1. Scope of Terms and Conditions

1.1 Subject and Content. These Terms and Conditions regulate terms of purchase of goods and services by Hyundai Motor Manufacturing Czech s.r.o. as the buyer, the client or the customer (hereinafter referred to as “HMMC”).

1.2 Part of Contract. These Terms and Conditions shall always be deemed an integral part of a contract concluded between HMMC and the supplier, i.e. in particular a Purchase Contract, Contract for Work etc. (hereinafter referred to as the “Contract”). This shall apply not only in cases where the Contract refers to the Terms and Conditions under Section 1751 par. 1 Civil Code, but also if the Contract was concluded after the supplier expressly accepted these Terms and Conditions (e.g. by its signature under the printed copy delivered to HMMC or by another act).

1.3 Binding Effect. By concluding the Contract, the supplier (hereinafter referred to as the “Supplier”) agrees with and acknowledges all rights and duties contained herein and ensuing herefrom.

1.4 Prevalence of Contract. In the event of discrepancy between the provisions of the Contract and of these Terms and Conditions, the Contract shall prevail.

1.5 Supplier’s Terms and Conditions. The Supplier’s terms and conditions shall not be effective upon HMMC unless expressly approved in writing by HMMC as part of the Contract between the parties. In the event that the Supplier’s terms and conditions shall become part of the Contract contradict these Terms and Conditions or the Contract, they shall be ineffective in that extent unless HMMC expressly agrees in writing with the contradicting terms. Therefore, none of the Supplier’s terms and conditions referred to by the Supplier e.g. in its legal acts toward HMMC shall become part of the Contract without an express written consent of HMMC, even though HMMC does not object to such a reference.

1.6 Governing Law. The relations of the parties not regulated by the Contract or by these Terms and Conditions shall be governed by the provisions of Czech laws, in particular Act No. 89/2012 Coll., Civil Code, as amended by subsequent regulations (hereinafter referred to as the “Civil Code”).

2. Definition of Certain Terms


2.2 Purchase Contract. A Purchase Contract is an agreement whose content corresponds to the contractual relation of the “purchase” type under provisions of Section 2079 et seq., Civil Code. Unless provided otherwise, a Purchase Contract under these Terms and Conditions means also a potential general Contract for Work, pursuant to which the Contract for Work shall be executed according to the procedure under Article 3 hereof.

It applies for the concluded Contracts for Work that the Supplier undertakes to perform the Work for HMMC at its own expense and risk and to transfer the title to the Work to HMMC, and HMMC undertakes to accept the Work performed in a due and timely manner and to pay the stipulated purchase price for the Work to the Supplier.

2.3 Supplier. Under these Terms and Conditions, the Supplier is in particular the seller under provisions of Section 2079 et seq., Civil Code, regardless of the fact whether it is referred to as the seller, manufacturer, supplier etc. or another contractual provider of performance (e.g. a service) in the Contract for Work, be it a nominate or innominate contract.

2.4 Contract for Work. A Contract for Work is an agreement whose content corresponds to the contractual relation of the “Work” type under provisions of Section 2586 et seq., Civil Code. Unless provided otherwise, a Contract for Work under these Terms and Conditions means also a potential general Contract for Work, pursuant to which the Contract for Work shall be executed according to the procedure under Article 3 hereof.

In the event that the Goods were not defined in an unambiguous manner in the Purchase Contract or it was not clear from the Goods specification which Goods are to be delivered by the Supplier to HMMC, or such doubt may arise, the Supplier is obliged to notify HMMC of such fact via a post license holder, telefax or electronic mail without delay and to postpone the delivery until proper specification of the Goods is provided.

2.8 Work. A Work in these Terms and Conditions means manufacturing or implementation of a certain thing, in case it is not covered by the Purchase Contract; and also maintenance, repair or adjustment of a thing, or an action with a different result, which the Supplier undertakes to perform pursuant to the Contract for Work.

3. Conclusion of Contract

3.1 Conclusion of Contract. A proposal for conclusion of the Contract is a written order made by HMMC. The order shall be made in writing and delivered to the Supplier either via a post license holder, telefax or electronic mail or in another manner (e.g. through an electronic ordering system, used by both Contracting Parties, such as VAATZ), or as the case may be, by personal delivery. The Contract is concluded by the delivery of a written confirmation of the order by the Supplier to HMMC.

3.2 New Proposal of Supplier. A confirmation of the order which contains amendments, reservations, restrictions or other changes is considered a rejection of the HMMC’s order and represents a new proposal of the Supplier for conclusion of the Contract. In such case, the Contract shall be deemed concluded if HMMC confirms the Supplier’s proposal in writing and delivers the confirmed proposal back to the Supplier in the manner specified in provision 3.1 hereof.

3.3 Period for Acceptance; Cancellation of Order. The Supplier is obliged to confirm the delivered order in writing and to deliver the
confirmed order back to HMCC within 7 days of the date of receipt or to inform HMCC that it rejects the order. The confirmation and rejection of the order by the Supplier shall be made in writing and delivered to HMCC via a post license holder, telefax or electronic mail or as the case may be, by personal delivery. HMCC may cancel the order in writing, orally or through remote data transmission without further provisions and without any compensation until the Supplier sends the order confirmed in writing back to HMCC or until the Supplier rejects the order in a due manner. This provision applies to general contracts only in case the order is made in this provision by the Supplier and the contract and the Contract in the extent of the delivered order shall be concluded as of the moment of the delivery of the order to the Supplier.

3.4 Concerns, Parties, People related with HMCC through their business, which means any and all companies in Hyundai Motor Group with the registered office in the EU, in particular Hyundai Motor Czech s.r.o., Hyundai Dymos Czech, s.r.o., HYUNDAI AMCO CZECH s.r.o., HYSCO CZECH s.r.o., Mobis Automotive Czech s.r.o., AutoEver Systems Europe GmbH, organizational unit and Kia Motors Slovakia s.r.o. with the registered office in the Slovak Republic, are entitled to order performance from the Supplier in their names and at their account under the identical terms under which HMCC is entitled to order performance from the Supplier under the concluded Contract and these Terms and Conditions. The contractual relations between the Supplier and such related persons shall be fully regulated by the provisions hereof in the same extent as if HMCC was the contracting party. However, HMCC shall not be liable for obligations of the related persons.

4. Quantity, Quality, Execution and Packaging of Goods – Quality and Execution of Work

4.1 Quantity of Goods. The Supplier is obliged to deliver the Goods in the quantity determined by the Purchase Contract. In case it follows from the Purchase Contract that the quantity of the Goods is defined in units of measure with approximate determination of quantity, HMCC is entitled to subsequently specify the quantity of Goods that is to be delivered with the maximum deviation of 10% in comparison with the quantity specified in units of measure in the Purchase Contract. In case HMCC does not subsequently specify the quantity, which is defined in units of measure with approximate determination of quantity, the difference between the Goods defined in units of measure in the Purchase Contract and the quantity of Goods really delivered may amount to 5% of the quantity defined in the Purchase Contract at the maximum. The purchase price of the delivered Goods shall always be proportionately reduced or increased with respect to the quantity of the really delivered Goods.

4.2 Quality and Execution of Goods. The Goods must be delivered to HMCC in the quality and execution expressly defined in the Purchase Contract. In case the quality and execution of Goods are not expressly defined in the Purchase Contract, the Supplier shall deliver the Goods to HMCC in the quality and execution which fully complies with the requirements and technical and safety standards applicable for the given type of the Goods at the moment of its delivery; this concerns both binding and advisory standards. The Goods and parts used for the manufacture of the Goods must be new, unused, undamaged and made of high-quality material. In case the Goods are delivered on the basis of samples, designs or drawings, they must fully comply with such samples or drawings. The Goods must be able to provide permanent standard of performance in accordance with the properties and quality stipulated in the Purchase Contract and they must fully meet the purpose for which they are delivered. The Goods shall not be burdened with legal defects, e.g. with lien. Prior to the delivery, the Goods must not be recorded on the relevant asset accounts of the accounting group 02 - Tangible fixed assets depreciated; they may only be accounted for as stock. The Supplier is obliged to specify the country of origin to HMCC no later than at the moment of due acceptance of the Goods. In case that the country of origin of the Goods is different from the country of origin of components or material that comprise the Goods, the Supplier is obliged to specify both the details. In the case of components and material it shall be sufficient for the Supplier to inform HMCC of those components and material that are crucial for the given type of Goods.

4.3 Compliance with Legal Regulations. The Supplier is liable for compliance with legal regulations during the manufacture or the Goods or performance of the Work, e.g. regulations covering production, usage and handling hazardous or toxic substances, and for the Goods' compliance with all potential requirements prescribed by legal regulations. Should this duty be breached, the Supplier shall be liable to HMCC for the loss caused.

4.4 Special Tools or Equipment. In case special tools or equipment are necessary for the installation or assembly (if installation or assembly are not part of the Goods delivery) or for standard or extraordinary maintenance and repairs of the Goods or the Work, the Supplier shall notify HMCC of such fact in writing prior to the conclusion of the Contract, and such notice shall contain details of availability and typical procurement costs of such tools or equipment. In case the Supplier fails to do so, it is deemed that such tools or equipment are included in the price of the Goods or the Work and their delivery is an integral part of a due delivery of the Goods or due performance of the Work.

4.5 Packaging, Securing and Preparing Goods. The Supplier is obliged to package, secure and otherwise prepare the Goods for potential transport in the manner expressly specified in the Purchase Contract. In case the Purchase Contract does not expressly specify the manner of packaging and securing the Goods for transport, the Supplier is obliged to package or secure them in such way that the Goods may not be damaged or destroyed during the transport, including loading and unloading. The Supplier is obliged to observe HMCC's instructions for packaging and preparing the Goods for transport. In case HMCC's instructions are not appropriate, the Supplier shall notify HMCC thereof. Should the Supplier fail to notify HMCC of inappropriate nature of its instructions, the Supplier shall be liable for potential damage caused as a result of observing the inappropriate instructions of HMCC. Any and all costs of packaging (including the price of returnable packages), securing of packaging and preparing of measure of this provision, are included in the price stipulated by the Contract.

4.6 Requisites of Packaging. The packaging of the Goods must enable safe storage of the Goods without impairing their quality. The packaging must contain a clear and visible designation of the Supplier, HMCC, order number, identification number (ID) of the Goods, details of quantity and type of Goods according to the designation and classification set out in the Purchase Contract, as well as instructions for safe handling of the Goods, i.e. in particular handling labels for labeling transportation packages and designations required by legal regulations covering manufacture, usage and other ways of handling such Goods, e.g. legal regulations covering hazardous and toxic substances. The packaging of the Goods must also contain information on gross weight of the Goods, dimensions of the packaging in the form of a label, colored sign or in another clear and visible manner; an exemption from this provision is Goods packaged in such packaging (e.g. bags) whose nature objectively excludes the risk of injury while handling it by HMCC and whose gross weight does not exceed 5kg. The packaging must be designated and in accordance with the laws of the EU and the Czech Republic. Goods that lack the above mentioned packaging requisites shall be deemed defective.

4.7 Origin of Packaging. The Supplier shall always be considered the originator of packaging in relation to the packaging of the Goods or the Work, i.e. the person that launches the packaging or the packed Goods or means of packaging to the market or to circulation under the relevant provisions of Act No. 477/2001 Coll.,
4.8 Quality and Execution of Work. The Supplier is obliged to perform the Work duly and in time, i.e. in the extent, quality and period and under the terms stipulated by the Contract. In case the quality and execution of the Work are not expressly defined by the Contract for Work, the Supplier shall perform the Work in the quality and execution which fully complies with the purpose of the Goods, and if such purpose has not been stipulated, with the purpose for which the Work is typically used; if this concerns performance of activities, they must be provided in the highest available quality. The implemented subject of the Work must comply with all relevant technical requirements and with technical and safety standards for the given type of the Work (in particular ČSN, EN etc.), for delivered services, works, activities etc., and this concerns both binding and advisory standards.

The implemented subject of the Work must also comply with generally binding Czech legal regulations applicable at the time of performance, takeover and acceptance of the Work, in particular with environmental, fire safety and hygiene standards etc. The Work, its parts, components and material used for its performance must be new, unused, undamaged and made of high-quality material. In case the Work is performed on the basis of designs, drawings or projects, it must fully comply with such samples or drawings etc. The Supplier undertakes to observe technological procedures provided by manufacturers of individual components and materials used, or technological procedures of HMCM, if provided, at the same time the Supplier undertakes to comply with all the standards and other regulations and directives of manufacturers and suppliers of material and technological facilities that are to be used during the implementation of the Work.

The Supplier guarantees that the Work and the totality of its features shall be able to satisfy the needs of HMCM; this particularly concerns its serviceability, safety, readiness, reliability, maintainability, and economy while complying with principles of health and environment protection. The Work shall not be burdened with legal defects, i.e. in particular it may not be burdened with third-party rights and it may not interfere with or infringe third-party rights.

The Supplier undertakes not to use harmful, dangerous and otherwise hazardous materials during the performance of the Work and in the Work proper, and it shall not allow the use of such materials unless it obtains a written consent of HMCM to that end. The Supplier is obliged to handle any harmful, dangerous and otherwise hazardous material used upon a written consent of HMCM in accordance with generally binding legal regulations or, as the case may be, with instructions of HMCM if such instructions are stricter than the generally binding legal regulations.

The Supplier undertakes to perform the Work free of defects and arrears.

The Supplier is obliged to observe orders of HMCM in the course of the Work performance.

The Supplier is obliged to keep due records of the Work performance, e.g. an assembly diary, a site diary etc. and to give one copy of such records to HMCM on handover of the Work.

5. Documents of Goods and Work

5.1 Documents of Goods and Work. The Supplier is obliged to give HMCM all documents necessary for acceptance, free handling, customs declaration and use of the Goods and the Work (always instructions for installation/assembly in the Czech language and instructions for use/operation in the Czech language), in particular documents regulating technical conditions of installation, operation and maintenance of the Goods or the Work, and other documents required by the generally binding legal regulations as well as documents mentioned in the Contract.

Certificates. The Goods or the Work handed over by the Supplier to HMCM shall always be accompanied with any certificates to the Goods/Work mentioned in the Contract or required for the Goods concerns by the legal regulations of the Czech Republic or the EU. The certificates shall be given by the Supplier to HMCM in such manner that HMCM shall always have a valid certificate available. Certificates under this provision are particularly declarations of concordance of products, a work or a system; attests, certificates of passing prescribed tests, certificates of quality and attests of used materials under applicable generally binding legal regulations and especially under Act No. 22/1997 Coll. on Technical Requirements for Products as amended by subsequent regulations, etc.

5.2 Cooperation in Procuring Documents. Upon HMCM's request, the Supplier is obliged to provide any and all assistance in procuring the documents or relevant electronic reports issued in the Czech Republic or in the country of origin, which HMCM may require for the purposes of export or import of the Goods or the Work (including its components) and if necessary also for transit of the Goods through the territory of a third country.

5.3 Form and Certain Requisites of Documents. The documents to be delivered by the Supplier to HMCM under the Contract must be in the original form, legible, well arranged and free of errors. The documents must be delivered in the written printed form which may not be substituted with the record on a data carrier. Upon a request by HMCM, the Supplier is obliged to provide the documents to HMCM also in the form of the record on a data carrier in the publically accessible data format as determined by HMCM. The Supplier is obliged to deliver documents relating to the Goods or the Work in language versions as determined by HMCM. Costs related to execution and delivery of all the documents in the required number, including corrections, amendments, spare copies and delivery in the form of the record on a data carrier shall be borne by the Supplier. As of the moment of delivery of the documents to HMCM, the documents shall become property of HMCM, which is entitled to handle them freely without further stipulations and this also in case they would represent an author's Work; for the sake of completeness, the Supplier hereby grants a free, non-exclusive license in this respect, unlimited by time or territory, under the applicable provisions of Act No. 121/2000 Coll., Copyright Act, as amended by subsequent regulations.

5.4 Cost Compensation. Any and all costs such as customs, storage and other fees (including but not limited to a potential tax penalty), incurred by HMCM as a result of related delivery of due documents by the Supplier, shall be charged to the Supplier, and the Supplier hereby expressly agrees to settle them in the full extent. Should these costs be settled by HMCM, the Supplier undertakes to compensate HMCM for such costs without further stipulations upon a call by HMCM.

6. Place of Goods Delivery – Place of Work Performance

6.1 Place of Goods Delivery: Unless stipulated otherwise by the Purchase Contract and unless HMCM defines another place of delivery prior to the delivery, the Supplier shall deliver the Goods to the address of HMCM's registered office as entered in the companies register.

6.2 Delivery Clause. The delivery of the Goods shall be governed by the delivery term DDP Nižní Lhota, Průmyslová zóna Nošovice, Nižní Lhota 700, CZE, according to INCOTERMS 2010. In case a different delivery clause has been agreed between the Contracting Parties, unless stipulated otherwise by the Purchase Contract, the provisions of Article 8 a 9 hereof shall remain valid and unaffected.

6.3 Place of Work Performance. Unless stipulated otherwise by the Contract for Work, the place of the Work performance shall always be the registered office or a place of business of the Supplier.
In case the Contract for Work defines a place of performance, which is to be procured by HMMC, the Supplier is obliged to ask HMMC in writing and well in advance to enable it access to the place of performance and inspection of the place of performance, which shall form the basis for acceptance of the place of performance pursuant to a written certificate that shall contain all the potential obstacles that could prevent the Supplier from performance of the Work. At the same time, the Supplier shall ask HMMC to inform the Supplier of all potential risks of the place of performance and of all safety, fire safety and other necessary internal regulations of HMMC (including occupational health and safety regulations).

7. Performance Deadline

7.1 Performance Deadline. The performance deadline shall be stipulated by the Contract. In case the performance deadline is not specified in the Contract, the Supplier shall be obliged to deliver HMMC the Goods or the Work within 30 days of the date of the Contract conclusion. In case the performance deadline has been agreed as a concrete day or hour or a defined period, the Supplier shall be entitled to deliver the Goods or hand over the completed Work earlier only upon an express written consent of HMMC.

7.2 Delivery on Business Days and in Working Hours. In case the place of the Goods delivery or the Work performance is the HMMC's registered office or a place of business, the Supplier is obliged to deliver the Goods or the Work on business days and during standard working hours of HMMC, i.e. from 6.00 to 14.00 o'clock, unless determined otherwise by HMMC. By the delivery of the Goods or the Work, the Supplier must not disrupt, hamper or stop operations of the production plant of HMMC (or any part thereof — e.g. one production line), while should the Supplier breach this provision, it shall be liable for the damage caused in the full extent, including lost profit and sanction imposed on HMMC by third parties, and the Supplier acknowledges that HMMC is likely to incur immense damage as a result of such disruption, hampering or stopping operations of HMMC's production plant. The Supplier undertakes not to cause inconvenience to HMMC's staff and third persons in the course of the Work performance in the registered office of HMMC, in particular by noise, dust, smell, vibrations or any other disturbing or burdensome impacts.

7.3 Notice of Goods Delivery Date. The Supplier is obliged to notify HMMC in writing at least 7 days in advance of the date of delivery and availability of the Goods for HMMC at the place of delivery. The provision of the previous sentence shall not affect the agreed performance deadline in any way. In case HMMC informs the Supplier in writing via electronic mail or personal delivery or oral notification no later than 5 days before the performance deadline under provision 7.1 hereof that it wishes to postpone the performance deadline, the Supplier shall be entitled to postpone the performance deadline agreed in the Purchase Contract or under provision 7.1 hereof, however at the maximum by 30 days.

7.4 Notice of Handover of Performed Work. The Supplier shall hand over the performed Work to HMMC by the deadline agreed in the Contract or under provision 7.1 hereof, and HMMC shall accept the Work by a written acceptance certificate, unless it refuses to accept the Work due to defects (including legal defects and defects of documentation) or arrears of work.

The Supplier is obliged to inform HMMC in writing at least 5 business days in advance of the date when the Work is ready for handover and acceptance.

7.5 Work Handover. The Work shall be deemed handed over by the execution of the Final Acceptance Certificate (FAC) by both Contracting Parties. The execution of the FAC shall not imply a confirmation of the Contracting Parties of a faultless nature of the Work or of an unreserved acceptance. The Work shall be accepted without reservations only if this is expressly mentioned in the FAC.

The FAC shall contain in particular:

- designation of the Contracting Parties;
- date of the Work handover and acceptance;
- description of the process and results of the handover procedure;
- list of documents to the Work and test certificates handed over;
- evaluation of the trial run if required by HMMC;
- textual part (opinion of HMMC);
- description of isolated apparent defects and arrears, which do not prevent standard safe use of the Work for the intended purpose as a faultless Work, as well as deadlines for remedy of such defects and arrears;
- signatures of authorized representatives of HMMC and the Supplier; upon the execution of the FAC by authorized representatives of the Contracting Parties, all measures and deadlines stated therein shall be deemed binding and agreed.

8. Due Delivery of Goods:

8.1 Due and Timely Delivery of Goods. The Supplier is obliged to hand over the Goods to HMMC duly and in time. The Goods are deemed handed over in time if delivered by the agreed performance deadline. The Goods are deemed duly handed over as of the moment when the following conditions are fulfilled:

a) the Goods are duly delivered by the Supplier to the place of delivery;
b) complete and faultless documentation relating to the Goods is delivered together with the Goods;
c) HMMC formally accepts the Goods (e.g. by confirming the delivery note);
d) the Goods are delivered to HMMC free of any defects, including correct quantity.

Acceptance of the Goods by HMMC shall not imply that the delivered Goods are free of defects, and it shall not affect potential claims of HMMC from the liability for defects.

9. Risk of Damage to Goods and Work and Transfer of Title

9.1 Transfer of Risk of Damage to Goods and Work. The risk of damage to the Goods or the Work shall be transferred to HMMC always as of the moment of the Goods takeover or of the Work handover and acceptance based on a certificate (regardless of where the place of Work performance was agreed). This provision shall not apply to the transfer of the risk of damage to a part of the Goods or a part of the Work performed, where the risk of damage shall be transferred from the Supplier to HMMC as of the moment of a complete delivery of the Goods or the entire Work.

9.2 Risk of Damage to Things of HMMC. The risk of damage to all things or materials handed over by HMMC to the Supplier for processing, such as samples, patterns, dies, technical drawings, molds, instruments and tools etc. which are in HMMC's ownership and have been provided to the Supplier for the purpose of the Contract performance or have been separately ordered by HMMC, shall be borne by the Supplier (as the storekeeper) since the moment of their takeover until the moment of their return to HMMC. HMMC shall remain the owner of such things or materials for the entire period. The Supplier also undertakes to use the things or materials under the previous sentence solely for delivery of the Goods or performance of the Work for HMMC under the Contract, and it undertakes not to use such things or materials in any other way and to ensure that such things or materials are not used by any third person except upon a prior written consent by HMMC. The Supplier undertakes to furnish such things or materials with designation indicating they are the property of HMMC and to store them separately from other things and materials. The Supplier is obliged to fully compensate HMMC for damage arisen as a result of breaching duties mentioned in this provision regardless of the fact whether the breach was committed by the Supplier or a third person.
9.3 Risk of Damage to Supplier’s Things Placed in HMMC’s Premises upon Consent by HMMC. The risk of damage to Supplier’s things shall be transferred to HMMC solely in case the place of performance under the Contract was in the HMMC’s registered office or a place of business under the provision 6.3, second paragraph hereof, and HMMC upon an agreement with the Supplier expressly provided and determined the place for storage of definitely and individually specified things of the Supplier, which the Supplier agreed in advance with HMMC. HMMC is liable to the Supplier for things stored in this way as the storekeeper. In any other case than mentioned in this paragraph, HMMC bears no liability for the Supplier’s things located in the HMMC’s premises or in another place of performance and bears no liability for damage arisen to such things.

9.4 Acquisition of Title to Goods. The title to the Goods delivered pursuant to the Purchase Contract shall be acquired by HMMC upon the first of the following circumstances to occur:

a) the transfer of the risk of damage to the Goods to HMMC under provision 9.1 hereof; or
b) the settlement of the purchase price of the Goods or their part.

9.5 Acquisition of Title to Work or its Part. The title to the Work or its part shall be acquired by HMMC upon the first of the following circumstances to occur:

a) incorporation of the Work into the property in the exclusive ownership of HMMC; or
b) commencement of processing of things in the exclusive ownership of HMMC under provision 9.2 hereof; or
c) the Work handover and acceptance based on a certificate; or
d) the settlement of the price of the Work or its part.

10. Modification of Contract

10.1 Modification of Contract. HMMC is entitled at any time to give a written proposal for modification of the Contract to the Supplier, consisting in a change to the Contract, in particular concerning the specification of the Work, quantity and quality of the Goods, place of the Goods delivery, period of the Work performance, and periods for the Goods delivery. Within 7 days of the delivery of a written draft amendment to the Contract under the first sentence of this provision, the Supplier is obliged to:

a) confirm the draft amendment in writing and deliver it to HMMC; or
b) notify HMMC in writing of the objective reasons preventing the Supplier from confirming such an amendment.

10.2 Presumption of Conclusion of Amendment. Should the Supplier fail to fulfill its duty stipulated in provision 10.1 hereof, it shall be deemed to unreservedly agree with the full extent of modifications proposed by HMMC, whereby the proposal of HMMC shall be deemed an accepted amendment to the Contract, valid and effective as of the day following the day when the period stipulated in provision 10.1 hereof elapsed in vain.

10.3 Contract Assignment. Under Section 1895 et seq. of the Civil Code, HMMC is entitled, as the assignor, to assign its rights and duties from the Contract or its part to a third person even without the Supplier’s consent. HMMC is obliged to notify the Supplier in writing of the assignment of rights and duties to a third person. The assignment of rights and duties shall become effective as of the delivery of a notice under this provision to the Supplier or as of the moment when the assignee proves such assignment to the Supplier, upon the first to occur. The provision of Section 1899 of the Civil Code shall not apply.

11. Quality Warranty

11.1 Warranty for Quality of Delivered Goods / Warranty for Quality of Work. The Supplier shall provide HMMC warranty for the quality of the Goods delivered or of the Work performed. The Supplier guarantees that the Goods or the Work delivered under the Contract shall be fully fit for use for the purpose stipulated in the Contract or otherwise for a usual purpose and that it shall retain properties stipulated in the Contract or otherwise typical properties for the entire warranty period.

11.2 Duration and Beginning of Warranty Period for Goods. Unless the duration of the warranty period is expressly stipulated in the Contract, the warranty period shall be 24 months and shall commence on the day of due handover of the Goods.

11.3 Duration and Beginning of Warranty Period for Work. Unless the duration of the warranty period is expressly stipulated in the Contract for Work, the warranty period shall be 24 months, or 60 months for a Work that is an adaptation of immovable property or implementation, repair or adaptation of a structure, in particular if it contains elements of construction, load-bearing structures etc. or if it interferes with existing construction elements or load-bearing structures. It shall commence upon the later of the following circumstances to occur: i) the moment of the Work handover and acceptance based on a certificate; or ii) the moment of confirmation of remedy of the last defect or arrears of the Work ascertained by HMMC during the handover and acceptance procedure, this also based on a certificate. The stipulated warranty period shall also apply to repairs of the defects of the Work and shall commence on the day of the defect remedy.

11.4 Suspension of Warranty Period. The warranty period for the Goods or the Work shall be suspended for the period when HMMC is not able to use the delivered Goods or Work due to defects which are the subject of the Supplier’s liability as well as for the period of remedy of the defects by the Supplier.

12. Liability for Defects

12.1 Defects of Goods. The Goods are deemed defective in case they are not delivered duly packaged and prepared for transportation in the quantity, quality and execution as stipulated by the Purchase Contract or these Terms and Conditions. The Goods are deemed defective also in other cases stipulated by the law.

12.2 Defects of Work. The Work is deemed defective in case it has not been performed in accordance with the Contract or these Terms and Conditions. The Work is deemed defective also in other cases stipulated by the law.

12.3 Defects of Documentation. Defects of the Goods or the Work are also defects in documents that the Supplier is obliged to deliver to HMMC under the Contract, these Terms and Conditions or legal regulations. Should the documents prove to be defective, HMMC is entitled to return them to the Supplier at the Supplier’s expense or to ask the Supplier to deliver faultless documents. The Supplier is obliged to deliver faultless documents to HMMC without undue delay, no later than within 7 days of the day of return of the defective documents or of HMMC’s request to deliver complete and faultless documentation.

12.4 Legal Defects. The Goods are deemed to have legal defects if they are burdened with third-party rights, unless HMMC expressed an explicit written consent to such encumbrance.

12.5 Liability for Defects and Liability from Warranty. For the entire duration of warranty period, the Supplier shall be liable for any defects in the Goods, Work or subject of the Work that occur during this period, regardless of the time of origination of such defects. HMMC is entitled to notify the Supplier of such defects at any time during the warranty period. HMMC is not obliged to inspect the Goods or the Work on the handover or immediately after. The Supplier shall be liable from the warranty similarly as for defects in
12.6 Apparent Defects on Handover. In case the Goods or the Work have defects apparent in the process of handover to HMMC, HMMC shall be entitled to:

a) request inspection of the Goods or the Work carried out by the Supplier in the place and time as determined by HMMC;

b) refuse to take over the defective fulfillment and return it at the Supplier’s expense, without HMMC being in delay with accepting the fulfillment and without the Supplier’s obligation to deliver faultless fulfillment becoming extinct; or

c) take over the defective fulfillment with the origination of HMMC’s right to assert claims from liability for defects at any time during the warranty period.

HMMC is entitled to assert one, more than one or all the claims mentioned in this provision in case the nature of the cause allows for joint assertion.

12.7 Complaints of Defects. HMMC is obliged to claim every ascertained defect in writing with the Supplier and this promptly after identification, however no later than by the end of the stipulated warranty for quality under the Contract or under these Terms and Conditions, while a complaint sent to the Supplier by HMMC on the last day of the warranty period shall be considered as lodged in time. HMMC shall specify its claim from the liability for defects in the complaint.

12.8 Form and Delivery of Complaint. The complaint may be sent to the Supplier in the written form via a post letter holder, telefax or electronic mail or, as the case may be, by personal delivery. Unless the contrary is proved, a complaint sent in any manner under the previous sentence shall be delivered on the 2nd day of the dispatch to the Supplier, except dispatch by electronic mail or fax, which shall be deemed delivered as of the moment of provable dispatch, and it is completely irrelevant whether the Supplier has received the complaint or not.

After receiving the complaint, the Supplier shall promptly and in writing notify HMMC that it acknowledges the claimed defect(s) or state legitimate objective reasons why it does not acknowledge them. Should the Supplier fail to do so at the latest on the day following the receipt of the complaint, it shall be deemed to agree with the HMMC’s complaint and to acknowledge the defects in the full extent and without reservations.

12.9 Choice of Claims from Liability for Defects. Method and Period for Remedy. HMMC has an exclusive right to choose claims from liability for defects as well as the method in which the identified defects shall be remedied. Claims from Liability for Defects. Regardless of the nature of defect and gravity of breach of the Contract by the defect occurrence, HMMC is always entitled to:

a) claim remedy of defects by delivery of substitute fulfillment for the defective fulfillment, by delivery of the missing Goods,

b) and claim remedy of legal defects;

c) claim remedy of defects by repairing the Goods or the Work in case the defects are repairable;

d) claim a reasonable discount from the price;

e) withdraw from the Contract;

f) by itself or through another person and at the Supplier’s expense to inspect the fulfillment, take action necessary for the identification of defects, sort, repair or procure a substitute delivery. The Supplier undertakes to reimburse HMMC for such costs in the full extent. In such case, HMMC is obliged to submit receipts of costs under the previous sentence and to document the defects of the Goods (photographs, video recording etc.);

whereas the choice of the claims pertains exclusively to HMMC.

In case HMMC claims remedy of defects, the Supplier undertakes to commence the remedy no later than within 2 days of the day on which the Supplier was notified of the defect, unless the Contracting Parties agree on another date, and to remedy the defects in the shortest time possible, the nature of the defect and other conditions permitting. The parties shall agree upon the date of remedy of defects in writing. In the case of emergency, the Supplier shall commence the remedy at the latest within 24 hours of the notice. For the purposes hereof, emergency is considered particularly such event which may cause damage to property or endanger health and lives of persons affected by such event. After the termination of works, HMMC shall confirm the remedy of defects to the Supplier in writing.

In case HMMC asserts a claim from liability for defects under the provision 12.9 f) hereof, HMMC is entitled to remedy the defect through a third person at the Supplier’s expense without prejudice to its rights from the warranty, compensation for damage or any other rights.

12.10 Subsequent Choice of Claims from Liability. Should it subsequently prove that defects of the Goods or the Work are not repairable or that a repair would entail inadequate costs, HMMC may require delivery of substitute Goods or Work in case it notifies the Supplier of this decision without undue delay after the Supplier informs HMMC of such a fact.

12.11 No Remedy. In case HMMC asserts a claim from liability for defects under the provision 12.9 a), b) and c) hereof, and the Supplier fails to remedy the defects in the manner and period determined by HMMC, or if the Supplier informs HMMC that it shall not remedy the defects, HMMC shall be entitled to:

a) withdraw from the Contract; or

b) assert another claim under provision 12.9 hereof.

12.12 No Payment of Price until Remedy. Until all the defects are remedied, HMMC is not obliged to pay any part of the price of the defective fulfillment that has not been settled to the Supplier.

12.13 Type Defect. In case a subject of the delivery or repeated deliveries is Goods of the identical kind and an identical defect occurs in at least 10% (minimally in 2 pieces) of the quantity of the delivered Goods, such defect is deemed a type defect, whereas the Supplier is not obliged to remedy it. In case a type defect occurs in the delivered Goods of the same kind, HMMC does not define a different claim than under provision 12.9 hereof in relation to a part of and/or the entire delivery, the Supplier shall be obliged to procure a substitute delivery of the Goods complying with the Purchase Contract at its own expense within 14 days of identification of the type defect. Should the Supplier fail to fulfill this duty, HMMC shall be entitled to withdraw from the Purchase Contract after the period for delivery of the substitute fulfillment by the Supplier elapses in vain.

12.14 Other Claims of HMMC. In addition to claims from liability for defects, HMMC is entitled to be settled the contractual penalty under these Terms and Conditions, as well as to be compensated for any damage.


13.1 Amount of Purchase Price – Amount of Price of Work. HMMC is obliged to pay the Supplier the purchase price or the price of the Work stipulated in the Contract (purchase price of the Goods and price of the Work are hereinafter referred to as the “Price”). The Price is fixed (without a possibility of claiming extra costs or extra works by the Supplier) and includes all direct and indirect costs associated with the Goods and the Work, i.e. including but not limited to costs of packaging, transport, insurance, liability insurance
13.2 Liability of Supplier. The Supplier shall be liable for the Price stipulated in the Contract or additionally adjusted by agreement between the Contracting Parties complying with applicable legal regulations covering pricing in the Czech Republic and in the country of the Supplier at the time of the Contract conclusion. The Supplier shall also be liable for the Price not being less favorable than the price for which the identical or similar goods are offered in a comparable quantity to other customers at the time of the Contract conclusion.

13.3 Origination of Duty to Pay Price. The HMMC’s duty to pay the Price to the Supplier shall originate as of the moment of acquisition of title to the Goods or upon the acceptance of the Work, unless stipulated otherwise by the Contract. The provision of Section 2611 of the Civil Code shall not apply.

13.4 Original of Invoice. The Price shall be settled by HMMC solely by bank transfer on the basis of the original invoice delivered by the Supplier. In case that HMMC expressly in writing requests issue and delivery of tax documents in electronic form, the Contracting Parties hereby agree that they may issue and send tax documents in the electronic form under Section 26 par. 3 Act No. 235/2004 Coll., on Value Added Tax.

Unless it follows otherwise from a particular arrangement between the Contracting Parties, the terms “invoice” and “tax document” are used as synonyms.

13.5 Certain Requisites of Invoice. The Supplier is entitled and obliged to issue accounts for the Price – an invoice – only after the duty of HMMC to pay the Price originates. The invoice shall contain the requisites of a tax and accounting document, and further in particular:

a) order number;
b) designation and specification of the Goods/Work, including potential serial numbers;
c) quantity of the Goods;
d) unit price and total price;
e) amount of discount to which HMMC is entitled;
f) total price after deduction of the discount.

The invoice must be accompanied with a document evidencing due delivery of the Goods, confirmed by HMMC, or the acceptance certificate, duly signed by the Supplier and HMMC.

The Supplier shall issue a separate invoice for each Contract.

13.6 Correction and Completion of Invoice. In case the Supplier’s invoice lacks the prescribed requisites, contains details contradicting the Contract or these Terms and Conditions or fails to meet other conditions specified in provision 13.5 hereof, it shall not be settled by HMMC and shall be promptly returned to the Supplier for completion or correction, without HMMC being in delay with payment of the Price.

13.7 Maturity of Price. The maturity of the Price is stipulated in the Contract. In case the maturity of the Price is not stipulated in the Contract, HMMC is obliged to pay the Price within 60 days of the date of issue, however, not earlier than after 45 days of the invoice delivery date. In the event of correction or completion of the invoice, the issue and delivery of the due invoice shall be deemed the issue and delivery of the due correction or completion of the defective invoice.

13.8 Payment of Price. The day on which the HMMC’s account is debited with the amount corresponding to the Price.

13.9 Offset of Receivables. HMMC is entitled to unilaterally set off any of its receivables, receivables acquired by assignment, before and after maturity, time-barred and not time-barred, against the Supplier’s receivables from the Contract or in connection therewith. The Supplier is not entitled to unilaterally set off its receivables against receivables of HMMC from the Contract, these Terms and Conditions or in connection therewith.

13.10 Assignment of Supplier’s Receivables. The Supplier is entitled to assign its receivables in HMMC only upon an express written consent of HMMC.

13.11 Pledge of Supplier’s Receivables in HMMC. The Supplier undertakes not to burden its receivables in HMMC in any manner, including but not limited to a lien in favor of a third person.

13.12 Interest on Late Payments. In the case of HMMC’s delay with payment of the Price due, the Supplier shall be obliged to charge HMMC interest on late payments in the amount of 0.025% from the outstanding sum for each commenced day of the delay.

14. Termination of Contract

14.1 Manners of Termination. In addition to legal reasons, the Contract may be terminated by: (i) withdrawal, if permitted by the nature of the Contract, especially for contracts concluded for an indefinite period (e.g. general contracts, etc.); the withdrawal shall always be made in writing and must be delivered to the other Contracting Party; the notice period shall commence on the first day of the month following the month in which the notice was delivered to the other Contracting Party, and the notice period is three months; (ii) immediate withdrawal of the entitled Contracting Party for reasons stated in the Contract and in these Terms and Conditions.

14.2 Substantial Breach of Contract. A substantial breach of the Contract is in particular deemed a delay of the Supplier in the fulfillment of its duty to:

a) hand over the Goods to HMMC duly and in time;
b) perform and hand over the Work to HMMC duly and in time;
c) meet claims of HMMC ensuing from the Supplier’s liability for defects and from the warranty.

14.3 Immediate Withdrawal from Contract. Unless stipulated otherwise by the Contract or these Terms and Conditions, HMMC is entitled to immediately withdraw from the Contract (in addition to reasons defined in the law) if at least one of the following circumstances occurs:

a) the Supplier substantially breaches the Contract;
b) the Supplier breaches the Contract in an unsubstantial manner, but fails to fulfill its duty within the grace period granted by HMMC;
c) a force majeure event preventing fulfillment of duties under the Contract persists for more than 3 months;
d) without stating the reason, prior to the due delivery of the Goods or performance of the Work.

14.4 Withdrawal from Part of Obligation. In case the Supplier’s breach is associated with only a part of its obligation, HMMC shall be entitled to immediately withdraw from that part of the obligation or from the entire Contract.

14.5 Form and Effects of Immediate Withdrawal. Immediate withdrawal shall be made in writing and must be delivered to the other party.

14.6 Survival of Claims and Provisions. The Contract and these Terms and Conditions shall become extinct by immediate withdrawal. The
following items shall not become extinct by immediate withdrawal or another manner of termination of the Contract:

a) claims for damages arisen by a breach of the Contract;
b) claims arisen from liability for defects;
c) claims for settlement of contractual penalties, arisen by a breach of the Contract;
d) provision on warranty and liability for defects;
e) provision on the settlement between the Contracting Parties in the case of immediate withdrawal;
f) provision on confidentiality duty and protection of know-how;
g) provision on the governing law and dispute resolution;
h) other provisions as defined by the applicable legal regulation.

14.7 Goods and Work after Transfer of Title. Unless stipulated otherwise by the Contract, the delivered Goods or the handed-over Work to which the title was transferred to HMMC before the immediate withdrawal:

a) shall remain in the HMMC's ownership after the withdrawal. In such case the Supplier is entitled to a substitute monetary fulfillment up to the amount in which HMMC has enjoyed the Goods used. In case the Price has been settled toward such delivered Goods or handed-over Work, the Supplier shall be obliged to return to HMMC the difference between the price and claim for the substitute monetary fulfillment under the previous sentence. In case the Price toward such delivered Goods or handed-over Work was not settled prior to immediate withdrawal from the Contract, HMMC shall be obliged to provide a substitute monetary fulfillment to the Supplier, potentially reduced by HMMC's claims for the contractual penalty, damages, etc.; or

b) may be returned by HMMC to the Supplier at the Supplier's expense within 30 days of the immediate withdrawal. In such case, the Supplier is obliged to return to HMMC the Price settled or its part.

14.8 Goods and Work prior to Transfer of Title. The delivered Goods or the handed-over Work to which the title was not transferred to HMMC before the immediate withdrawal, shall be returned by HMMC to the Supplier at the Supplier's expense.

14.9 Immediate Withdrawal without Reason. In the case of HMMC’s withdrawal from the Contract under provision 14.3 d) hereof, HMMC is obliged to settle costs purposely expended in connection with hitherto performance of the Contract to the Supplier, in the maximum amount corresponding to the Price stipulated in the canceled Contract. The Supplier shall send HMMC a written calculation of costs under the first sentence of this provision together with documents evidencing origination of such costs, within 14 days of the date of withdrawal delivery; otherwise this claim of the Supplier shall become extinct. The provision of Section 2613 of the Civil Code shall not apply.

14.10 Settlement between Contracting Parties. In the case of immediate withdrawal from the Contract, the Contracting Parties are obliged to settle their mutual relations in the manner and in periods as determined by HMMC. HMMC shall inform the Supplier in writing about the manner of settlement of mutual relations within 30 days of the date of immediate withdrawal. In this settlement report HMMC shall:

a) define the mutual claims arisen between the Contracting Parties through the withdrawal from the Contract and/or existing mutual claims arisen under the Contract, in particular claims for the return of the Goods or the Work, claims for the return of other fulfillment provided under the Contract, claim for substitute monetary fulfillment, claims for payment of contractual penalties, claims for damages, claims arising from liability for defects, etc.;
b) determine reasonable periods for the fulfillment of mutual duties of the Contracting Parties ensuing from the settlement between the Contracting Parties.

The manner of settlement and periods determined by HMMC shall be binding on the Contracting Parties. Costs arisen in connection with the immediate withdrawal from the Contract and potential return of the provided fulfillment shall be borne by the Supplier.

15. Know-How

15.1 Technical and Other Documentation of HMMC. Any and all the technical documentation that shall be delivered by HMMC to the Supplier in connection with the Goods or the Work for the purpose of the Contract performance shall remain in the exclusive ownership of HMMC. The subject of exclusive ownership of HMMC includes all the technical solutions and other solutions and procedures covered by the technical documentation, whereas HMMC shall not grant a license in connection with the mentioned know-how and shall not provide any intellectual property rights etc. to the Supplier.

15.2 Use of Technical and Other Documentation of HMMC by the Supplier. The Supplier is not entitled to publish or disclose to any third person or use for its benefit or for the benefit of any third person the technical and other documentation under provision 15.1 hereof. Such documentation may only be used by the Supplier in connection with the performance of the Contract. This obligation shall not apply to administrative and other public authorities or bodies in case they perform inspection or supervision regulated by applicable legal regulations. After the performance of the Contract or after its extinction in any other manner, the Supplier shall be obliged to return all the documentation to HMMC and destroy all potential copies thereof, which it made for the purpose of the Contract performance.

15.3 Further Technical and Other Documentation. The Supplier undertakes not to publish or disclose to any third person or use for its benefit or for the benefit of any third person any further technical and other documentation not mentioned in provision 15.1 (in particular documentation developed by the Supplier for the purpose of the Contract performance) which was co-developed, financed or co-financed by HMMC. Such documentation may only be used by the Supplier in connection with the Goods or the Work for the performance of the Contract. After the performance of the Contract or after its extinction in any other manner, the Supplier shall be obliged to provide all the documentation to HMMC free of charge, to transfer HMMC the title to such documentation and to destroy all potential copies that the Supplier made for the purpose of the Contract performance.


16.1 Subcontractors. In case the Supplier delivers a thing provided by a Subcontractor as part of fulfillment or part of the Goods or the Work, the Supplier is obliged not to remove and to prevent removing any identification from the thing, such as trade marks, catalog or reference numbers, type and model identification, technical details etc. provided by the original manufacturer of such a thing, which would be available on the same or similar thing if it was purchased by HMMC directly from standard trade sources, which are, as the case may be, also mentioned on labels affixed to such a thing or present in its instruction manual.

16.2 List of Subcontractors, HMMC’s Selection. In case the Supplier intends to deliver a Subcontractor’s fulfillment for the implementation of the Contract as part of the fulfillment or part of the Goods and the Work, the Supplier is obliged to submit the list of Subcontractors to HMMC upon request. The Supplier shall be liable for qualification and expertise of the Subcontractor, as well as for the Subcontractor having all the necessary permits, approvals, certificates etc. Within 30 days of the delivery of the Subcontractors’ list, HMMC is obliged to mark in writing those Subcontractors from which the Supplier may purchase deliveries for the Contract implementation. The Supplier may purchase deliveries for the Contract implementation from other Subcontractors than those
marked by HMMC only upon an express written consent of HMMC. The Supplier shall be liable to HMMC for defects in fulfillment or in parts of the Goods or the Work delivered for the Contract implementation by Subcontractors in the same way as if the Supplier provided the fulfillment itself.

16.3 Information about Production of Equipment by Subcontractors. Upon request by HMMC, the Supplier is obliged to inform HMMC in writing about the status of production of the requested equipment by the Subcontractor. Should any circumstances occur on the Subcontractor’s part that could, even hypothetically, hamper due or timely delivery of the Contract performance to HMMC, the Supplier shall be obliged to inform HMMC about such circumstances without delay.

16.4 Inspection of Supplier and Subcontractors. HMMC or third persons authorized by HMMC are entitled to directly inspect fulfillment of obligations by the Supplier or the respective Subcontractors at any time during standard working hours on business days. The Supplier is also obliged to enable HMMC or third persons authorized by HMMC an inspection of the progress of production of the requested Goods and Work or preparation of another fulfillment at the Supplier or the Subcontractors, and this directly in the registered offices of their companies or in the premises where the Goods or the Work are manufactured or implemented. For the duration of warranty for the last delivery of the Goods or a part of the Work under the Contract, the Supplier is obliged to maintain the system of production quality management concerning the Goods or the Work in the minimal scope and quality as it was on the execution of the Contract.

16.5 Archiving Duty. The Supplier is obliged to keep all the books and records relating to or ensuing from the Contract for 10 years of the date of the Contract execution. The Supplier shall be in particular obliged to keep records on the fulfillment of requirements from the Contract, lists of resources approved by HMMC, lists of applied materials and processes and lists of standard parts of the Goods or the Work according to the Contract. The Supplier is obliged to keep records of all the approved resources used for the performance of the Contract, i.e. of Subcontractors, certificates, attests, measurements according to the type of the Goods or the Work and the subject of the Work, numbers of the Goods or the Work or spare parts and serial numbers (if serial numbers are required). Such records must be complete and upon request must be made accessible to HMMC or to third persons upon HMMC’s consent, and HMMC is entitled to make extracts, duplicates or any other copies from such records.

16.6 Warehouses. The Supplier is obliged to maintain a reserve warehouse with the Goods or spare parts to the Work at its own expense for the whole duration of the warranty period for the Goods or the Work under the Contract, so as to be able to promptly meet its obligations from the liability for defects or from the warranty.

16.7 Supplier’s Performance in Premises of HMMC. In case the Supplier performs the subject of the Contract in HMMC’s premises or in the place determined by HMMC, it shall be obliged to restrict its presence to premises or handling areas assigned by HMMC for such purpose. Any things or other objects that either serve the presence to premises or handling areas assigned by HMMC shall be obliged to restrict its presence to premises or handling areas assigned by HMMC, and HMMC is entitled to make extracts, duplicates or any other copies from such records.

17. Non-assertion of Contractual Rights

17.1 Non-assertion of Contractual Rights. Omission of any Contracting Party to assert any deadline, condition or claim toward the other Contracting Party shall not be deemed a waiver of any right ensuing from the Contract or from these Terms and Conditions.

18. Obligation of Secrecy, Confidentiality of Information

18.1 Information about Existence of Contract. The Supplier undertakes not to provide information about the existence and content of the Contract to third persons without a prior written consent. The Supplier shall be liable for any damage incurred by HMMC by a breach of this obligation.

18.2 Mutually Provided Information and Documents. The Supplier undertakes not to release any information or documents provided by HMMC and relating to the Contract to third persons without a prior written consent. The Supplier shall be liable for any damage incurred by HMMC in connection with a breach of this obligation.

19. Industrial and Intellectual Property Rights

19.1 The Supplier shall ensure that no contractual provisions or their application infringe industrial or intellectual property rights of any third persons enjoying legal protection under the laws of any country.

19.2 The Supplier shall ensure that it is fully entitled to exercise industrial or intellectual property rights to the Goods or the Work and it undertakes to ensure due and undisturbed use of the Goods or the Work and the subject of the Work by HMMC or HMMC’s customers.

The Supplier shall ensure that the Goods or the subject of the Work belongs to HMMC with a non-exclusive and unlimited right to use the Goods or the Work in the largest possible scope in accordance with the relevant legal regulation of the given type of industrial or intellectual property; this since the date of the Goods or the Work acceptance by HMMC. The right of use is unlimited by time or territory, is transferred as a free, transferable right with the right of sublicense and as an assignable right not subject to the consent of the originator or owner of industrial or intellectual property. Any remuneration for the provision of such rights is included in the Price for the fulfillment from the Contract.

19.3 Work as Author’s Work. In case the subject of the Work under the Contract for Work is an author’s work under Act No. 121/2000 Coll., Copyright Act, as amended by subsequent regulations, it applies that this is a work made to order under Section 61 Copyright Act, and by its delivery the Supplier grants an exclusive license unlimited by time or territory to HMMC, which entitles HMMC to full and free disposal of all property rights to an author’s work, i.e. in particular all the rights mentioned in Section 12 par. 4 Copyright Act, as well as the right to adapt, process or incorporate into another work; the price of such license is part of the stipulated Price for the Work in the full extent.

19.4 The Supplier is further obliged to ensure that no harm to HMMC or another person occurs as a result of potential breach of the duties under Article 19 hereof by the Supplier or as a result of a false representation of the Supplier. The Supplier expressly undertakes to compensate HMMC for any damage incurred due to a breach of these duties or a false representation, as well as for any damage and costs incurred by HMMC as a result of assertion of third-party rights against HMMC, HMMC’s customer or another company in the same business group (concern) as HMMC.

19.5 At the latest on the occasion of the Goods or the Work handover, the Supplier is obliged to inform HMMC in writing about the nature and scope of the industrial property and copyright protection of the Goods or the Work, or as the case may be, of the documentation thereto. In case the delivered Goods, the accepted Work or the documentation thereto are not a subject of industrial property and copyright protection of the Supplier or third persons, the Supplier shall issue to HMMC a written statement confirming that the delivered Goods or their part or the accepted Work or its part or the technical documentation thereto are not a subject of industrial property and copyright protection of the Supplier or third persons.
and is free of any defects in this respect. Such statement shall be issued at the latest on the delivery of the Goods to the place of delivery or on the occasion of the Work acceptance. Should the Supplier fail to fulfill any of the duties mentioned in this provision 19.5 even in the period of 3 business days of receiving a call by HMMC to fulfill the duties, the Supplier shall be obliged to pay HMMC the contractual penalty amounting to CZK 100,000.

20. Liability for Damage

20.1 Liability for Damage. Liability for damage shall be governed by the provisions of the Civil Code, with the following principles applying as well:

- The damage to a thing caused by a defect of the Goods, the Work or its subject shall be compensated in full.
- The Supplier shall be liable for any and all damage caused to HMMC, HMMC’s customers or other persons in connection with its breach of the duties from the Contract or from legal regulations. The Supplier is obliged to settle damages to HMMC, in particular all amounts expended by HMMC in connection with a breach of the Supplier’s duties, HMMC’s expenses of proceedings conducted in relation to the Supplier’s breach of duties, as well as costs arisen from the Goods or the Work defects, including the costs of removal of the Goods or subject of the Work, the costs of new installation of the Goods or the subject of the Work, the costs of decommissioning the final product in which the defective Goods or the subject of the Work were incorporated.

20.2 Liability for Non-Material Damage. The Supplier shall also compensate HMMC for non-material damage incurred by HMMC as a result of the Supplier’s breach of duties.

20.3 The Supplier shall be liable for damage caused to HMMC by a person used by the Supplier for fulfillment of any part of its duties toward HMMC, including a carrier or Subcontractor, unless the Supplier is liable for such damage directly or jointly with such a person.

21. Force Majeure

21.1 Force Majeure. In the event of force majeure, the deadlines for the fulfillment of duties stipulated by the Contracting Parties shall be postponed by the period of force majeure. The Supplier is obliged to inform HMMC about the occurrence and extinction of force majeure on the part of the Supplier or its Subcontractor in writing without undue delay. Force majeure events are not considered events such as strikes, lockouts, delays in the delivery of Subcontractors (if not caused by force majeure events), insolvency, labor or material shortages. Force majeure events are in particular considered events such as earthquake, flood, extensive fire or war.

22. Governing Law – Choice of Law

22.1 Governing Law – Choice of Law. Rights and obligations of the Contracting Parties, including conclusion of the Contract, its validity and effectiveness, shall be regulated by the laws of the Czech Republic. In accordance with the relevant regulations of international private law, the Contracting Parties hereby elect the laws of the Czech Republic as the governing laws.


22.3 Exclusion of Legal Provisions. The provisions of Sections 1729, 1740 par. 3, 1765, 1888 par. 2 of the Civil Code shall not apply.

23. Dispute Settlement

23.1 Arbitration Clause. Should the Contracting Parties fail to resolve any dispute or claim arising from or in connection with the Contract amicably, they shall submit such dispute or claim to final decision by the Arbitration Court attached to the Economic Chamber of the Czech Republic and Agrarian Chamber of the Czech Republic (hereinafter referred to as the “Arbitration Court”). The arbitration shall be conducted under the Rules of Arbitration Court by three arbitrators. In disputes whose subject does not exceed the value of CZK 250,000 (without accessory rights), the arbitration shall be conducted by one arbitrator according to the Rules of Arbitration Court. The venue of arbitration shall be Prague, the Czech Republic and the language of the proceedings shall be Czech.

23.2 Prorogation. Other disputes arisen between the Contracting Parties in connection with the Contract shall always be decided by the court with territorial, material and functional jurisdiction of HMMC.

24. Severability Clause

24.1 Severability Clause. If any of the provisions of the Contract or these Terms and Conditions is or becomes invalid or ineffective, this shall not affect the remaining provisions of the Contract or these Terms and Conditions. In such event, the Contracting Parties undertake to replace the invalid or ineffective provision with a new one corresponding best to the purpose of the original provision.

25. Contractual Penalties

25.1 In the event of a breach of the Supplier’s duty to inform HMMC of the country of origin of the Goods under provision 4.2 hereof in the stipulated period or in case such information is not true, the Supplier shall settle HMMC the contractual penalty of CZK 10,000.

25.2 Unless the Supplier fulfills its duty to hand over the Goods to HMMC duly and in time under provision 8.1 hereof or to perform the Work duly and in time under provision 7.5 hereof, HMMC shall be entitled to the settlement of the contractual penalty amounting to 0.1% of the purchase Price of the delayed Goods for each day of the delay, or to 0.1% of the total Price of the Work for each day of the delay.

25.3 Should the Supplier be in delay with the satisfaction of a claim raised by HMMC and ensuing from the Supplier’s liability for defects of the Goods or of the Work under provisions of Articles 11 and 12 hereof, HMMC shall be entitled to the settlement of the contractual penalty by the Supplier, amounting to 10% of the total Price of the Goods or of the Work under the Contract concerned, for each day of the delay with fulfillment of the duty.

25.4 Should the Supplier set off, assign or pledge receivables in HMMC in contradiction with provisions 13.9, 13.10 or 13.11 hereof, the Supplier shall be obliged to pay HMMC the contractual penalty amounting to 10% of the value of the receivable set off, assigned or pledged in such manner.

25.5 Should the Supplier fail to fulfill any of its duties under provisions 4.7, 15.1, 15.2 or 15.3 hereof, HMMC shall be entitled to the settlement of the contractual penalty by the Supplier, amounting to CZK 100,000 for each individual, even repeated, breach of such duty.

25.6 Should the Supplier fail to fulfill any of its duties under the provision 16.1 hereof, HMMC shall be entitled to the settlement of the contractual penalty by the Supplier, amounting to CZK 50,000 for each individual, even repeated, breach of such duty.

25.7 Should the Supplier fail to fulfill any of its duties under the provision 27.3 a) to e) hereof, HMMC shall be entitled to the settlement of the contractual penalty by the Supplier, amounting to CZK 50,000 for each individual, even repeated, breach of any of the duties mentioned.
25.8 Should the Supplier fail to fulfill any of its duties under the provision 27.4 a) to d) hereof, HMMC shall be entitled to the settlement of the contractual penalty by the Supplier, amounting to CZK 3,000 for each individual, even repeated, breach of any of the duties mentioned.

25.9 Should the Supplier fail to fulfill any of its duties under the provision 27.4 e) to g) hereof, HMMC shall be entitled to the settlement of the contractual penalty by the Supplier, amounting to CZK 5,000 for each individual, even repeated, breach of any of the duties mentioned.

25.10 Should the Supplier fail to fulfill any of its duties under the provision 27.4 h) to p) and t) hereof, HMMC shall be entitled to the settlement of the contractual penalty by the Supplier, amounting to CZK 10,000 for each individual, even repeated, breach of any of the duties mentioned.

25.11 Should the Supplier fail to fulfill any of its duties under the provision 27.4 q), r) and u) to x) hereof, HMMC shall be entitled to the settlement of the contractual penalty by the Supplier, amounting to CZK 20,000 for each individual, even repeated, breach of any of the duties mentioned.

25.12 In case a breach of any duty from the Contract or from these Terms and Conditions constitutes a reason for origination of more claims for the contractual penalty, the entitled party may assert all of these claims jointly. The contractual penalty shall be payable within 14 days of the delivery of its account to the obliged party.

25.13 The settlement of the contractual penalty, interest on late payments or penalty shall not affect the right of the entitled party to claim compensation for damage arisen by the breach of the duty against which the contractual penalty, interest on late payments or penalty were paid, in excess of the amount of the paid contractual penalty, interest on late payments or penalty.

26. Statute of Limitations

26.1 The statute of limitations of any rights of HMMC as a creditor, buyer, client etc. from the Contract or these Terms and Conditions toward the Supplier shall be ten (10) years.

27. Protection of Environment and OHS Principles

27.1 The Supplier is aware of the fact that an environmentally oriented quality management system referred to as environmental management system (EMS) under ISO 14001 and EMAS is in place in the premises of the registered office of HMMC.

27.2 The Supplier is aware of the fact that the system of management of occupational health and safety according to OHSAS 18001 is in place in the premises of the registered office of HMMC.

27.3 On entry to the premises of the registered office of HMMC, the Supplier undertakes to:

a) respect conditions ensuring environmental protection during work and activities of other legal and natural persons in the premises of the registered office of HMMC;

b) dispose of waste, packaging, chemicals and harmful substances and any materials in accordance with valid and effective legal regulations, in particular with the Act on Water, Waste, Packaging, Air Protection, Chemical Substances and Preparations and their implementing regulations and guidelines of appropriate authorities, as well as European regulations on the environment (e.g. REACH, Green and Amber List of Waste, etc.);

c) restrict or interrupt its activities upon a request of a HMMC management representative for EMS reasoned by a breach of a certain condition ensuring environmental protection during work and activities of other legal and natural persons in the premises of the registered office of HMMC, and remedy the situation immediately;

d) oblige its staff or, as the case may be, an authorized third party to comply with conditions for environmental protection upon entry to the HMMC’s premises;

e) comply with HMMC’s internal regulations on the protection of the environment, of which it was informed or of which it is aware.

27.4 In case the Supplier enters the premises of the registered office of HMMC, it undertakes to comply with all applicable legal regulations and standards in the area of occupational health and safety, fire safety regulations, hygiene regulations and regulations protecting human health, as well as HMMC’s internal regulations on occupational health and safety, fire safety regulations and related regulations of which it was informed or of which it is aware. In particular, the Supplier undertakes to:

a) use the prescribed personal protective equipment (hereinafter the “PPE”) while fulfilling the subject matter of the contract at HMMC’s premises, i.e. especially protective helmets, glasses, shoes, clothing, reflective vests, welding goggles, etc. and other protective equipment during the work and ensure that these protective devices and equipment will be used by all subjects performing work for it as its employees or on the basis of other contractual relationship;

b) ensure while fulfilling the subject matter of the contract at HMMC’s premises that all subjects performing work for it as its employees or on the basis of other contractual relationship shall be (on working apparel or PPE) clearly marked with the company name or with other clear indication (identifier) of the Supplier or subject for which they operate at HMMC’s premises;

c) admit while fulfilling the subject matter of the contract at HMMC’s premises the presence of any person without HMMC’s permission to enter (for without identification card);

d) admit while fulfilling the subject matter of the contract at HMMC’s premises the presence of any persons not included in the list of persons with permitted access to HMMC’s premises;

e) ensure while fulfilling the subject matter of the contract at HMMC’s premises that all subjects performing work for it as its employees or on the basis of other contractual relationship shall have valid periodic health and safety training, any other prescribed training (e.g. lifting equipment operators, welders, working at heights) and were medically fit for performed work;

f) admit while fulfilling the subject matter of the contract at HMMC’s premises the use of ladders in violation with Article III of the Annex to the net Reg. Government Decree No. 362/2005 Coll. or damaged ladders;

g) admit while fulfilling the subject matter of the contract at HMMC’s premises the use of damaged or defective machinery, equipment, dedicated technical equipment, el. equipment, extension cords, or other damaged chattels for execution of the work, including the use of electrical appliances and other equipment without a valid revision;

h) ensure the protection of the free edge against fall of persons and material (especially in the trench, from a height into dangerous space in elevation, etc.) and comply with the requirements stated by the Annex to Reg. No. 362/2005 Coll. while fulfilling the subject matter of the contract at HMMC’s premises;

i) admit while fulfilling the subject matter of the contract at HMMC’s premises the non-securing of persons working in elevation to fall from the height (personal protective equipment to prevent falls or working positioning system, technical design, railings, nets), not elaborated technology (working) procedure, undefined anchor points in the technology (working) procedure for performing the works in elevation with risk of falling from a height or into the depth;
j) cover all pits or holes creating a risk of a slump and to secure all objects from falling from a height while fulfilling subject matter of the contract at HMMC’s premises;

k) perform while fulfilling the subject matter of the contract at HMMC’s premises all operations with any temporary building structures and scaffolding in accordance with applicable law and especially with the Article VII. of Annex to Reg. No. 362/2005 Coll.;

l) admit while fulfilling subject matter of the contract at HMMC’s premises any dangerous or wrong-way binding and transporting of loads;

m) admit while fulfilling subject matter of the contract at HMMC’s premises use of any damaged slings;

n) prepare documentation for lifting equipment in accordance with ČSN ISO 12-480-1, in case the lifting equipment is being used by the Supplier while fulfilling subject matter of the contract at HMMC’s premises;

o) disallow while fulfilling subject matter of the contract at HMMC’s premises the entry and operation of workers under the influence of alcohol or other addictive substances;

p) disallow while fulfilling subject matter of the contract at HMMC’s premises any operations or stay of its workers in the dangerous areas close to the machine (mechanism, equipment) or at the places which is not related to the execution of the contract or at places with prohibited or limited entrance;

q) immediately inform any work injury occurred while fulfilling subject matter of the contract at HMMC’s premises, and to cooperate with HMMC while investigating the causes of such a work injury and to report any occurred extraordinary incident;

r) abide any other in this part of this Terms and Conditions non-expressly mentioned obligations, prohibitions and instructions in the area of health and safety at work as stated by mutual agreement, HMMC’s internal regulations, directions of HMMC and by any binding legal regulation;

s) admit while fulfilling subject matter of the contract at HMMC’s premises any misuse of fire safety equipment by that all subjects performing work for it as its employees or on the basis of other contractual relationship;

t) ensure while fulfilling subject matter of the contract at HMMC’s premises that all subjects performing work for it as its employees or on the basis of other contractual relationship shall respect the ban of smoking at HMMC’s premises;

u) ensure while fulfilling subject matter of the contract at HMMC’s premises that all subjects performing work for it as its employees or on the basis of other contractual relationship shall not use the opened fire at HMMC’s premises i) in which the use of open flame is prohibited or ii) where the use of open flame is dangerous or iii) where such a use is on the contrary to applicable law;

v) immediately notify any realized fire to HMMC while fulfilling subject matter of the contract at HMMC’s premises and to provide HMMC with cooperation in the investigation of fire-cause and to report any detected breaches of the any binding legal regulation in the area of fire safety.

w) ensure while fulfilling subject matter of the contract at HMMC’s premises the permanent free access to the emergency exits, the power distribution equipment, energy, closureof, water, gas and resources of FP, as well as to ensure free escape routes;

x) abide any other in this part of this Terms and Conditions non-expressly mentioned obligations, prohibitions and instructions in the area of fire safety as stated by mutual agreement, HMMC’s internal regulations, directions of HMMC and by any binding legal regulation.

28. Taxes

28.1 VAT. Prices shall be exclusive of VAT. If in compliance with Czech law, the Supplier is required to charge VAT on the price, Supplier should issue on a timely basis VAT invoices in full compliance with Czech law. If the Supplier is required under the laws of any territory outside Czech Republic in which he is resident or has an establishment to charge VAT, sales or any other tax to HMMC, he should disclose this to HMMC. Unless specifically agreed to the contrary by HMMC any such VAT, sales or other tax shall be for the account of the Supplier and shall be paid by him out of the total Price of Goods. Supplier shall defend, indemnify and hold HMMC harmless from and against all liability for all sales, use and other taxes which are imposed on or with respect to, or are measured by, the amounts expended by Supplier for the Goods furnished hereunder, and the wages, salaries, and other remunerations paid to persons employed in connection with the production and/or delivery of Goods.

28.2 Deduction of Tax. HMMC shall be entitled to deduct from payments to the Supplier any tax required by Czech law including but without limitation security tax, withholding tax and, tax in respect of economic employees and shall provide Supplier with details of any tax so deducted. HMMC will be entitled to notify the Czech tax authorities or any other body of the conclusion of the Agreement with Supplier if so required by Czech law.

28.3 Registration of Permanent Establishment. Following execution of the Agreement, and at all times during the course of its performance within the territory of Czech Republic, Supplier shall take all steps necessary to confirm if its activities in the Czech Republic lead to the constitution of permanent establishment (hereinafter “PE”) for tax purposes in Czech Republic according to Czech legislation and the respective Double Tax Treaty (if applicable). If Supplier establishes that the performance of its activities under this agreement does or may constitute a PE in Czech Republic; the Supplier agrees that it will register that PE with the respective tax authority without delay and adhere to all administrative steps required of a PE in the Czech Republic. Moreover, Supplier shall not delay provide HMMC with any confirmation of respective tax authorities that PE is paying tax advance payments and therefore no security tax deduction is required. Pending such a confirmation HMMC is entitled to deduct security tax from payments in accordance with Czech law. Supplier will indemnify and hold harmless HMMC from all taxes, penalties, fines, and charges that may arise from the failure of Supplier to register a PE in Czech Republic or report such registration to HMMC.

After the registration of a PE, invoices under this agreement will be issued by the Supplier’s PE.

28.4 Foreign Tax Compliance. Supplier shall be responsible for and shall indemnify and hold HMMC harmless from calculation, reporting, and payment of all income taxes, VAT, customs duties, excise duties and any other taxes and duties of whatever nature (including related penalties or interest) imposed on Supplier or Supplier’s employees or its subcontractors by any taxing authority outside the Czech Republic as a result of their performance under the Agreement.

28.5 Czech Tax Compliance. Supplier shall be responsible for and shall indemnify and hold HMMC harmless from all taxes, penalties, and other exercises of whatever nature and generally accepted rules of ethics (hereinafter “binding rules”).

29. Compliance of HMMC’s Conduct with mandatory rules and ethical standards

29.1 HMMC as one of its main priorities consistently promotes achieving maximum compliance of all its legal conduct, internal procedures and business practices that are externally implemented through HMMC employees, statutory bodies, persons acting per proxy, attorneys and all other persons acting on behalf of HMMC and / or whose conduct may be no matter how objectively attributed to HMMC with all applicable law, decisions of public authorities and generally accepted rules of ethics (hereinafter “binding rules”).

29.2 HMMC for the purpose expressed in the previous paragraph continuously introduce and improves its internal procedures and
rules. Enforcement of these procedures and rules within HMMC comes under the competence of legal department, which among other things is so entitled to receive notifications, complaints, suggestions and requests falling mainly with the following areas: corruption (bribery), conflict of interest, extortion, protection of competition, environmental protection, discrimination, personal data protection (hereinafter "the compliance area").

29.3 HMMC invites all individuals and corporations and at this point especially its business partners that when confronted with any breach of binding rules in the area of compliance, which has or may have a direct or indirect relationship to HMMC, or if they have reasonable suspicion of a violation of mandatory rules, to notify HMMC legal department of such facts or suspicions, by telephone: 596 141 606 or by email: compliance@hyundai-motor.cz.

By the execution of these Terms and Conditions, the Supplier acknowledges that it was fully informed of their content, it considers them a part of all Contracts concluded between the Supplier and HMMC to which these Terms and Conditions are applicable with respect to their nature, it does not find any provisions that are not to be reasonably expected and it accepts all provisions hereof, unless stipulated otherwise in the Contract. By the execution hereof, the Supplier also represents that it does not consider itself the weaker party in the contractual relation with HMMC and that it was given the opportunity to negotiate changes of the terms set out in these Terms and Conditions by means of a different arrangement in the Contract.

Business name:

Dated:

Name, surname and capacity:

Signature: