

## **ŠKODA AUTO a.s. / ŠKO-ENERGO, s.r.o. General Purchase Terms and Conditions**

### **I. Application of the General Purchase Terms and Conditions**

These terms and conditions apply to any relations between ŠKODA AUTO a.s. (hereinafter referred to as 'ŠKODA AUTO') and the supplier, established on the basis of or in connection with a purchase order placed by ŠKODA AUTO, unless previously agreed otherwise in writing.

**It is applicable that all rights and duties concerning the company ŠKODA AUTO a.s. in the General Purchase Terms and Conditions are deemed to be the rights and duties concerning the company ŠKO-ENERGO, s.r.o.**

### **II. Purchase Orders and Concluding a Contract**

1. Contracts (purchase order and its acceptance) as well as any changes and addenda are regarded as binding for ŠKODA AUTO only if they are executed in writing and signed by ŠKODA AUTO, or, provided that the Terms of use of the Volkswagen B2B supplier platform at [www.vwgroupsupply.com](http://www.vwgroupsupply.com) has been previously accepted in writing, they were confirmed by the supplier on the [www.vwgroupsupply.com](http://www.vwgroupsupply.com) portal.
2. For purchase orders concluded in writing, a purchase order is considered accepted and a contract concluded upon the delivery of one copy of the purchase order to ŠKODA AUTO duly signed by the supplier. For purchase orders concluded on [www.vwgroupsupply.com](http://www.vwgroupsupply.com), a purchase order is accepted and a contract concluded when the ŠKODA AUTO supplier sends an unreserved confirmation of accepting the purchase order.
3. An acceptance of the offer with any modifications doesn't result in execution of the agreement even if the modification does not affect the original terms in a significant way. The same shall be valid for negotiation of any changes of this agreement or conclusion of consequential partial agreements.
4. If a notice of accepting a purchase order is not delivered to ŠKODA AUTO within 30 days of being issued, ŠKODA AUTO reserves the right to cancel the purchase order.

### **III. Form and Content of the Contract**

1. Unless agreed otherwise in writing in advance, contracts with ŠKODA AUTO must only be concluded in writing and signed by representatives of both contractual parties. Furthermore, all changes to the documents made in relation to carrying out the subject of the contract must be done in writing. This also includes the requirement of a written form.
2. The supplier agrees with ŠKODA AUTO that business practices shall not take precedence over the provisions of the Act that are not mandatory in nature. Furthermore, the application of sections 1799 and 1800 of Act No. 89/2012 Coll., Civil Code, related to form contracts, shall be excluded.
3. Unless agreed otherwise, the contract with ŠKODA AUTO comprises ŠKODA AUTO's inquiry, meeting minutes, latest version of the General Purchase Terms and Conditions of ŠKODA AUTO, technical specifications, internal standards of ŠKODA AUTO, and the Volkswagen Group requirements regarding sustainability in its relationships with business partners (Code of Conduct for Business Partners), Requirements for the Suppliers of ŠKODA AUTO a.s. Concerning the Compliance with the Code of Conduct and Declaration on social rights and industrial relationships at Volkswagen. If the inquiry or order assignment does not include the General Purchase Terms and Conditions and the Volkswagen Group requirements regarding sustainability in its relationships with business partners (Code of Conduct for Business Partners), Requirements for the Suppliers of ŠKODA AUTO a.s. Concerning the Compliance with the Code of Conduct and Declaration on social rights and industrial relationships at Volkswagen. These documents are available at [www.vwgroupsupply.com](http://www.vwgroupsupply.com).
4. Every supplier operating on ŠKODA AUTO premises must comply with the 'Requirements for Suppliers Operating on ŠKODA AUTO premises with Regard to Protection of the Environment, Working Conditions, Occupational Safety, Health Protection, Binding conditions and regulations of occupational health and safety for business partners supplying services in ŠKODA AUTO production plants and other requirements arising from the documents published at [www.vwgroupsupply.com](http://www.vwgroupsupply.com).

### **IV. Confidentiality**

1. The supplier must treat the contract and any business and technical information connected with carrying out the contract as a trade secret of ŠKODA AUTO.
2. The business relationship with ŠKODA AUTO can only be referred to in the supplier's advertisements if previously approved in writing by ŠKODA AUTO.
3. Regardless of whether the contract has been concluded, the obligation to confidentiality applies to the information received in the offer phase and even after the contract has expired.

### **V. Technical Data and Production Means**

1. ŠKODA AUTO reserves proprietary and intellectual property rights to all graphical representations, drawings, calculations, technical descriptions and other data and models, samples, matrices, templates and tools ('technical data and production means' hereinafter) that ŠKODA AUTO makes available to the supplier. Technical data and production means must not be made available to a third party without the prior express written consent of ŠKODA AUTO. The same applies to products created using these technical data and production means; such products may only be supplied to ŠKODA AUTO.
2. If, for whatever reason, the contract is not concluded or business not conducted, all technical data and production means must be returned to ŠKODA AUTO.
3. These technical data and production means are to be used exclusively for carrying out the concluded contract and must be returned to ŠKODA AUTO without prior request immediately after the contract has expired.

4. Products that have been developed or perfected by ŠKODA AUTO in cooperation with the supplier may only be supplied to ŠKODA AUTO.
5. If there are any special delivery, technical or testing conditions and specifications, packaging, labelling and dispatching instructions attached to the order, they comprise an integral part of the contract and are binding to both contractual parties.
6. The supplier must review ŠKODA AUTO's inquiry and contents with regard to correctness, completeness, feasibility and compatibility, and to factor into the quotation all expenses that may incur when completing the delivery. The supplier must point out any potential deficiencies in the quotation. By submitting the quotation, the supplier assumes the risk of fulfilling the contract for the offered price and for the purpose specified in ŠKODA AUTO's inquiry.
7. If dual-use goods (in the sense of USA regulations as well as in the sense of the Annex I to the Council Regulation (EC) No. 428/2009) are the subject of the delivery, the supplier must inform ŠKODA about this and adhere to the Terms of contract for supply chain security and proof of origin which are available at [www.vwgroupsupply.com](http://www.vwgroupsupply.com).
8. In connection to the performance for ŠKODA AUTO, the supplier must submit all documents and certificates for further export within and outside the European Union (e.g. E-Mark, COP) to ŠKODA AUTO without prior request.

#### **VI. Subcontractors**

1. Unless agreed otherwise in the contract, the supplier is entitled to authorize subcontractors to fulfil the supplier's obligations. When this delegation involves the processing of the subcontractor's personal data, where ŠKODA AUTO is the Controller, the relevant provisions of the Processing Personal Data Agreement, specifically Article XVI(4) of these General Purchase Terms and Conditions apply and the supplier undertakes to comply with all obligations emerging from the Agreement between the supplier and ŠKODA AUTO (including any possible concluded Processing Personal Data Agreements), including compliance with all relevant internal regulations of ŠKODA AUTO. The Supplier is fully liable to ŠKODA AUTO for the fulfilment and any possible misconduct, as if the Supplier fulfilled the obligations himself.
2. If using subcontractors to perform a part of the assigned order, the supplier, upon ŠKODA AUTO's request, shall present a list of subcontractors, including the scope and specification of work. The supplier must inform ŠKODA AUTO about any change to subcontractors and request written approval for such a change. ŠKODA AUTO is entitled to request a change of subcontractor in justified cases.
3. If the obligations listed above are breached, ŠKODA AUTO is entitled to terminate or withdraw from the contract with immediate effect.

#### **VII. Performance**

1. The place of performance is Mladá Boleslav, Czech Republic, unless stated otherwise by ŠKODA AUTO.
2. Performance must correspond exactly to the agreed terms and conditions, and must be completed by the agreed deadline.
3. ŠKODA AUTO is not obligated to accept unapproved partial performance or performance exceeding the agreed quantity. Performance before the agreed date is possible only with written approval from ŠKODA AUTO.
4. The supplier assumes the risk of change of circumstances.

#### **VIII. Payment Terms**

1. Verifiable and legally correct tax documents must be submitted to ŠKODA AUTO to enable payment of supplier's claims.
2. The complete order number and supplier number must be stated on any items of correspondence, delivery notes, accounts, invoices, etc. to ensure the prompt processing of all relevant documents – this is in the mutual interest of both parties, and is strongly emphasised by ŠKODA AUTO.
3. The supplier must use electronic invoicing, unless otherwise agreed in writing.
4. In the event of defective performance, ŠKODA AUTO has the right to withhold payment, even if it is claimed on other legal grounds, until the performance is rendered in full.
5. The supplier is not entitled to assign or pledge its receivables towards ŠKODA AUTO, unless otherwise agreed in writing.
6. ŠKODA AUTO is entitled to unilaterally set-off due or undue claims against any supplier's due and undue claims on ŠKODA AUTO.
7. ŠKODA AUTO is entitled to pay the part of its liability corresponding to the amount of Czech VAT (DPH) charged by the supplier on the account of the supplier's Tax Authority. ŠKODA AUTO must inform the supplier about the payment accordingly.
8. The supplier may be requested by ŠKODA AUTO to prove ownership of the bank account that will be used for commercial payments in accordance with the contract concluded with ŠKODA AUTO. The same is valid for any other bank account that may be used in the commercial relationship with ŠKODA AUTO. ŠKODA AUTO is entitled to suspend all payments until the supplier provides sufficient respective evidence.
9. The supplier may be requested by ŠKODA AUTO to report all pending accounting items relating to the commercial relationship with ŠKODA AUTO on the specific date. The supplier shall clarify and solve with ŠKODA AUTO all differences with the relevant items recorded in accounting of ŠKODA AUTO. ŠKODA AUTO usually sends to the supplier confirmation about the pending accounting items in the accounting of ŠKODA AUTO. Such confirmation is based exclusively on the accounting reports and has no relevance for possible claims of the supplier, no legal consequences and in particular cannot be used as an acknowledgement of debt.

#### **IX. Right of Lien and Setoff**

ŠKODA AUTO's entitlement to exercise its right of lien towards the supplier, and ŠKODA AUTO's right to set off mutual claims may not be restricted.

#### **X. Transport – Costs – Attachment of Risk**

1. ŠKODA AUTO reserves the right to determine the transport route and type of transport, as well as the means of transport and packaging.
2. The delivery is governed by the latest version of INCOTERMS as of the date the contract is concluded.

#### **XI. Force Majeure**

1. Circumstances arising after concluding the contract due to extraordinary events that are unforeseeable and unavoidable by the contracting parties, such as natural disasters or war, shall be regarded as force majeure. The contractual party that is prevented from performing its contractual obligations must immediately inform the other contractual party in writing when such a circumstance arises and expires, presenting evidence that the circumstance had a decisive impact on the performance of contractual obligations. Defective material, delayed sub-deliveries and strikes cannot be considered as force majeure and therefore do not substantiate any right to extend a confirmed delivery term.
2. If force majeure prevents ŠKODA AUTO from accepting the performance at the agreed location, this shall not be considered, for the duration of the obstacle, as a default on the part of ŠKODA AUTO in receiving the delivery, and the supplier is not entitled to a consideration or compensation for damages. For the duration of such an obstacle, the supplier must store the goods at their own expenses and risk.
3. If the unforeseen circumstances are expected to last longer than 6 months for the performance with a deadline not exceeding 1 year or more than 9 months for the performance with a deadline exceeding 1 year, ŠKODA AUTO has the right to withdraw from the contract. If this is the case, the supplier must return the payments made by ŠKODA AUTO, plus the interest determined based on valid legal regulations on late interests.

#### **XII. Liability and Warranty**

1. Unless another agreement is reached regarding liability for improper and non-timeous performance, the supplier accepts liability as per the legal regulations.
2. In the case of delayed or defective performance, the supplier must compensate ŠKODA AUTO with the incurred loss (direct or indirect) and any other damages.
3. The warranty period for machinery is 24 months from being commissioned. The warranty period for spare parts is 24 months from the date of their installation, but no more than 30 months from their delivery date. For other goods and services the warranty period is 24 months from their delivery. For complete machinery, the warranty period commences on the date of delivering the last part of the machinery. If the supplier performs the assembly, the warranty period commences on the date when the whole piece of machinery is commissioned.
4. Defects are remedied through repairs or replacement of defective parts. If the supplier fails to remove the defects in time or in an appropriate manner despite being requested to do so, ŠKODA AUTO is entitled to remedy the defects or have them remedied at the supplier's expense, without detriment to ŠKODA AUTO's rights resulting from warranty and liability for defects. If this is not possible, ŠKODA AUTO is entitled to withdraw from the contract. Legal withdrawal from the contract shall come into force by failing to meet the obligations by the end of the extension period. Minor defects or defects that need to be remedied immediately shall be performed by ŠKODA AUTO, with the supplier reimbursing ŠKODA AUTO for the actual expenses. Upon exchanges or repairs of parts, the warranty period is extended by the time needed for the exchange or repair.
5. After the complaint has been settled, the cost incurred due to the defective machinery, related production downtime and personnel cost of the staff participating in the repair of the above-stated defect shall be debited to the supplier.

#### **XIII. Contractual Penalty**

1. If the supplier does not duly perform their obligations in time, they shall pay ŠKODA AUTO a contractual penalty of 0.5 % of the total price of performance for every week commenced, but no more than 5 % of the total price of performance. ŠKODA AUTO has the right to set off the contractual penalty claim against the supplier's claim for payment for performance.
2. Paying a contractual penalty and late interest shall not affect ŠKODA AUTO's entitlement to compensation for any greater damage. The obligation to pay the contractual penalty does not expire along with the contract.

#### **XIV. Governing Law and Jurisdiction**

1. The contract, as well as legal relations arising from violating it, shall be governed by Czech law, whereas the application of s. 1726, s. 1728, s. 1729, s. 1740 subs. 3, s. 1757 subs. 2 and 3, s. 1765 and s. 1950 of Act no. 89/2012 Coll., Civil Code, shall be excluded.
2. The application of international private law and the 'Convention on Contracts for the International Sale of Goods' is excluded.
3. All disputes arising out of or in connection with the contract shall be resolved by the relevant Czech court having jurisdiction over the registered office of ŠKODA AUTO.

#### **XV. Termination**

ŠKODA AUTO is entitled to terminate the contract with immediate effect or withdraw from the contract in the following situations:

- a) The supplier has stopped making payments;
- b) There are insolvency or similar proceedings pending against the supplier;
- c) The supplier has gone into liquidation;
- d) One of supplier's activities that is necessary to fulfil the purpose of the contract has been terminated;
- e) The supplier has not carried out the subject of the contract in time or appropriate manner;
- f) The supplier has directly or indirectly offered a bribe or another unfair advantage to a ŠKODA AUTO employee or representative;
- g) The supplier has influenced or attempted to influence the selection procedure announced by ŠKODA AUTO;

- h) The supplier has violated another obligation ensuing from the documents that are binding in accordance with these General Purchase Terms and Conditions, e.g. in the area of environmental protection or ensuing from the Volkswagen Group requirements regarding sustainability in its relationships with business partners (Code of Conduct for Business Partners) or Declaration on social rights and industrial relationships at Volkswagen, and they fail to remove the breach despite sufficient deadline.
- i) The supplier has been sentenced for an offence in keeping with Act no. 418/2011 Coll., on the criminal liability of legal entities and proceedings against them, as amended;
- j) Any member of the supplier's statutory body or a physical entity has been sentenced for an offence, and the offence is related to the subject of their business activities.

#### **XVI. Special provisions**

1. The supplier undertakes to comply with all legal regulations related to environmental protection. The best evidence of the supplier's environmentally friendly behaviour is an ISO 14001 or EMAS certification.
2. The supplier undertakes to have a quality management system implemented at their company. The best evidence of a quality management system is an ISO 9001 certification.
3. The supplier must adhere to ŠKODA AUTO internal technical standards published at [www.cts.skoda-auto.cz](http://www.cts.skoda-auto.cz) upon the performance of the contract concluded with ŠKODA AUTO.
4. If the supplier receives access to personal data, it shall observe the valid data protection provisions, process data solely for the purpose of rendering contractual services (use for a specific purpose), in particular with regard to personal data, ensure that its staff and partners have access to data only where this is absolutely necessary, obligate its staff and partners in writing to practise nondisclosure, inform its staff and partners of the data protection regulations they must comply with, and provide ŠKODA AUTO with evidence thereof on request. The supplier agrees to protect personal data using state-of-the-art technology. In the event that the supplier is commissioned by ŠKODA AUTO to process personal data and before the supplier receives access to the personal data from ŠKODA AUTO, the respective data protection agreement shall be signed, which will be provided by ŠKODA AUTO. The supplier ensures that personal data pertaining to ŠKODA AUTO or ŠKODA AUTO partners shall only be processed within the territory of the Czech Republic, a Member State of the European Union or a signatory to the Agreement on the European Economic Area. Deviations thereto shall be explicitly agreed in writing between ŠKODA AUTO and the supplier and are subject to the conclusion of the required data protection contracts.

#### **XVII. Effective date**

These General Purchase Terms and Conditions supersede the ENG 01/16 version of the General Purchase Terms and Conditions, and are effective as of 1 April 2019.