relating to, the Contract of Work or these Business Conditions with a lien to the benefit of any third party.
- 13.11. Contractual Penalty. If Contractor sets off, assigns or pledges its claims towards Client ensuing from, or relating to, the Contract of Work or these Business Conditions contrary to paragraph 13.8, 13.9 or 13.10 of these Business Conditions, Client shall be entitled to demand that Contractor pays a contractual penalty of 20 % of the claim which has been the subject of set-off, assignment or pledge.
- 13.12. Contractual Penalty and Statutory Interest. In the event of Client's default with paying the due price of Work, Contractor shall be entitled to a contractual penalty of 0.01 % of the amount due for each commenced day of default plus the statutory default interest.

14. Termination of Contract of Work

- 14.1. Withdrawal from Contract of Work. Unless otherwise stipulated in the Contract of Work or these Business Conditions, Client shall be entitled to withdraw from the Contract of Work in compliance with the laws of the Czech Republic and, furthermore, prior to the due handover of the Work without stating a reason. In such case, Client shall be obliged to provide Contractor with compensation for the cost purposefully spent in relation to the fulfilment of the Contract of Work, but at most to the tune of the price of Work stated in the cancelled Contract of Work. Contractor shall be obliged to send Client a written enumeration of the cost according to the first sentence of this clause, along with the documents proving the existence of such cost, within 14 days of the day of Delivery of the notice of withdrawal to Contractor; otherwise, such entitlement of Contractor pursuant to this clause shall be considered as expired. If Client withdraws from any Contract of Work due to reasons on Contractor's part and, as a result, the handed-over Work loses its economic significance for Client (for example, due to the need for complying with the unification of Client's final products towards its customers), Client shall be entitled to withdraw, without stating a reason, even from all other Contracts of Work (either in part or in whole) based on which the deliveries of such identical Work have already taken place or shall take place. In such case, Client shall not be obliged to compensate Contractor for any cost.
- 14.2. Persisting Claims and Arrangements. Upon the withdrawal, the Contract of Work, part of which are these Business Conditions, shall be considered as terminated. However, the following shall survive the withdrawal from, or any other form of termination of, the Contract of Work:
- a) claims ensuing from liability for defects in the Work;
 - b) provisions pertaining to warranty and liability for defects;
 - c) confidentiality obligation and obligation to protect know-how;
 - d) entitlements to compensation for damages suffered as a consequence of a breach of the Contract of Work;
 - e) other claims as per the applicable laws
- 14.3. Work upon Passage of Title. Unless otherwise stipulated in the Contract of Work, the subject of the duly implemented Work the title to which has passed or has been transferred to Client prior to withdrawal from the Contract of Work:

- a) shall remain Client's ownership upon withdrawal from the Contract of Work, in which case Contractor shall be entitled to compensatory financial performance to the extent to which Client has benefited from such used Work; if the price of Work has already been paid, Contractor undertakes to return to Client the difference between the price of Work and the entitlement to compensatory financial performance according to the previous sentence. If the price of Work has not been paid prior to withdrawal from the Contract of Work, Client shall be duly obliged to provide Contractor with compensatory financial performance, reduced by Client's possible entitlements to a contractual penalty, compensation for damages, etc.); or
- b) may be returned by Client to Contractor upon withdrawal from the Contract of Work; at the same time, Contractor shall be obliged to return to Client the price of Work or its part already paid.

- 14.4. Settlement between the Contracting Parties. In the event of a withdrawal from the Contract of Work, the Contracting Parties shall be obliged to settle their mutual rights and obligations in a manner and within the time-limits set by Client. Within 30 days of the effective date of a withdrawal from the Contract of Work, Client shall be duly obliged to deliver to Contractor a written notice of the method of settlement of their mutual relationships. In the written notice of settlement, Client shall:

- a) define the mutual claims that have arisen between the Contracting Parties upon the withdrawal from the Contract of Work or the persisting mutual claims ensuing from the Contract of Work, in particular entitlements to the return of Work, entitlements to the return of other supplies provided pursuant to the Contract of Work, entitlements to compensatory financial performance, entitlements to the payment of contractual penalties, entitlements to compensation for damages, entitlements ensuing from liability for defects in the Work, etc.;
- b) set reasonable time-limits for fulfilling the Contracting Parties' mutual obligations ensuing from the mutual settlement.

The settlement method and the time-limits set by Client shall be binding upon the Contracting Parties. The cost associated with withdrawal from the Contract of Work and the possible return of the provided performance shall be duly borne by Contractor.

15. Know-how

- 15.1. Technical and Other Documentation. All technical and other documentation handed over by Client to Contractor in relation to the subject of Work for Contractor to be able to fulfil the Contract of Work shall be Client's sole ownership. The subjects of Client's sole ownership shall be all technical solutions and other solutions and procedures contained in the technical documentation. In relation to the said know-how, Client does not grant Contractor any licence, does not provide any intellectual property rights, etc.
- 15.2. Contractor's Use of Client's Technical and Other Documentation. Contractor shall not be entitled to make available, disclose to any third party or use to the benefit of any third party the technical and other documentation within the meaning of paragraph 15.1 of these Business Conditions. Contractor shall be entitled to use such documentation only in relation to the subject of Work for the purpose of fulfilling the Contract of Work. This obligation shall not apply to administrative or other public

authorities or bodies if these perform legal control or other supervision pursuant to the applicable laws. Upon the fulfilment of the Contract of Work or upon its termination in whatever manner, Contractor shall be obliged to return this documentation to Client and destroy any possible copies made by Contractor for the purpose of fulfilling the Contract of Work.

- 15.3. Other Technical and Other Documentation. Contractor undertakes not to make public, disclose to any third parties or use to the benefit of any third party any other technical and other documentation which is not stated in paragraph 15.1 of these Business Conditions (in particular, the documentation developed by Contractor for the purpose of fulfilling the Contract of Work) and which has been co-developed, funded or co-funded by Client. Contractor shall be entitled to use this documentation only in relation to the Work for the purpose of fulfilling the Contract of Work. Upon the due and complete fulfilment of the Contract of Work or upon its termination in whatever manner, Contractor shall be duly obliged to hand over this documentation to Client free of charge, transfer to Client the title to it, and destroy any possible copies made for the purpose of fulfilling the Contract of Work.

- 15.4. Contractual Penalty. If Contractor fails to fulfil its obligation pursuant to paragraph 15.1, 15.2 or 15.3 of these Business Conditions, Client shall be entitled to a contractual penalty of CZK 100,000 for each individual breach of such obligation, including repeatedly. To avoid any doubt, the Contracting Parties expressly declare that the obligation as per paragraph 15.1, 15.2 or 15.3 of these Business Conditions shall not be affected by the payment of a contractual penalty.

16. Other Arrangements

- 16.1. Inspection at Contractor's and Subcontractors' Premises. Client or the person authorized by Client shall be entitled to directly check the compliance with obligations by Contractor and Contractor's individual subcontractors at any time on weekdays and during the usual business hours.

17. Liability for Damages, Cost and Insurance

- 17.1. Liability for Damages. The Contracting Parties agree that for the purpose of determining the scope of compensation for damages suffered as a consequence of a breach of Contractor's obligations pursuant to the Contract of Work, which is governed by these Business Conditions, Contractor shall be liable for all damages inflicted on Client, Client's customers or other persons in relation to the breach of its obligations pursuant to the Contract of Work, including damages exceeding those that could have been foreseen by Contractor as a possible consequence of the breach incl. Force Majeure. Contractor shall be obliged to provide Client with compensation for damages, in particular including all sums expended by Client in relation to the breach of Contractor's obligations pursuant to the Contract of Work, all costs of Client's proceedings conducted in relation to the breach of Contractor's obligations pursuant to the Contract of Work, as well as all costs spent in relation to defects in the Work, including the cost of dismantling the Work, the cost of reinstalling the Work, and the cost of excluding the final product in which the defective Work has been built. Contractor undertakes to provide Client with compensation for all damages within 30 days of Delivery of Client's written notice.

- 17.2. Cost. If Client's employees perform work or other activities due to a breach of the Contract of Work or these Business

Conditions, Contractor shall be obliged to reimburse the cost of such work as billed by Client according to the pricelist stated in paragraph 24.1 of these Business Conditions. Contractor undertakes to reimburse the cost within 30 days of Delivery of its billing by Client. Client's right to compensation for any other damages shall not be affected.

- 17.3. Insurance. Contractor undertakes to take out, at the latest on the date of signing the Contract of Work and to the sufficient extent, insurance against damages caused by defective Work and damages caused by operating activities. The insurance coverage shall be appropriate with regard to the type of the Work and Contractor's operating activity. At Client's request, Contractor also undertakes to substantiate, through a certified copy of the concluded insurance contract or, possibly, the insurance company's written confirmation of the concluded insurance contract and its subject, the insurance benefits and other facts relating to the concluded insurance contract as per Client's demands. The insurance stated above must be maintained valid and uninterrupted by Contractor throughout the period of the Contract of Work and, in the event of any changes, Contractor must notify Client in writing without delay. In the event of a breach of any obligation stipulated in this clause, Client shall be entitled to a contractual penalty of CZK 10,000 for each case of default.

18. Force Majeure and Changed Circumstances

- 18.1. Force Majeure. In the event of Force Majeure, the time-limits for fulfilling the obligations ensuing for the Contracting Parties from the Contract of Work or these Business Conditions shall be extended by the period for which the Force Majeure event lasts. Contractor shall be obliged to notify Client of the beginning and end of the Force Majeure event in writing without undue delay. Contractor shall also be obliged to notify Client in writing and without undue delay of the beginning and end of a Force Majeure event experienced by its subcontractors. Events such as lockout, delayed deliveries on the part of subcontractors (unless caused as a consequence of Force Majeure), insolvency, insufficient labour force or insufficient material shall not be considered as Force Majeure. Force Majeure shall mean, in particular, an earthquake, flood, extensive fire, or war.

- 18.2. Changed Circumstances. Contractor hereby assumes the risk of changed circumstances after conclusion of the Contract of Work.

19. Trade Secret

- 19.1. Trade Secret. All information handed over by Client to Contractor shall be considered as confidential and as a trade secret. Contractor undertakes not to inform any third parties on the existence or content of any contract concluded between Client and Contractor. Without Client's prior explicit consent in writing, Contractor must not disclose to any third parties any information or documents relating to any contract between Client and Contractor that has already been or will be handed over or made available to Contractor by Client. Client's prior explicit consent in writing shall also be needed in the event of disclosure of information to Contractor's subcontractors in relation to the fulfilment of any contract between Client and Contractor.

- 19.2. Contractual Penalty. In the event of a breach of the obligations as per paragraph 19.1 of these Business Conditions, Client shall be entitled to demand that Contractor pay a contractual penalty of CZK 100,000 for

each individual breach of these obligations, including repeatedly.

- 19.3. Duration. The obligations ensuing from this clause shall survive the termination of any contract between Client and Contractor.

20. Governing Law

- 20.1. Governing Law. The rights and the obligations of the Contracting Parties, including the existence of the Contract of Work and its validity and effect, shall be governed by the laws of the Czech Republic, with the exclusion of conflict of laws.
- 20.2. Civil Code. The Civil Code pursuant to these Business Conditions shall mean Act No. 89/2012 Coll., the Civil Code, as amended.

21. Arbitration Clause

- 21.1. Arbitration Clause. The Contracting Parties hereby undertake to make all efforts to settle any dispute ensuing from, or relating, to the Contract of Work amicably. The Contracting Parties further agree that if they fail to resolve a dispute or claim ensuing from, or relating to, the Contract of Work amicably, they shall submit it to the Arbitration Court attached to the Economic Chamber of the Czech Republic and the Agrarian Chamber of the Czech Republic ("Arbitration Court") for final resolution in arbitration proceedings. The arbitration proceedings shall be conducted according to the Rules and Regulations of the Arbitration Court and by a panel of three arbitrators. Each Contracting Party shall appoint one arbitrator and these arbitrators shall then appoint the third arbitrator who shall be the chairman of the panel of arbitrators. If the appointed arbitrators do not agree on the presiding arbitrator within 15 days of appointment or either Contracting Party fails to appoint its arbitrator within 30 days of Delivery of the other Contracting Party's notice, the chairman of the panel of arbitrators shall be appointed by the Chairman of the Arbitration Court in compliance with its Rules and Regulations. The venue of the arbitration proceedings shall be Prague, Czech Republic, and the language of the arbitration proceedings shall be Czech. The arbitration award handed down by the arbitrators shall be final on merit and binding upon the Contracting Parties.

22. Severability Clause, Interpretation and Changes

- 22.1. Severability Clause. If any provision of the Contract of Work or these Business Conditions is or becomes invalid or ineffective, the validity and effect of the other provisions of the Contract of Work or these Business Conditions shall not be affected. In such case, the Contracting Parties undertake to replace the invalid or ineffective provision with a new provision the purpose of which corresponds to that of the original provision to the fullest extent possible.
- 22.2. Interpretation. The Contracting Parties do not wish that any rights or obligations are deduced, beyond the express provisions of the Contract of Work and these Business Conditions, from the present or future practise introduced between the Contracting Parties or the usage maintained generally or in the industry relating to the subject of performance of the Contract of Work or these Business Conditions, unless expressly stipulated otherwise in the Contract of Work or these Business Conditions. Alongside the foregoing, the Contracting Parties confirm that they are not aware of any business usage or practise so far introduced between them.

- 22.3. Changes. Any changes in, or amendments to, the Contract of Work or these Business Conditions must be made in writing.

23. Limitation Period and Contract Assignment

- 23.1. Limitation Period. Unless otherwise stipulated in the Contract of Work, the limitation period shall be 4 years for both Contracting Parties.
- 23.2. Assignment of Contract by Client. Client shall be entitled to transfer the rights and obligations pursuant to the Contract of Work or its part to a third party. Contractor grants its explicit consent to such transfer by signing these Business Conditions. The assignment of the Contract of Work shall be effective towards Contractor at the moment of Delivery of the notice of assignment of the Contract of Work to Contractor or at the moment at which the assignment of the Contract of Work is proven to Contractor by the third party. Contractor and Client agree that in the event of a failure to fulfil any of the assigned obligations by the assignee, Contractor cannot demand that such obligation be fulfilled by Client instead of the assignee.

24. Documents for Contractor (supplier)

- 24.1. Documents. Contractor takes into account the following documents relating to corporate social responsibility (CSR) and the quality management of the SKODA Group companies:
- a) Code of Conduct for Suppliers;
 - b) Supplier Manual;
 - c) Work Pricelist; and
 - d) Principles of occupational safety & protection of health, fire protection and environment protection.

Contractor duly acknowledges that the documents stated in subparagraph d) of this clause shall apply in the version of the specific company based on the relevant name of a document. The provisions of the Business Conditions shall prevail over the documents stated in this clause.

- 24.2. Website. All documents intended for Contractor as per paragraph 24.1 of these Business Conditions are stated in detail on Client's website. The Contracting Parties consensually declare that this form of reference to Contractor-intended documents is possible between them for the purposes of these Business Conditions and that they consider it as sufficiently definite. By signing these Business Conditions, Contractor duly declares that it has familiarised itself with the Contractor-intended documents before signing them, agrees with their content(s) and undertakes to adhere to them.

In Client's individual companies, the Contractor-intended documents are available at the following address:

<http://www.skoda.cz/en/documents/documents-for-suppliers/>

If Contractor finds that the website stated above is unavailable or otherwise non-functional, it shall be obliged to notify Client of this fact without delay.

- 24.3. Contractual Penalty. In the event of a breach of the obligations stated in Articles 3, 5, 6 and 9 of the Supplier Manual, Client shall be entitled to demand that Contractor pays a contractual penalty of CZK 10,000 for each individual breach of these obligations, including repeatedly.

- 24.4. Occupational Safety and Protection of Health (OSPH) & Fire Protection (FP). Contractor also confirms that its employees will be trained in OSPH and FP at Client's workplaces prior to the commencement of their works and undertake to observe the provisions of the generally applicable laws and Client's internal regulations pertaining to OSPH and FP at Client's workplaces so as not to pose any threat to their own lives or health or in the same extent to Client's employees.

Corporate Name:

ID:

Registered Address:

Entry in the Companies or other Reg.

Name, Surname and Title:

Date:

Signature: