

## GENERAL TERMS AND CONDITIONS – MANUFACTURE

**Cosmonde, a.s.**

### I. Introduction

1.1. These General Terms and Conditions (hereinafter the “**T&C**”) are terms and conditions within the meaning of Section 1751 of Act No. 89/2012 Coll., the Civil Code (hereinafter the “**Civil Code**”), and apply to all the relationships arising between Cosmonde, a.s., with its registered office at Dusíkova 795/7, Lesná, 638 00 Brno, Id. No.: 452 72 859, Tax Id. No. CZ45272859, (hereinafter the “**Contractor**”) and its business partners (hereinafter the “**Client**”) in connection with the manufacture of cosmetic and biocidal products and medical devices, including any and all pre-contractual negotiations.

1.2. The Contractor and the Client may arrange for all the contractual terms and conditions in a separate (framework) contract in derogation from these T&C. The Contractor and the Client may arrange for certain contractual terms and conditions in a separate (framework) contract in derogation from these T&C and refer to these T&C as to the rest.

1.2. These T&C form an integral part of all arrangements concerning the manufacture of a cosmetic and/or biocidal product and/or medical device (hereinafter a “**product**”) concluded between the Contractor and the Client.

1.3. The contents of the contractual relationships and all the negotiations between the Contractor and the Client conducted with a view to arranging for specific contractual terms and conditions, as well as all other Contractor’s acts performed within the contracting process *vis-à-vis* the Client, must be interpreted in accordance with these T&C.

1.4. If a contract concluded in writing between the Contractor and the Client comprises provisions deviating from these T&C, the provisions of the written contract shall prevail.

1.5. A contractual relationship established on the basis of a purchase order approved and confirmed by the Contractor shall be governed by these T&C.

### II. Contracting process

2.1. The contractual relationship between the Client and the Contractor arises, *inter alia*, at a time when the Contractor approves and confirms the Client’s purchase order, where confirmation of the Client’s purchase order with changes shall be deemed to be a new proposal that the Client has to accept, if the Client wishes to enter into a contractual relationship, within 5 (five) days of the date of delivery of the Contractor’s manifestation of will.

2.2. Acceptance of an offer (quotation) with an addendum or deviation by the Client is excluded and a manifestation of the Client’s will containing addenda, reservations, limitations or other changes shall constitute rejection of the offer (quotation) and shall be deemed a new offer to enter into a contractual relationship.

2.3. Documents beyond the scope of the statutory requirements form a part of the supply only if the Client has requested their delivery within the contractual relationship and the Contractor has confirmed or approved the delivery of the documents to the Client.

2.4. The Client shall send the individual purchase orders to the Contractor to the e-mail address [orders@cosmonde.cz](mailto:orders@cosmonde.cz). A purchase order that is not sent to the above e-mail address shall not be deemed properly delivered. Each purchase order must be approved and confirmed by the Contractor.

2.5. Based on the set manner of payment of the price (see section IV of these T&C), a purchase order is binding (i) once the Contractor confirms the purchase order for products to the Client based on full payment of the price of the products according to a pro forma invoice (paragraph 4.3 (a) of these T&C); or (ii) once the Contractor confirms to the Client the purchase order for products based on payment of a pro forma invoice according to the relevant price quotation (paragraph 4.3 (b) of these T&C); or (iii) upon confirmation of the purchase order by the Contractor (paragraph 4.3 (c) of these T&C). It holds under any circumstances that a purchase order can

only be confirmed if it is placed for a product that has been duly approved by both Parties for manufacture.

### III. Subject of performance

3.1. The Contractor shall (i) manufacture products for the Client based on formulas and technological procedures proposed by the Contractor and approved by both Parties; or (ii) manufacture products for the Client based on formulas and technological procedures required by the Client and approved by both Parties.

3.2. The Client agrees (i) to provide, by the agreed deadline, a statement regarding the formulas and technological procedures proposed by the Contractor, and regarding the quality specifications and details of the packaging; or (ii) submit to the Contractor, by the agreed deadline, the required technological procedures, quality specifications and details of the packaging. Furthermore, the Client agrees to withdraw (to take over) the finished products and pay the set price to the Contractor.

3.3. The Parties acknowledge that products shall always be manufactured only on the basis of mutually approved purchase orders; before commencing manufacture, the Parties must discuss and mutually approve at least the minimum parameters required by the Contractor.

3.4. The Parties may agree, for the purpose of verifying the manufacturing procedure, on the preparation of a test batch and/or production series. In that case, the costs shall be borne by the Client, regardless of the result of the test batch and/or production series.

3.5. If some of the raw materials or any components relating to the product are to be supplied by the Client, the purchase order must contain information on what raw materials or other components relating to the product are to be supplied by the Client and, if required by the Contractor, also information from which suppliers the raw materials and other components will be procured. The Client is responsible for the quality of materials supplied by the Client.

3.6. The Contractor is not liable for the product formula if supplied by the Client. The Client represents that it has properly resolved all intellectual property rights, including any industrial property rights, with respect to all entities involved in the preparation of the formula in any way, so that it can be used in the manufacture of the ordered product. The Client is responsible for ensuring that the formula presented for the purpose of manufacture of the product has not been acquired unlawfully.

### IV. Price and payment terms

4.1. The prices of products are specified for the individual products in the agreed currency per item or per kg excl. VAT.

4.2. Unless the Parties agree otherwise, the price of a product, including all the components required by the Contractor, shall be determined based on the price quotation sent by the Contractor. The price quotation shall be valid for the period set by the Contractor from its dispatch to the Client or from an agreement of the Parties on a price change. The Contractor may initiate negotiations on a price change if the price of any input material increases by more than 3%. Until agreement is reached on adjustment of the price, the Contractor may suspend the manufacture of the products ordered and acceptance of further purchase orders from the Client.

4.3. The price of the products and all other components shall be paid in one of the manners specified below based on agreement between the Client and the Contractor. The Contractor may:

a) request payment of 100% of the price of the products and all other components in advance on the basis of a pro forma invoice. Pro forma invoices shall be payable within 5 calendar days of their issue. After the price has been paid into the Contractor’s account, the Contractor shall issue a proper tax and accounting receipt and confirm the purchase order;

b) request payment of the price of the products and all other parts in advance on the basis of 2 (two) pro forma invoices. In that case, the Contractor shall issue the first pro forma invoice after receiving the purchase order. The first pro forma invoice shall be payable within 5 calendar days of its issue.

Until the first pro forma invoice is paid in full, the Contractor is not obliged to accept and confirm the purchase order. After the first pro forma invoice has been paid in full, the Contractor shall issue a proper tax and accounting receipt and confirm the purchase order; The second pro forma invoice for the balance of the price of the products ordered and all other components shall be issued by the Contractor prior to the delivery of the products to the Client. The second pro forma invoice shall be payable within 5 calendar days of its issue. Until the second pro forma invoice is paid in full, the Contractor is not obliged to hand the products ordered over to the Client.

c) issue an invoice after delivery of the products to the Client with an agreed due date.

4.4. During the period of the Client's delay in payment of any pro forma invoice, the Contractor is not deemed to be in delay with the handover of the products and the agreed time of performance shall be postponed by the period corresponding to the Client's delay in payment of the pro forma invoice.

4.5. The Client acknowledges that the Contractor is a VAT payer (VAT registered company) and the Client issues invoices according to Act No. 235/2004 Coll., on value added tax, as amended.

4.6. An invoice must contain all the requisites of a tax receipt as follows from the applicable legal regulations.

4.7. In the event of a delay in any payment, the Client is obliged to pay to the Contractor contractual default interest in the amount of 0.05% of the outstanding amount excl. VAT for each, even incomplete, day of the delay. In the event of a delay in any payment exceeding 10 calendar days, the Contractor shall suspend the manufacturing process and any supplies of products to the Client. The Contractor may proceed as described above until all outstanding debts have been paid.

4.8. The agreed prices do not include the costs of cutting tools and printing preparation for new packaging/new graphics, or the costs of starting mass production. These costs shall be re-invoiced to the Client in the full amount.

4.9. Section 1933 (1) of the Civil Code shall not apply to the legal relationships regulated by these T&C. If the Client owes to the Contractor a performance of the same kind based on several obligations and does not determine when delivering the performance to which debt it pertains, the performance shall first be counted towards the least secured obligation. If several obligations have the same level of security, the performance shall first be counted towards the obligation which is due first.

## V. Time and place of performance

5.1. Unless agreed otherwise, the Contractor's manufacturing plant located at Dusikova 7, Brno – Lesná is the place of delivery of raw materials and packaging material arranged by the Client as well as the place for handover of the finished products to the Client.

5.2. Unforeseeable and unavoidable events (force majeure, pandemics, natural disasters, governmental measures aimed at protection of health, prohibition of import and export, strikes, etc.) beyond the Contractor's control extend the delivery period by the duration of these events themselves and the duration of their consequences. The delivery period will also be extended in cases where a certain performance is extremely hindered due to a change in circumstances beyond the control of the Party (e.g. as a result of public-law measures adopted in connection with the spread of SARS Cov-2 coronavirus infection (COVID-19) when as a result of infection by SARS Cov-2 coronavirus (COVID-19) a substantial part of the employees of the Party or its subcontractor is placed in quarantine and the functioning of the manufacturing line is thus substantially limited or hindered, etc.). In such a case, the delivery period shall also be extended by the duration of these obstacles and their consequences. The affected Party shall not be deemed in delay with its performance. Claims for damages are excluded in such cases.

5.3. The handover of products to the Client is conditional on the fact that the Contractor has no overdue receivables from the Client, including receivables from previous supplies of products, other purchase orders or other business relationships. During the period of the Client's delay in payment of due debts to the Contractor, the Contractor is not deemed to be

in delay in the delivery of products and the agreed time of performance shall be postponed by a period corresponding to the duration of the Client's delay referred to above. If the Parties agree on an advance payment or advance payments, the Contractor is not obliged to hand the products over to the Client before such payment or payments are made.

## VI. Delivery terms

6.1. The Contractor is obliged to deliver the finished products properly and in the agreed quantity, subject to a quantity tolerance of +/- 10%.

6.2. The Parties shall agree on the date and time of delivery of the products in each individual case, always depending on the delivery times for the individual components important for the manufacture and the Contractor's manufacturing capacities.

6.3. The Client is obliged to deliver all raw materials and packaging material arranged by the Client to the Contractor at least 20 business days before the confirmed date of delivery of the products. If the Client fails to do so, the delivery period for the products shall be automatically extended by the delay.

6.4. The Contractor shall deliver a notice to the Client of the possibility to take over the products, by an e-mail sent to the agreed address not later than 2 calendar days before the agreed delivery date. Such a notice shall include information on the quantity of pallets and type of products that are ready for handover.

6.5. The date when the Contractor informs the Client that the products are ready for dispatch shall be deemed to be the date when the Contractor performs the obligation to deliver the goods (products), unless the Parties agree otherwise. The Client is obliged to collect the products not later than within 10 calendar days of the date of delivery of the notice of the possibility of takeover. The Client agrees to announce the collection of the goods by e-mail not later than 2 days before the date of loading.

6.6. If the Client fails to collect the goods within 10 calendar days of delivery of the notice pursuant to paragraph 6.4 above, the goods shall be considered properly delivered and taken over by the Client. In such a case, the Contractor may store the goods at the Client's expense and risk and charge to the Client storage fees in the amount of 0.1% of the price of the goods for each day of storage. If the Client fails to take over the products even within a grace period of at least 30 days, the Contractor may terminate the contractual relationship and withdraw from the purchase order without further notice, and charge to the Client, in addition to compensation for damage and storage fee, a contractual penalty in the amount of 100% of the total price of the products. If the goods (products) are stored at the Client's request, the goods shall be deemed properly delivered and taken over by the Client, and the Contractor may charge 100% of the storage costs. In that case, the goods shall be stored for a maximum period of 3 months. The Client acknowledges and expressly agrees that after expiry of the said period, the Contractor may terminate the contractual relationship and withdraw from the purchase order without further notice, and charge to the Client, in addition to compensation for damage and storage fee, a contractual penalty in the amount of 100% of the total price of the products.

6.7. The Contractor may retain the products if the Client is in delay in any payment for a period exceeding 10 calendar days. In such a case, the Contractor shall be deemed to have properly performed its obligation to deliver the goods in due time by notifying the Client that the products are ready for takeover. The Contractor is subsequently entitled to retain these goods until the outstanding amount is paid to the full extent. Retention of goods shall in no way prejudice the Contractor's right to issue an invoice for the goods prepared for handover. This shall in no way prejudice the passage of the ownership title pursuant to paragraph 9.1 of these T&C.

6.8 If agreed by the Parties, the Contractor is obliged to deliver to the Client, together with the delivery of the products, further documents concerning the products. The Contractor shall send these documents to the Client to the set e-mail address.

6.9. The risk of damage shall pass to the Client upon takeover of the products, even if a fiction of takeover applies pursuant to paragraph 6.6 of these T&C.

6.10. The Client is obliged to check the condition of the products delivered immediately upon their takeover.

6.11. The Client shall arrange for shipping and transport at its own expense. The Contractor does not arrange for shipping and transport.

6.12. The Client shall accept deliveries also containing expedition boxes that are not completely filled, if such boxes are visibly marked.

## **VII. Material arrangement of manufacture, packaging records; EKO-KOM system; procedure in case of termination of the contract**

7.1. Unless the Parties agree otherwise, the Contractor shall arrange for the supplies of raw materials and packaging material at its own expense.

7.2. In case of termination or suspension of the manufacture of a specific product, the Client is obliged to purchase from the Contractor any unnecessary material and all raw materials and unique materials purchased by the Contractor for the purposes of manufacture of the product. The Client is obliged to collect such material and raw materials within 10 calendar days of the Contractor's request sent to the Client.

7.3. The Parties may agree that upon termination of the contractual relationship, the Client shall purchase from the Contractor finished products manufactured by the Contractor on the basis of the Client's purchase order, for prices set out in the mutually approved price quotation.

7.4. The Contractor shall return to the Client any and all used raw and packaging materials which is owned by the Client. The Client is obliged to collect these materials or compensate the Contractor for their disposal.

7.5. Any fees pursuant to Act No. 477/2001 Coll., on packaging and on amendment to certain laws (the Packaging Act), as amended, shall be paid by the Client.

7.6. The Client is obliged to provide the Contractor, at the Contractor's request, with any information required by the Contractor on the unit weight and composition of the packaging supplied by the Client.

## **VIII. Liability for defects, complaints**

8.1. The Contractor is responsible for the manufacture, i.e. in particular the arrangement of technical, manufacturing and personnel matters.

8.2. The Contractor shall perform initial control of raw materials and packaging by checking conformity of the parameters on the relevant certificates and in the technical specifications of the raw materials, and final control of the finished products, including microbiological checks.

8.3. The Client bears liability for defects of the products *vis-à-vis* third parties. The Contractor shall examine the Client's complaints and provide its statement on a complaint within 30 days of the date of submission of specific underlying documents (type of product, the product or parameter in respect of which the complaint was raised) or by some other deadline agreed between the Parties.

8.4. Defects consisting in the delivery of a quantity of products other than ordered and products other than ordered (obvious defects) may be claimed not later than within 5 calendar days of the date of takeover of the delivery.

8.5. If a defect is caused by an error on the part of the Contractor and unless the Parties agree otherwise, the Contractor shall replace the defective goods or goods with defective or incorrectly labelled packaging by defect-free goods.

## **IX. Ownership title to the goods**

9.1. The ownership title to the products and any other components thereof shall pass to the Client upon full payment of the price, i.e. when full amount thereof is credited to the Contractor's bank account.

9.2. The risk of damage passes to the Client upon takeover of the goods. The same consequence shall occur if the Client fails to take over a product despite the fact that the Contractor has enabled the Client to dispose of it.

9.3. The Client is obliged to inform the Contractor without delay of initiation of any debt collection procedure concerning goods with reservation of the ownership title and, at the same time, provide underlying documents necessary to file an action for exclusion from debt collection.

## **X. Termination of the contractual relationship**

10.1. Unless the Parties agree otherwise, the contractual relationship may be terminated (i) by agreement of the Parties or (ii) by withdrawal in cases where this is permitted by these T&C. A one-off purchase order may not be unilaterally cancelled by the Client; it may only be terminated by agreement of the Parties or by withdrawal by the Contractor in cases where this is permitted by these T&C.

10.2. In the event of termination of the contractual relationship, the Parties shall proceed in accordance with paragraphs 7.2. to 7.4. of these T&C.

10.3. Liability and compensation for damage shall be governed by the applicable provisions of the Civil Code.

## **XI. Miscellaneous**

11.1. Any and all information on the business, organisational structure or some other internal arrangements or mechanisms of the other Party that the Parties have mutually provided in relation to the negotiations on entering into the contractual relationship, as well as during the process of establishing the contractual relationship, that they have learnt or with which they have become acquainted in some other way, and also information available to them in respect of the manner and course of negotiations and the resulting arrangements within the contractual relationship, is confidential and the Parties agree to protect and provide for protection of this information against its disclosure or making otherwise accessible to third parties.

11.2. Any and all information, data and facts disclosed and/or provided in any form by one of the Parties to the other Party in connection with the negotiations on the contractual relationship and its establishment (i.e. verbally, in writing, electronically) and, at the same time, expressly designated as confidential by the disclosing Party, shall be deemed confidential. Confidential information is always deemed to include, without limitation, information relating to specific raw materials and ingredients, specific formulas, specific manufacturing procedures, laboratory results and analyses, product prices and components or parts thereof, information concerning the business of a Party, its employees, business partners, clients, summary data, know-how, projections, reports, studies and other information designated as confidential (hereinafter "**Confidential Information**").

11.3. Confidential Information constitutes business secrets within the meaning of Section 504 of the Civil Code.

11.4. The Parties are aware of the confidential nature of Confidential Information and the fact that should Confidential Information leak as a result of breach of these T&C, the disclosing Party may suffer damage or other harm. For this reason, the disclosing Party may claim from the breaching Party full compensation for damage or other harm in case of demonstrable breach of any of the obligations concerning the protection of Confidential Information.

11.5. The Parties may enter into a separate non-disclosure agreement with a view to protecting Confidential Information.

11.6. The Contractor has been operating on the market in the manufacture and development of cosmetic and biocidal products for a number of years and, during this time, the Contractor has manufactured and developed a number of cosmetic and biocidal products and medical devices of various types and properties. The Client acknowledges that the manufacturing procedures and/or formulas are so similar for certain kinds/types or groups of cosmetic and biocidal products and medical devices that they are not substantially different from other cosmetic and biocidal products and medical

devices of a similar kind/type, and therefore, that other cosmetic and biocidal products and medical devices of a similar kind/type and/or properties as required by the Client could already have been manufactured by the Contractor.

11.7. The Client also acknowledges that some other cosmetic or biocidal product or medical device of a similar type/kind and/or properties that has already been manufactured by the Contractor for some other client on the basis of its purchase order or that will be manufactured by the Contractor in the future on the basis of an order from some other client may have a similar formula.

11.8. The Client acknowledges and agrees that the Contractor does not provide any guarantee of exclusivity for formulas offered by the Contractor and designated in the price quotation as "private label".

11.9. Furthermore, the Client acknowledges and agrees that the Contractor is not responsible for the product formula if supplied by the Client. The Client is responsible for ensuring that the formula presented for the purpose of manufacture of the product has not been acquired unlawfully.

11.10. The Contractor is only responsible for what the Contractor manufactures or creates for the Client based on a purchase order. The Contractor is not responsible for any marketing elements supplied by the Client in relation to a product (product name, graphics, descriptions, images, design elements, etc.). The Client warrants to the Contractor that the incorporation, during the delivery of a purchase order, of marketing elements previously supplied by the Client will not infringe any intellectual, industrial, or commercial property rights of third parties.

11.11. The Client agrees to indemnify the Contractor and hold the Contractor harmless with regard to any claims and actions raised by third parties concerning any part of a product manufactured by the Contractor. The Client is obliged to inform the Contractor of any claim raised by a third party and provide the Contractor with active collaboration in the defence of rights.

11.12. The Client enters the contractual relationship while being aware that the Client assumes the risk of a change in circumstances.

11.13. The Parties shall communicate via electronic means in matters of price quotations and purchase orders. Confirmation of a price quotation and each purchase order must be sent electronically to the following e-mail address: [orders@cosmonde.cz](mailto:orders@cosmonde.cz) and in a copy ("CC") \_ also to the Contractor's contact person responsible for processing the price quotation and the purchase order.

11.14. The Parties shall also communicate via electronic means in matters related to a purchase order. If documents are sent by e-mail, the business day following the date of sending shall be deemed to be the date of delivery.

11.15. Any documents related to enforcement of a penalty and/or liability for damage/harm, as well as documents related to termination of the contractual relationship or any official request and/or notice following from these T&C shall be delivered to the address of the other Party's registered office according to the Commercial Register, or to an address notified by one of the Parties to the other Party for this purpose, in the case of a foreign company. The above shall apply unless the Parties agree on some other manner of delivery of documents.

11.16. To avoid any doubt, the Parties agree that confirmation of the contents of a purchase order by the Client shall not have legal effects pursuant to Section 1757 (2) of the Civil Code.

11.17. Sections 1799 to 1800 of the Civil Code shall not apply to the legal relationships regulated by these T&C.

## **XII. Final provisions**

12.1. All the legal relationships not regulated by these T&C shall be governed by the laws of the Czech Republic, in particular the Civil Code and other legal regulations, to the exclusion of conflict-of-law rules of private international law. If an international element is present, the Parties agree on exclusive jurisdiction of the courts of the Czech Republic for disputes

arising out or in connection with contracts and these T&C, including disputes concerning their validity or consequences of invalidity, etc., where the Contractor's common court shall have local jurisdiction.

12.2. Any and all changes to the contractual relationship must be made in writing and signed by both Parties. Any insertion, deletion, or other changes in the text of these T&C shall have legal effects only if they have been accepted by both Parties in writing, with specification of the date of the change and with valid signatures of the representatives of both Parties next to the change. Any other changes in the text shall be disregarded.

12.3. These General Terms and Conditions are effective from 6.12.2021.

### **Cosmonde, a.s.**

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**Id. No.: 452 72 859, Tax Id. No.: CZ45272859**

**The company is registered with the Regional Court in Brno under File No. B 6393**