

Škoda Auto a.s. Production Material Purchasing Terms and Conditions

I. Introductory provisions

Save as otherwise agreed in writing, these Production Material Purchasing Terms and Conditions ("Purchasing Terms and Conditions") shall apply to any and all relations between Škoda Auto a.s. ("Škoda Auto") and the Supplier.

II. Ordering and contracting

Contracts on the supply of production materials (the placing and acceptance of a purchase order), as well as amendments thereto, shall be made in writing or, subject to prior written acceptance of the Terms and Conditions of Use of the Volkswagen Group B2B Supplier Platform "www.vwgroupsupply.com", confirmed by the Supplier on the portal www.vwgroupsupply.com. As a rule, delivery call-off orders are sent by remote data transmission and the Supplier is obliged to establish conditions for electronic communication with Škoda Auto. In order to uniquely identify the entities in the business relationship, in the Volkswagen Group B2B Platform the Supplier shall register, under the relevant unique DUNS numbers all locations where it carries out related activities (technical development, production, dispatch and other logistics sites) within the framework of the business relationship.

1. If orders are placed in writing, the order is accepted and the contract is concluded when Škoda Auto receives a copy of the order duly signed by the Supplier. If orders are placed via the portal www.vwgroupsupply.com, the order is accepted and the contract is concluded when the Supplier sends unconditional confirmation of acceptance of the order to Škoda Auto.
2. If an offer or other proposal to enter into a contract is accepted with a derogation, even if such derogation does not materially alter the original terms, the contract cannot be concluded. The same applies to the negotiation of any amendments to the contract or the conclusion of subcontracts deriving from the contract.
3. If the Supplier does not accept a delivery order within three weeks of receipt thereof, Škoda Auto shall be entitled to cancel the order. Unless the Supplier rejects delivery call-off orders within two weeks of receipt thereof, such delivery call-off orders shall be binding.
4. The Supplier shall review an enquiry from Škoda Auto and the information contained therein for accuracy, completeness, feasibility and compatibility and, in its offer, shall take into account all costs that may be incurred in the course of delivery. In its offer, the Supplier shall draw attention to any irregularities. By submitting an offer, the Supplier assumes the risk of the feasibility of delivery at the price offered for the purpose specified in Škoda Auto's enquiry.
5. Škoda Auto may require the Supplier to make changes to the design and construction of a delivery item. The effects of such changes (in particular cost reductions or increases, or changes in delivery dates) shall be agreed in writing with the Supplier.
6. A Supplier operating at Škoda Auto sites shall comply with the Environmental Protection and Occupational Health and Safety Requirements for Suppliers Operating at Škoda Auto Sites, the Binding Occupational Health and Safety Terms and Conditions and Guidelines for Business Partners Providing Services at Škoda Auto Sites, and other requirements deriving from documents published at www.vwgroupsupply.com.
7. A contract with Škoda Auto shall include the Škoda Auto Enquiry, the Production Material Purchasing Terms and Conditions, as amended, the Volkswagen Group's Requirements for Sustainable Development in Relations with Business Partners (Code of Conduct for Business Partners), the Ethical Compliance Requirements for Suppliers of Škoda Auto a.s., and the Declaration on Social Rights and Industrial Relations at Volkswagen, available at www.vwgroupsupply.com.

III. Payment terms and conditions

1. If Škoda Auto has verifiable and formally correct tax documents at its disposal, payment shall be made within 30 days of compliance with the conditions in place for delivery or service provision, or, if Škoda Auto receives an invoice only after a delivery has been made or service provided, within 30 days of demonstrable delivery of the invoice. Save as otherwise agreed, payment of an invoice shall be conditional on the material being received at Škoda Auto's plants.
2. Payment shall be made by bank transfer. Electronic invoicing using EDI data transmission shall be mandatory, either in standard form or using the self-billing method, unless otherwise agreed in writing (see <http://edi.skoda-auto.cz/> for more information). Škoda Auto shall be entitled to charge any differences arising from derogations in price or quantity to the Supplier's account immediately. Retroactive price changes shall follow the same procedure. The validity of pricing terms shall be governed by the date of the delivery note.

3. In correspondence, delivery notes, bills, invoices, etc., the full order number and the Supplier number shall always be quoted, otherwise the prompt processing of individual documents will not be possible. Škoda Auto draws particular attention to this in the interests of both parties.
4. In the event of defective supply, Škoda Auto shall be entitled to withhold any payment, even if the entitlement to such payment is based on other legal grounds, until the matter has been duly resolved.
5. The Supplier shall not be entitled to assign or pledge claims against Škoda Auto unless otherwise agreed in writing. If the law of the Federal Republic of Germany is applicable to the relationship between the Supplier and Škoda Auto, the following provisions shall apply: If the Supplier assigns its claims against Škoda Auto without Škoda Auto's consent in contravention of sentence 1, such assignment shall nevertheless be effective. In this case, Škoda Auto shall be entitled to fulfil its obligations towards the Supplier with the same effect both in relation to the Supplier and to the third party to whom the assignment has been made.
6. Škoda Auto shall be entitled to unilaterally set off its due and undue receivables against any due and undue receivables of the Supplier from Škoda Auto.
7. Škoda Auto shall be entitled to pay a part of a liability corresponding to the amount of Czech VAT claimed by the Supplier to the account of the Supplier's tax authority. Škoda Auto shall inform the Supplier of any such procedure.
8. If so requested by Škoda Auto, the Supplier shall prove that the Supplier is the owner of the account to which payments are to be made pursuant to the contract concluded with Škoda Auto or of any other account used by the Supplier in the course of business with Škoda Auto. Škoda Auto shall be entitled to withhold payment until such proof is duly provided.
9. If so requested by Škoda Auto, the Supplier shall disclose the current balance of open accounting items arising from mutual business relations in the Supplier's accounting as at the reference date, and if necessary, the Supplier clarify and reconcile any discrepancies with the balance contained in ŠKODA AUTO's accounting. As a rule, Škoda Auto shall send the Supplier confirmation of the balance of open accounting items contained in Škoda Auto's accounting. This shall be based solely on accounting records and shall be of no relevance for the assertion of any claims, no legal consequences can be derived from it and, in particular, it cannot be used as an acknowledgement of debt under any circumstances.

IV. Confidentiality

1. The Supplier undertakes to treat any and all (non-public) information of an economic and technical nature which comes to the Supplier's knowledge or is disclosed to the Supplier in connection with its business relations with Škoda Auto as a trade secret.
2. No information (file material, image documentation, physical objects and studies, etc.) that is subject to confidentiality obligations, e.g. documents on research methods and procedures, results of research, testing and development contracts, image documentation, personal and financial data and similar items related to business relations with Škoda Auto, as well as security measures used to secure them at Škoda Auto, may be transferred, disclosed or otherwise made available to third parties without the agreement of Škoda Auto. The reproduction of such information shall be permitted solely within the framework of operational requirements and in accordance with copyright law.
3. The Supplier shall contractually ensure that its subcontractors comply with the same terms and conditions set out in paragraph 2.
4. The Supplier may only refer to the business relationship with Škoda Auto in its advertising if Škoda Auto agrees thereto in writing in advance.
5. The obligation of confidentiality under this Article shall also apply, irrespective of whether a contract has been concluded, to information obtained during the offer phase and after the end of the contract.
6. The Supplier shall comply with the current requirements for the security of information, supplies and, where applicable, services from the perspective of the confidentiality and availability thereof, as set out in the document "Information security guidelines for third parties" at www.vwgroupsupply.com (Information / Divisions / Procurement / Brand specific information / Škoda Auto / Gruppe "Information Security requirements").

V. Supply of production material

1. The dates, quantity and quality agreed between the Supplier and Škoda Auto shall be binding. The acceptance of production material by Škoda Auto shall be the factor determining whether the delivery deadline has been met. The Supplier shall prepare the production material on time in compliance with the transport regulations (published on www.vwgroupsupply.com) and the loading plan (Beladeplan).

- Deliveries shall be made according to Škoda Auto's instructions. A supplier from the European Union shall attach a delivery note to each shipment, issue a declaration of origin of the goods supplied (once a year) and send the original to Škoda Auto. A Supplier from a third country (outside the European Union) shall attach an invoice, delivery note and the original proof of origin to each shipment. The specific form of the proof of origin of the goods shall be set out in each order. Failure to deliver the original proof of origin shall render the shipment incomplete and Škoda Auto shall have the right to withhold payment for the delivery in accordance with Article III of these Purchasing Terms and Conditions. The Supplier shall also compensate for damage caused by the failure to deliver the original proof of origin of the goods.
- If the goods to be supplied are dual-use goods within the meaning of US law and Annex I to Regulation (EU) 2021/821 of the European Parliament and of the Council of 20 May 2021, the Supplier shall inform ŠKODA thereof and comply with the Contractual Conditions for the Security of the Supply Chain and for Proof of Origin of the Goods Supplied, which can be found at www.vwgroupsupply.com. If the subject of delivery is goods sanctioned under internationally applicable sanctions, the Supplier shall inform Škoda Auto without undue delay by email: skoda.exportcontrol@skoda-auto.cz.
- In connection with contractual performance for Škoda Auto, the Supplier shall hand over to Škoda Auto, upon request, any and all documents and certificates necessary for further export within and outside the European Union (e.g. E-Mark, COP).
- The INCOTERMS in the latest version in force at the time of conclusion of the contract shall apply to the terms of delivery. FCA and FOB delivery terms, depending on the type of shipment, shall be preferred.
- If deviations listed in the Target Catalogue for Suppliers "Supplier Target Catalogue, Process deviation cost rates" are present, the Supplier shall pay Škoda Auto an amount as per that catalogue on the basis of an invoice issued in that respect. The Target Catalogue for Suppliers "Supplier Target Catalogue, Process deviation cost rates" is available under Information/ Divisions/Logistics/Brand specific logistics information after logging in to www.vwgroupsupply.com.

VI. Force Majeure

- Force majeure, strikes, insurrections, actions of the authorities and other unforeseen, unavoidable and serious events shall exempt the parties from the obligations of contractual performance for the duration of such impediment and to the extent of its effect. This shall apply even if these events occur at a time when the affected party is in default. The parties shall provide each other with the necessary information without delay and adapt their obligations to the changed circumstances.
- If Škoda Auto is prevented by circumstances of force majeure from taking over supply at the agreed location, Škoda Auto shall not be deemed to have defaulted in takeover for the duration of this impediment, nor shall the Supplier be entitled to any consideration or damages. For the duration of the impediment, the Supplier shall store the production material at its own expense and risk.

VII. Quality and documentation

- The Supplier shall enter the DUNS numbers for contract, development (for hardware and/or software), logistics and production sites into the Supplier Databank (LDB - Lieferantendatenbank) and keep the data up to date.
- Each delivery shall be free of defects. The Supplier shall be responsible for the quality of the delivery and undertakes to engage in effective quality assurance and the preparation of the relevant documentation, and shall prove this to Škoda Auto. The Supplier shall also be fully liable for any damage to the quality of parts caused by the Supplier's improper packaging thereof, or by improper packaging in the Supplier's supply chain.
- Each delivery shall be at the current level of competition, taking into account the state of the art. The Supplier shall inform Škoda Auto of the current level of competition without being requested to do so. If divergences arise, both parties shall enter into negotiations to adjust to the competition. In addition, the Supplier shall inform Škoda Auto of changes planned in the process of production and/or inspection and notify and reach agreement with the specialist department at Škoda Auto sufficiently in advance.
- The Supplier shall enter and update information in the HAMON (Hardware Management Online) system on the Group's Business Platform www.vwgroupsupply.com for production ranges containing electrical or electronic products.
- Škoda Auto shall be entitled to satisfy itself that the Supplier applies quality assurance measures to the necessary extent and complies with the attendant obligation to keep documentation. For this purpose, the Supplier shall allow Škoda Auto to inspect production and inspection facilities and to consult the production and inspection records, including documentation, at any time by agreement. With respect to confidentiality, Article IV of these Purchasing Terms and Conditions shall apply in its entirety. The Supplier shall allow Škoda Auto the necessary scope of inspection to the same extent in the Supplier's supply chain, if requested.

6. A number of VDA standards, IATF 16949 - Quality Management in the Automotive Industry, which the Supplier is obliged to follow, shall serve as a basis for assessing and determining the necessary quality assurance measures. The Supplier undertakes to take all measures required for quality assurance in the pre-production phase and in series production, as described in the documents published under Information/Divisions/Quality Assurance on the B2B platform at www.vwgroupsupply.com, in particular:
- Quality assurance agreement between Volkswagen Group companies and their suppliers (Formel Q konkret),
 - Supplier's qualitative eligibility (Form Q Eligibility),
 - Qualification Programme for New Integral Parts "QPNI" (Formel Q New Integral Parts),
 - For scopes that are relevant in terms of software/software-defined systems, the following shall also apply:
 - Group's basic software requirements (KGAS),
 - Formel Q Eligibility Software.
 - If the scopes are relevant from a Cyber Security perspective, the following shall also apply:
 - Cybersecurity basic requirements (CSGA),
- including relevant annexes, as well as the requirements listed under Information/Division/Quality Assurance/Brand specific information/Škoda Auto a.s. on the platform www.vwgroupsupply.com.
7. The Supplier shall ensure that the material composition of the products supplied complies with the VW 91101 standard and all current legislative requirements relevant to the product supplied and the target market (e.g. 2000/53/EC, (EU) 2015/863, (EU) 1907/2006, AIS 129, GB 24409-2020, etc.).
8. The Supplier shall ensure that all required certificates - both in the design and production phases and for the supply of spare parts - are always valid and available. Certificates (e.g. CCC, RED Certificates and Factory Inspection Reports) shall be valid for a minimum of 2 months at the time upon completion of the manufacturing process and product release. For more details, please refer to the Formel Q konkret.

VIII. Liability for defects and delays, warranty

1. Unless otherwise agreed, Škoda Auto shall be entitled to demand the following in relation to deliveries of defective production material:
- a) Prior to the start of production (processing and assembly), the Supplier shall be allowed to sort, repair, re-supply production material or supply replacement production material, provided that this is acceptable to Škoda Auto. If the Supplier is unable to perform the above or fails to remedy the situation without undue delay after a complaint has been made, Škoda Auto may withdraw from the contract and return the delivery to the Supplier at the Supplier's risk without providing any further time limits. In the complaint procedure, the Supplier shall pay Škoda Auto 5% of the price of the claimed parts (costs incurred for securing, storage, dispatch, administration and handling). In urgent cases, Škoda Auto may rectify the defects itself or have them rectified elsewhere. The costs related to the fixing of defects shall be borne by the Supplier. If the same delivery is repeatedly delivered defectively, Škoda Auto shall be entitled to cancel that order, subject to a written reminder in the event of repeated defective delivery, and also to cancel deliveries that have not yet been made.
 - b) If a defect in the production material is discovered after production has commenced, Škoda Auto shall have the same claims as under (a) of this Article and the Supplier shall compensate for any extra costs incurred or provide a discount on the purchase price of the defective production material.
2. The warranty period for delivered production material shall be 24 months from the date of registration of the vehicle, assembly or sale of the spare part, but not more than 30 months from the date of delivery of the production material.
3. The production material to be replaced by the Supplier shall be made available by Škoda Auto to the Supplier without delay at the Supplier's request and expense.
4. Škoda Auto's claims under this Article shall not arise if a defect in production material has been caused by a violation of the operating, maintenance or assembly instructions, improper or unprofessional use, faulty or negligent handling, natural wear and tear, or tampering with the production material by Škoda Auto or a third party.
5. If defective or otherwise unusable production material is supplied, the Supplier shall take immediate measures to remedy the situation. If the Supplier sorts defective or otherwise unusable production material at a Škoda Auto plant, it may only use a supplier of sorting services approved by Škoda Auto. In the event of persistent or recurring problems with the production material supplied, Škoda Auto reserves the right to place the Supplier under a special entry control regime - Warenfilter.

6. In the event of damage due to delay or defective performance or in the event of damage to an item other than the item that was the subject of the delivery (consequential damage), the Supplier shall compensate Škoda Auto for all damage (direct and indirect) as well as other losses. Liability claims for damage caused by product defects remain reserved to Škoda Auto.

IX. Liability for damage caused by a product defect

Unless otherwise agreed with regard to the liability of the Supplier, the Supplier shall compensate for all damage (direct and indirect) as well as other damage caused to Škoda Auto by defective delivery as a result of a violation of regulations laying down product safety requirements.

X. Subcontractors

1. Should the Supplier supply a part purchased in a kit that is intended for incorporation into a system part or assembly, it constitutes a subcontractor of Škoda Auto, hereinafter referred to as "subcontractor". Any subcontractor directly selected by ŠKODA shall receive a nomination (Nomination Agreement) from Škoda Auto for the supply of the part in question. The subcontractor shall enter into an order/contract regulating the volume of output, delivery dates, and technical parameters of the call-off of deliveries with a direct supplier of Škoda Auto.
2. The direct supplier (supplier of the complete kit) shall bear unlimited liability for defects, delays, liability for damage caused by product defects and compliance with the technical, quality, timing and commercial conditions agreed with Škoda Auto, as specified in these Purchasing Terms and Conditions, the Nomination Agreement, and other contractual documentation, in relation to the entire kit.
3. To the extent of deliveries for a kit supplied to Škoda Auto, the subcontractor bears unlimited liability towards its customer (the supplier of the kit) for defects, delays, liability for damage caused by product defects and compliance with the technical, quality, timing and commercial conditions specified in these Purchasing Terms and Conditions, the Nomination Agreement and other contractual documentation.
4. Immediately after the conclusion of the Nomination Agreement, the direct supplier shall negotiate a Framework Quality Agreement with the subcontractor(s) for the kit that clearly specifies the attribution of responsibilities referred to in paragraphs 2 and 3 of this Article.

XI. Protective rights and product labelling

1. The Supplier shall be liable for the fact that the production material supplied to Škoda Auto does not infringe any industrial rights (patents, utility and industrial designs, trademarks) or other intellectual property rights of any third party and that this production material is not encumbered by third party rights, whether domestically or in countries where Škoda Auto conducts its business activities.
2. The Supplier shall inform Škoda Auto about the use of all its own patents, utility or industrial designs, trademarks and other intellectual property rights or their applications, as well as the licensed use of patents, utility and industrial designs, trademarks and other intellectual property rights of third parties on the production material supplied to Škoda Auto. The licences used shall allow the export of production material to all countries where Škoda Auto conducts its business activities.
3. The Parties undertake to inform each other without undue delay of identified risks of infringement or alleged infringements and to proceed in such cases by mutual agreement.
4. Solutions and processes that are the intellectual property of Škoda Auto may not be used by the Supplier for purposes other than the manufacture of production material for Škoda Auto. The Supplier may not file an application for an invention, utility model or industrial design for any solution which is the intellectual property of Škoda Auto and which has been provided to the Supplier in the documents or has been created in connection with a development order of Škoda Auto, or in the context of consultations with Škoda Auto experts. No such solution shall be recognised or rewarded as an improvement proposal. If the Supplier receives industrial property rights protection in conflict with the above, the Supplier shall immediately transfer these rights to the Škoda Auto free of charge.
5. The Supplier shall place marks or symbols on the supplied production material or on the packaging thereof according to Škoda Auto's instructions.

XII. Use of Škoda Auto production facilities

Models, moulds, templates, patterns, tools and other production resources which Škoda Auto has made available to the Supplier or fully paid for may not be used for deliveries to third parties without the prior written consent of Škoda Auto.

XIII. Spare parts and deliveries to third parties

The Supplier undertakes to supply spare parts under normal market conditions for a minimum period of 15 years after the end of serial production of the production material.

XIV. General provisions

1. Škoda Auto shall be entitled to terminate a contract with immediate effect if:
 - the Supplier has stopped payments or is unable to deliver according to the contract;
 - insolvency or other similar proceedings have been initiated against the Supplier;
 - the Supplier has entered liquidation;
 - the Supplier has ceased one of its activities, without which the purpose of the contract cannot be fulfilled;
 - the Supplier breaches the obligation of confidentiality under Article IV of these Purchasing Terms and Conditions;
 - the Supplier fails to fulfil the subject of the contract properly and on time;
 - the Supplier directly or indirectly offers, provides or promises to provide a bribe or other undue or illegal advantage to an employee or representative of Škoda Auto;
 - the Supplier has influenced or attempted to influence tendering procedure announced by Škoda Auto;
 - the Supplier breaches any other obligation arising from documents that are binding on the Supplier under these Purchasing Terms and Conditions, e.g. in the field of environmental protection or arising from the Volkswagen Group's Requirements for Sustainable Development in Relations with Business Partners (Code of Conduct for Business Partners) or the Volkswagen Declaration on Social Rights and Industrial Relations, and does not remedy the breach even within a grace time limit that has been granted;
 - the Supplier has been convicted of a criminal offence under Act No 418/2011 on the criminal liability of legal persons and proceedings against them, as amended;
 - a member of the Supplier's governing body or a natural person engaging in business has been convicted of a criminal offence, the facts of which are related to the nature of the business.
2. The Supplier and Škoda Auto declare that all laws, standards and documents quoted in these Purchase Conditions are known to them.
3. The Supplier assumes the risk of a change of circumstances.
4. In respect of any and all disputes arising out of or in connection with a contract, the following shall have jurisdiction:
 - for contractors established in the Czech Republic, the Regional Court in Prague, and
 - for suppliers established abroad, the court with jurisdiction in Wolfsburg, Germany.
5. For suppliers established in the Czech Republic, the laws of the Czech Republic and the Czech version of these Purchasing Terms and Conditions shall apply. Sections 1726, 1728, 1729, 1740(3), 1757(2) and (3), 1765, 1799, 1800 and 1950 of Act No 89/2012, the Civil Code, shall not apply, and no commercial custom shall not prevail over provisions of law which do not have coercive effect. The UN Convention on Contracts for the International Sale of Goods (CISG) of 11 April 1980 shall not apply.
6. For Suppliers established outside the Czech Republic, the laws of the Federal Republic of Germany and the German or English version of these Purchasing Terms and Conditions shall apply. The provisions of the UN Convention on Contracts for the International Sale of Goods of 11 April 1980 and of German private international law shall not apply.
7. These Production Material Purchasing Terms and Conditions supersede the Production Material Purchasing Terms and Conditions version CZE 01/16 and shall apply from 1 April 2023.