

ŠKODA AUTO Terms and Conditions for Prototype Tools

1. Scope of validity

1.1. Tools and components thereof, moulds, gages, models, matrices and other means of production required for manufacturing specific car components by ŠKODA AUTO a.s., a company with its registered office at Tř. Václava Klementa 869, 293 01 Mladá Boleslav, register administered by the Prague Municipal Court, section B, file 332, (hereinafter referred to as "ŠKODA AUTO company"), are referred to as "tools" hereinafter.

1.2. Production orders, manufacture, usage, maintenance and servicing of the tools, purchasing of new tools, rights related to the tools, including that of disposal, are exclusively subject to the following terms and conditions agreed between the Supplier and the ŠKODA AUTO company.

2. Ownership of the Tools

2.1. The ŠKODA AUTO company is the owner of the tools. Ownership of tools required for prototype series production of respective car model is transferred to the ŠKODA AUTO company as of the moment the first batch of car components have been approved by the quality of the respective tools, or as of the moment the handover protocol has been signed by both parties. Ownership of tools acquired additionally after the respective car's prototype SOP is transferred to the ŠKODA AUTO company as of the moment the batch of car components quality manufactured using the respective tools, or as of the moment the handover protocol has been signed by both parties. The Supplier is obliged to invoice 100% of the value of the tools delivered as of the moment of ownership transfer.

2.2. The ŠKODA AUTO company lets the Supplier hire the tools and their respective technical documentation including CAD data, all owned by the ŠKODA AUTO company. In case the tools are located at the Supplier's, hereby the Supplier transfers the claim to be provided the tools and respective documentation to the ŠKODA AUTO company.

2.3. Unless agreed by the contractual parties otherwise, the Supplier is obliged to continue delivering components series-produced using the tools at any plant of the ŠKODA AUTO company or by a third party using the components with the ŠKODA company's consent for spare parts.

2.4. The Supplier is obliged to send a "Tool Sheet" regarding tools which have been provided and lent by ŠKODA AUTO, to ŠKODA AUTO together with the invoice, signed by an authorized person. The signed Tool Sheet shall contain the location (country) of tools during the period of production of parts approved by quality, manufactured using respective tools, or when the handover protocol has been signed by both parties, as well as the order number, tool label, part name, material, tool price, contact person and the date of ownership transfer. Upon ŠKODA AUTO's request the Supplier is obliged to submit for free the „Stocktaking Book Confirmation“ and other documents for tax purposes, such as invoices, delivery notes, tool photographs etc., required for tax reimbursement and as a proof of the origin and location of the tools. If failing to meet this obligation, providing untruthful data or causing any other damage to the ŠKODA AUTO company, the Supplier is liable to damages the ŠKODA AUTO company reserves the right to claim.

2.5. Pursuant to the provisions of the Par. 2198 of the Act 89/2012 Coll. the ŠKODA AUTO company is entitled to exercise their ownership right and ask the Supplier to provide the tools in case of ŠKODA AUTO's early necessity. In case of ŠKODA AUTO's ownership right exercise the Supplier is obliged to provide the tools immediately and faultless. The Supplier must not refuse to provide the tools even if objecting invalid termination of the contract on deliveries to the ŠKODA AUTO company.

2.6. Within one year since the ownership has been transferred to ŠKODA AUTO, the Supplier is obliged to ensure liquidation of tools in the same country as where the tools have been produced. The Supplier also undertakes to inform ŠKODA AUTO about the last possible date for ordering components manufactured using the respective tools before tool disposal 3 months in advance.



ŠKODA

2.7. The Supplier is obliged to issue a confirmation on carrying out the disposal to ŠKODA AUTO without undue delay. It shall also state the following:

- a) Object of disposal (items according to the Tool Sheet, see point 2.4)
- b) Disposal execution date:
- c) Place of disposal execution (country):
- d) Methods used for disposal and handling waste from carried out disposals
- e) Responsible person carrying out disposal on behalf of the Supplier

3. Obligation to label

3.1. The Supplier commits to attach a permanently visible label saying „Property of ŠKODA AUTO a.s.“ which states the following information:

- a) Supplier's DUNS number
- b) tool label
- c) part no.
- d) part name,
- e) project,
- f) material,
- g) location (country).
- h) order no.,
- i) Supplier's contact persons.

3.2. The Supplier is obliged to take digital pictures of properly labelled tools when updating respective invoicing specifications at the latest. The digital pictures should show easily discernible tools labelling and all additional/replaceable tool components.

3.3. The price of the tools includes all costs incurred by tool labelling and documentation.

4. Tool Sheet, Specifications and Application

4.1. The Supplier is obliged to fill out the respective Tool Sheet for each item ordered by the ŠKODA AUTO company. The Supplier is also obliged to fill out all the Tool Sheet items the moment the delivery of quality approved parts manufactured using the respective tools, or the moment the handover protocol has been signed by both parties. The Supplier shall send, together with the invoice, one copy of the Tool Sheet to an e-mail address of the ŠKODA AUTO's contact person for the prototype phase, and to invoice@skoda-auto.cz.

5. Maintenance, servicing

5.1. The Supplier is obliged to handle the tools with care, doing regular maintenance and keeping the tool technical documentation updated and reflecting truly the tools condition during all the tool hire period.

5.2. Hiring the tools the Supplier is assuming responsibility for dimensional stability of the tools. The Supplier is obliged to assess properly and eliminate any possible dimensional deviation resulting from wear and tear of the tools.

5.3. The Supplier bears all the tool storage cost during the hire period.

5.4. At any time during Supplier's usual working hours ŠKODA AUTO is entitled to inspect the condition of the tools or the progress of the tool manufacture and to check the Supplier's observance of their contractual obligations. The ŠKODA AUTO company is obliged to give notice before visiting the Supplier unless there is a risk of delay or giving notice would be counter-productive.

6. Right of Disposal

6.1. The tools may only be employed for manufacturing series or spare parts called for delivery by ŠKODA or other Volkswagen Group company.

6.2. In case the Supplier does not employ the tools to fulfil the orders of the ŠKODA/VW Group company, they are obliged to client's obliged to inform the ŠKODA AUTO company accordingly in writing. The Supplier has no right to alienate, scrap, abandon or handle with the tools in any way contradicting the present terms and conditions, unless agreed in advance with the ŠKODA AUTO company thereof in writing.

6.3. The ŠKODA AUTO company is entitled to require the Supplier to provide the tools.

6.4. The Supplier must not burden the tools with pawn, hedging transfer of ownership rights, lien or any other unauthorized management.

6.5. In case of disregard of these stipulations the supplier reserves any right to claim the resulting damages from the buyer.

7. Transfer of Production/ Using the Tools at 2nd-tier Suppliers/ Handover to Third Parties

7.1. Transferring the tools to locations other than the originally agreed production sites without the ŠKODA AUTO company's prior consent in writing is forbidden. The same applies to the tools located at the Supplier's suppliers.

7.2. In case the Supplier transfers the tools or parts thereof to one or more of its suppliers, the 2nd-tier suppliers must commit in writing (e.g. concluding a hire contract) to let the ŠKODA AUTO company exercise all its rights stipulated by the present terms and conditions also in relations with the 2nd-tier suppliers.

7.3. The ŠKODA AUTO company is entitled to require the Supplier to present respective articles of agreement with a 2nd-tier supplier, especially in case of the latter's insolvency. In case the Supplier fails to present respective articles of agreement or if the articles fail to ŠKODA provide sufficient legal protection to the ŠKODA company's rights pursuant to the Par. 7.2 and ŠKODA suffers damage due to the transfer of the tools to a third party and due to the Supplier's failure to meet their above-mentioned obligations, the Supplier is obliged to compensate for ŠKODA's damage in its full scope and amount.

7.4. Upon payment of the invoice for the tools, the tools owned by ŠKODA AUTO cannot be transported. The tools must stay in the country stipulated on the sales invoice. In the event of failure to comply with these conditions, ŠKODA AUTO asserts the right for reimbursement of losses caused.

8. Supplier's Responsibilities

8.1. The Supplier bears responsibility for any willful or negligent damage suffered by the tools. The Supplier is also responsible for any damage suffered by the tools caused by the Supplier's employees or staff hired by the Supplier.

8.2. In case a third party's property suffers damage and the party claims damages from the ŠKODA AUTO company, the Supplier is obliged to relieve ŠKODA AUTO from the claim and satisfy the third party's claim themselves. The same applies to cost incurred from collection of the claims by legal means.

9. Modifying the tools

9.1. In the event of modification of prototype tools, the label remains unchanged. When invoicing tool modifications the Supplier is obliged to specify respective service provided and apply the VAT rate accordingly, see point 10.4. The Invoicing and Payment Terms and Conditions also apply to tool modifications.

10. Invoicing and Payment Terms and Conditions

10.1. The Supplier shall issue an invoice amounting to 100% of the tools value and send it to ŠKODA AUTO at invoice@skoda-auto.cz immediately after the SOP of prototype components of the respective model, or to the date of signature of the handover protocol by both parties.

10.2. The Supplier is obliged to invoice tools according to the location of tools at the time of production of quality approved parts manufactured by using the respective tools, or at the moment of signature of the handover protocol by both parties.

10.3. When invoicing tools, the Supplier is obliged to specify the following note in this format on the invoice: "The tools are located in (city, country)", while it is necessary to provide the location of tools during the production of quality approved parts manufactured using the respective tools, or at the moment of signature of the handover protocol by both parties. Together with the invoice, the Supplier shall also send delivery notes of the first parts, or the handover protocol for tools signed by both parties, and a copy of the Tool Sheet with the invoiced amount split among individual tools, to the e-mail address mentioned above.

10.4. When invoicing tool modifications the Supplier is obliged to specify the following:

- a) modification of tools before the delivery of the first quality approved part manufactured using the respective tools, or before the signature of the handover protocol by both parties. The Supplier shall take into account this tool modification when issuing and invoice for the delivery of completed prototype tools.
- b) tool modification service after the delivery of the first quality approved part manufactured using the respective tools, or after the signature of the handover protocol by both parties,
- c) or after the delivery of new prototype tools



and apply the VAT rate accordingly. In the event of failure to comply with these conditions, ŠKODA AUTO asserts the right for reimbursement of losses caused. The Supplier is obliged to compensate the ŠKODA AUTO company for any damage possibly suffered due to a wrong invoice or invoicing documents specified herein.

10.5. Invoices shall be paid in line with Payment Terms and Conditions agreed in the order. An invoice shall only be paid in line with Payment Terms and Conditions agreed in the order provided all invoicing documents are approved by ŠKODA AUTO.

10.6. The Supplier is obliged to locate the tools in a country where the ŠKODA company is not liable to tax. The final agreed price of the tools excludes net the VAT and can be increased by a foreign- 2021 ŠA non-refundable amount of or by a similar tax. Unless the ŠKODA AUTO company is entitled to the tax refund or deduction, the potentially non-refundable VAT or a similar tax abroad is included in of supplier's nomination the price of the ordered tools. In case the ŠKODA company incurs any additional tax liability in connection with the tool delivery, the Supplier commits to pay ŠKODA a contractual penalty amounting to € 20,000 to ŠKODA. Payment of the contractual penalty leaves unaffected any claim of damages exceeding the amount of the penalty. The Supplier commits to reimburse the ŠKODA AUTO company's mandatory tax expenditures, cost of registration to tax and of keeping mandatory tax records, imposed tax sanctions etc.

11. Other

11.1. The ŠKODA AUTO Production Material Procurement Terms and Conditions as amended apply and are available at www.vwgroupsupply.com (Cooperation/ Procurement Conditions/ ŠKODA AUTO a.s.).

11.2. In case the Supplier transfers their obligations stipulated in the tool manufacture contract fully or partially to third parties and becomes subject to insolvency proceedings, the ŠKODA AUTO company is entitled to assume the Supplier's rights and obligations stipulated in the contract with the third parties on tools employed in production of components for ŠKODA AUTO and pay directly to the third parties. The Supplier commits to provide for the ŠKODA company's possible assumption of their rights and obligations in the contracts with the third parties.

11.3. In case the Supplier entrusts a third party with manufacturing the tools they also have to ensure no reservation of proprietary rights is arranged with the third party. In case the reservation of proprietary rights is arranged nonetheless, by accepting the tools order the Supplier transfers their tool acquisition rights to the ŠKODA AUTO company.

The Supplier's claims against the ŠKODA AUTO company are paid off by the amounts paid by ŠKODA AUTO directly to the third party. ŠKODA AUTO Terms and Conditions for Prototype Tools The present ŠKODA AUTO Terms and Conditions for Special Tools (especially the transfer of proprietary rights and invoicing) also apply to tools for which the above-mentioned reservation of proprietary rights has been arranged with no further declaration from contractual parties required. Claims from third parties and any damage suffered by the ŠKODA AUTO company in consequence of these illegitimate actions shall be paid by the Supplier.

Signing the ŠKODA AUTO company's tool order the Supplier confirms they accept the present Terms and Conditions.

Annexes

Scrapping Protocol
Tool Sheet