

General Purchase Terms and Conditions of ŠKODA AUTO a.s.

I. Applicability of the General Purchase Terms and Conditions

These terms and conditions apply to any relations between ŠKODA AUTO a.s. (hereafter as "Škoda Auto") and a supplier that arise on the basis of or in connection with an order placed by Škoda Auto, unless otherwise previously agreed in writing, even if the supplier applies its own terms and conditions of delivery. Any business conditions of the supplier are not considered part of a contract, even if they are not explicitly excluded upon conclusion.

II. Orders and concluding a contract

- Orders are regarded as binding on Škoda Auto only if they are placed in writing and signed by Škoda Auto. For an order to be accepted and hence for a contract to be concluded, it is necessary to return one copy of the order properly signed by the authorised persons.
- If a notice of acceptance of an order is not delivered to Škoda Auto within thirty days of its issue, then Škoda Auto reserves the right to cancel the order.

III. Written form and deviating agreements

Changes and amendments to these General Purchase Terms and Conditions and a contract must be agreed on in writing. This also includes the requirement of written form.

IV. Confidentiality

- The supplier is obligated to handle a contract and any business and technical information connected with its realization as a trade secret of Škoda Auto.
- The business relationship with Škoda Auto can only be referred to in the supplier's advertisements if previously approved in writing by Škoda Auto.
- The duty of confidentiality applies regardless of whether a contract was concluded, as well as for information acquired during the offer phase and after expiration of a contract.

V. Technical data and production means

- Škoda Auto reserves proprietary and intellectual property rights to all pictorial material, drawings, calculations, technical descriptions and other data and models, samples, matrixes, templates and tools (hereinafter "technical data and production means") that Škoda makes available to a supplier. Also, access must not be allowed to a third party to any technical data and production means without the prior express written consent of Škoda Auto. The same applies to items created through the use of these technical data and production means; such items may only be supplied to Škoda Auto.
- If a contract is not concluded or business is not realized, for whatever reasons, all technical data and production means must be returned to Škoda Auto.
- These technical data and production means are to be used exclusively for performance of a concluded contract and must be returned to Škoda Auto without waiting for a request and immediately after the contract expires.
- Items that have been developed or perfected by Škoda Auto in co-operation with the supplier may be delivered only to Škoda Auto.
- If there are any special delivery, technical or testing conditions and specifications, and packing, labelling and posting instructions in an order, they are an integral part of the contract and are binding on both contracting parties.

VI. Performance

- The place of performance is Mladá Boleslav, Czech Republic, unless stated otherwise by Škoda Auto.
- Performance must correspond exactly to the terms and conditions agreed and must be realized within the agreed deadline.
- Škoda Auto is not obligated to accept unapproved partial performance or performance exceeding the agreed quantity. Performance before the agreed deadline is possible only with the written approval of Škoda Auto.

VII. Payment terms

- The whole order number and supplier number must be stated on any correspondence, delivery bills, accounts, etc., otherwise it is not possible to process all the relevant documents promptly, which is desirable for both contracting parties, as stressed by Škoda Auto.
- The preferred method of processing of accounting documents is self-billing or using electronic invoicing data.
- In the event of defective performance, Škoda Auto has the right to withhold payment until performance is rendered in full.
- The supplier is not entitled to assign or pledge its receivables from Škoda Auto without the previous written approval of Škoda Auto, which must not be denied without reason.

VIII. Right of lieu and clearing

- Škoda Auto's entitlement to exercise its right of lieu towards the supplier and Škoda Auto's right to clear mutual receivables may not be restricted.
- Škoda Auto is entitled to unilaterally clear its non-payable receivables. Škoda Auto is also entitled to unilaterally clear against the supplier's non-payable receivables.

IX. Transport – Costs – Transfer of risks

- Škoda Auto reserves the right to determine the transport route and manner of transportation, as well as the means of transport and packaging.
- The latest version of INCOTERMS as of the date a contract is concluded is applicable for trade clauses.

X. Force majeure

- Circumstances arising after the conclusion of a contract as a result of extraordinary events that are unforeseeable and unavoidable by the contracting parties, such as natural disasters or war, shall be regarded as force majeure. The party that is prevented from performing its contractual duties must immediately inform the other contracting party in writing when such circumstance arises and finishes, presenting evidence that the circumstance had a decisive impact on performance of the contractual duties. Defective material, delayed sub-deliveries and strikes cannot be considered as instances of force majeure and therefore do not provide the right to extend a delivery term that has been confirmed.
- If force majeure prevents Škoda Auto from accepting performance at the agreed location, for the duration of the barrier this shall not be considered as default on the part of Škoda Auto in taking delivery, and the supplier is not entitled to consideration or compensation for damages. The supplier shall store the goods at its own cost and risk for the duration of such barrier.
- If the unforeseen circumstances last longer than six months for performance for which the deadline for performance does not exceed one year or more than nine months for performance for which the deadline does exceed one year, Škoda Auto has the right to withdraw from the contract. If this is the case, the supplier is obligated to return the amounts paid by Škoda Auto, including interest in the amount of the repo rate set by the Czech National Bank, raised by seven percentage points. The amount of late charges is dependant on the repo rate set by the Czech National Bank and valid on the first day of the relevant calendar half-year for each calendar half-year for which the interest is paid.

XI. Liability for defects and warranty

- Unless another agreement is reached regarding liability for defects, the supplier accepts liability for defects in its performance in keeping with legal regulations.
- The warranty period for machinery is twenty-four months from the date it is brought into operation. The warranty period for spare parts is twenty-four months from the date of their installation, but no more than thirty months from their delivery date. For other goods and services the warranty period is twenty-four months from their delivery. For complete machinery the warranty period commences on the date of delivery of 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 brought into operation.
- Defects are removed by repairs to the defective parts or replacement of the defective parts. If the supplier fails to remove the defects in time or in an appropriate manner despite being notified, Škoda Auto is entitled to remove them or have them removed at the supplier's expense, without prejudice to Škoda Auto's rights resulting from liability for defects and the warranty. If this is not possible, Škoda Auto is entitled to withdraw from the contract. Minor defects or those which need to be repaired without delay shall be performed by Škoda Auto itself with the supplier reimbursing Škoda Auto for the real cost. Upon exchanges or repairs of parts, the warranty period is extended by the time needed for exchange or repair.

XII. Substances harmful to paint structure

None of the supplier's performance – regardless of its type – may contain substances interfering with the paint structure and/or emit them into environment.

XIII. Contractual penalty

- If the supplier does not perform duly its obligations in time, it 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 receivable against a supplier's receivable for payment for performance.
- Payment of a contractual penalty and late charges shall not influence Škoda Auto's entitlement to compensation for any higher damage. The obligation to pay the contractual penalty does not expire along with the contract.

XIV. Governing law and jurisdiction

- The contract, as well as the legal relations arising from violation thereof, shall be governed by the legal order of the Czech Republic. The application of international private law and of the Convention on Contracts for the International Sale of Goods is excluded.
- All disputes arising out of or in connection with the contract shall be resolved by the relevant Czech court supervising the district in which Škoda Auto has its registered office.

XV. Severability clause

Should any provision of these General Purchase Terms and Conditions and other arrangements concerned be or become invalid, this shall not affect the validity of a contract as a whole. The contracting parties undertake to replace an invalid provision with a valid provision which best corresponds to the economic purpose of the invalid provision. The same applies in case of a gap in the rights and duties of the contracting parties.

XVI. Termination of the contract

Škoda Auto is entitled to terminate the contract with immediate effect or withdraw from the contract under the following conditions:

- The supplier has stopped making payments;
- Insolvency or similar proceedings have begun with the supplier;
- The supplier has gone into liquidation;
- An activity of the supplier enabling performance of the purpose of the contract has been terminated;
- The supplier has not performed the object of the contract in time and in the appropriate manner.

XVII. Special provisions

- The supplier undertakes to comply with all legal regulations concerning protection of the environment. The best possible evidence of the supplier's environmentally-friendly behaviour is an ISO 14001 or EMAS certificate.
- A supplier operating on the premises of Škoda Auto shall comply with all applicable Škoda Auto requirements and internal guidelines, which are available from <https://share.skoda-auto.com/supplier/default.aspx> and www.vwgrouppsupply.com, in particular the published requirements regarding environmental and workplace protection, health and safety at work and fire protection. The aforementioned Internet platform may be used by Škoda Auto to pass on other documents regarding contractual relations with its suppliers.