

**CONTRACT ON CONDITIONS AND RULES OF PARTICIPATION  
IN ELECTRONIC AUCTIONS OF TIMBER  
(hereinafter only the "Registration Agreement" )**

**Article 1  
Contracting Parties**

**Lesy České republiky, s.p.**

company seat at **Přemyslova 1106/19, Nový Hradec Králové, 500 08 Hradec Králové**  
registered on the Commercial Register at the Regional Court in Hradec Králové, Section A XII, Insert 540  
represented by: Ing. Daniel Szórád, Ph.D., CEO  
Company ID (IČ): VAT reg.no. (DIČ): CZ42196451

hereinafter only the "**Auctioneer**"

and

**the Bidder**

**Company name / Title / First name and Surname**

.....

**Company seat / Principal place of business / Residence**

Town/city: .....

Street, number: .....

Post code: .....

**Registered in the Commercial Register:** .....

**Represented by (hereinafter the "Authorized Person")**

Title: .....

Name: .....

Surname: .....

Position: .....

**Company ID (IČO):** .....

**VAT ID (DIČ):** .....

**Banking details:**

Bank: .....

Account number: .....

Bank code: .....

**Correspondence address (if different from company seat / principal place of business / residence)**

Town/city: .....

Street, number: .....

Post code: .....

**Authorized to negotiate the contract:**

Title: .....

Name: .....

Surname: .....

Tel: .....

e-mail: .....

hereinafter only the "**Bidder**"

## Article 2 Interpretation of terms

**Application** – *the Organizer's internet software application, running under the Online Electronic Auction Agreement*

**Auction** – *means electronic auction resulting in a Contract under which the winning Bidder gains the right and obligation to conclude a Purchase Contract with the Seller*

**Database of Bidders** – *the list of Bidders, including their Registered Persons, in which a Bidder is included after valid completion and submission of the registration form*

**Buyer or Acquirer** – *means a natural or legal person that has concluded a contract with the Seller or Provider*

**Purchase Contract** – *for the purposes of this Contract, Purchase Contract means the contract concluded on the basis of the Auction Result using the template provided in the Auction Specifications*

**Civil Code** – *Act no. 89/2012 Collection of Laws, Civil Code, as amended*

**Contractual Terms** – *for the purposes of this Contract, this means the terms and conditions governing the contractual relationship under the concluded Purchase Contracts. Terms and Conditions are included in the Auction Specifications.*

**Authorized Person** – *Registered person with the right to approve Registration Contracts, to grant and remove the right of access of Registered Persons to the Application and to bid in auctions (usually a statutory body, a procurator holder, a natural person or an entrepreneur)*

**Organizer** – *Application operator – VARS BRNO, a.s., company seat at Brno, Kroftova 3167/80c, post code 616 00, Company ID/IČ: 63481901, VAT reg.no. (DIČ): CZ63481901*

**Appointed Person** – *Registered person with the right to submit bids in auctions - trader*

**Seller or Provider** – *an entity that offers goods or services for sale in an auction. The Seller's identification data are provided in the Auction Specifications for each individual Auction. The seller may be the Auctioneer, i.e. Lesy ČR, s.p. (LČR), and also other entities managing forestry assets belonging to the Czech Republic, entities managing publicly owned forestry assets or LČR's contractor.*

**Registered Person** – *a natural person with the right of login to the Application and bidding*  
**LČR's contractor** – *is an entity that has concluded a Contract on the Execution of Forestry and the Sale of Timber, which sets out the mandatory sale of a portion of produced timber via the Application*

**Participant** – *a Bidder that has submitted a valid bid in an Auction*

**Auctioneer** – *Lesy České republiky, s.p. as a client of the electronic online auction service*

**Auction result** – *electronic evaluation of the results of an Auction, on the basis of which the winning bidder is invited to conclude a Purchase Contract*

**Auction Specifications** – *means electronic Auction specifications, including all attached documents, which include, among other things, a template for the Purchase Contract, Contractual Terms and the bid specification, which subsequently become an Appendix to the Purchase Contract.*

**Bidder** – *registered entity that has entered into a Registration Contract*

The interpretations of other terms used in this Registration Contract but not listed here are given in Technical Specifications and Rules for Electronic Auctions of Timber, which forms Appendix 1 to this Registration Contract (hereinafter only "Specifications").

### **Article 3**

#### **Purpose and object of the Contract**

The purpose and object of this Registration Contract is to set terms and conditions for the participation of the Bidder in electronic Auctions called by the Auctioneer, and further to establish a binding procedure leading to the conclusion of a Purchase Contract between the Bidder and the Seller pursuant to the Auction Result, if the Bidder participates in the Auction and becomes its winner. The Auction provides a transparent process of selection of a contractual partner for the conclusion of a Purchase Contract, with the emphasis on the Seller receiving the highest possible payment for the performance provided under the Purchase Contract.

### **Article 4**

#### **Auction Organizer**

The Auctioneer realizes Auctions via the Auction Organizer and their internet software application (hereinafter the "Application") under a Service Contract.

The Organizer is contractually bound to maintain confidentiality regarding all information learned in connection with the performance of the Service Contract between themselves and the Auctioneer, even after the validity and effective period of the Contract expires, and to prevent the disclosure of such information to a third party.

### **Article 5**

#### **Bidder's Obligations**

The Bidder declares that, prior to the conclusion of this Registration Contract, they have acquainted themselves with the wording of the Contract, including all Appendices. The Appendices to this contract represent Contractual Terms as set by § 1751 et seq. Act no. 89/2012 Coll., Civil Code.

The Bidder further declares that they have acquainted themselves with the valid version of the Purchase Contract template and with the Contractual Terms of the Purchase Contract prior to their participation in the Auction, and also with other documents contained in the Auction Specifications, which specify contractual terms as set by § 1751 et seq. Act no. 89/2012 Coll., Civil Code, and that by their participation in the Auction, they confirm their agreement with the same. The Bidder will treat all auction specifications in all seriousness and all their submitted bids will be binding when accepted by the Auctioneer. The term of validity of the bid submitted during the Auction is **30 days from its submission**.

All information that the Bidder receives from the Auctioneer, the Seller or the Organizer regarding the Application and this Registration Contract, is confidential. The Bidder undertakes not to disclose this information to a third party.

The Bidder further undertakes to meet the minimum necessary requirements to allow the submission of bids in the Auction via the Application, i.e.:

- a functional and reliable Internet connection, a computer with a functional operating system and an Internet browser in accordance with the technical requirements set out in Appendix 1 of this Registration Contract.
- an e-mail address to which notifications will be sent by the Organizer about new Auctions, calls for participation, announcements of Auction Results if the Bidder is participating, and invitations to conclude Purchase Contracts with the Seller.
- personnel corresponding to the number of Auctions to ensure due response of the Bidder to calls for participation (including substitutability),
- necessary training of employees of the Bidder appointed to process individual bids.

Only Registered Persons may participate in an Auction. The first registration of a Bidder and the registration of other persons is conducted by the Authorized Person. The Authorized Person (statutory body, procurator holder, natural person, and entrepreneur) may authorize persons to represent them in individual steps and negotiations in the Application. The authorization must be done in writing and sent to the Auctioneer's contact person specified in the Auction Specifications. ***A person authorized in this way may carry out actions and negotiations to the same extent as the Authorized Person, while however, the principal (Authorized Person) remains responsible for such actions and negotiations to the same extent as if performed by themselves.*** The Application provides an overview of currently Registered Persons of the Bidder.

The login name and contact e-mail address will be assigned to Registered Persons by the Authorized Person of the Bidder. The individual Authorized Persons will choose their password the first time they log in to the Application.

The Bidder is liable for any misuse of Registered Persons' login data, in particular their being passed on to a third party. Registered Persons shall not use any login data than their own in the Application. To avoid doubt, the contracting parties expressly agree that any act performed via the Organizer's Application using the login data of any of the Registered Persons of the Bidder are binding for the Bidder, regardless of which person actually performed the act. After the Bidder's successful registration in the Application, the Bidder will be included in the Database of Bidders who will be invited to participate in individual Auctions. The Bidder is responsible for the correctness of the information provided at registration and for its immediate updating in cases of change.

Failure to comply with or breach of the conditions set out in this Article and Articles 7 and 8 of this Registration Contract entitles the Auctioneer to immediate removal of the Bidder from the Database of Bidders. The eventual re-inclusion of the Bidder in the Database of Bidders will be decided by the Auctioneer, if the Bidder again meets all the conditions of this Registration Contract, but not sooner than three months after their exclusion.

The Bidder undertakes not to use the Application provided by the Organizer other than as provided for in this Registration Contract, not even for their own needs, and that in particular they will not:

- in any way or by any means make, have made, or in any way distribute copies of the Application or its parts;
- use the Application or its parts for the benefit of a third party, in particular use them for data processing for any third person and/or within the provision of services, whether in return for payment or free of charge, unless stated otherwise in this Registration Contract;
- make the Application by any means available to a third party, particularly by lending or leasing or granting permission for its use in any other way;
- use the Application or its parts to enable time sharing with a third party, remote access to a third party or another application for any third party, whether in return for payment or free of charge;
- create additional installations of the Application or its components without the Organizer's knowledge;
- modify or change the Application in any way or reorganize it without the Organizer's permission, or create new or derived characteristics or an entirely new computer program from it;
- decompile the Application or its parts or recompile its parts, whether as a whole or in part, beyond the extent allowed by the legislation;
- to process the Application or its parts in any way, including rewriting, directly or indirectly, or to translate it into other languages, even partially;
- present or distribute the Application, or make it or its parts otherwise accessible, or use it commercially, regardless of whether it be in return for payment or free of charge, with the exception of its presentation, distribution or commercial use under this Registration Contract, i.e. exclusively for their own internal use;
- use the Application or its parts in any form for the purposes of development, production of their own computer programme or business with a similar, equivalent or interchangeable copyrighted work;

- delete or edit addresses, names and labels in the Application or its parts, or any other data contained in the Application; with the exception and in the scope of activities expressly permitted by the mandatory provisions of the Copyright Act which take precedence over such restrictions. The Bidder undertakes not to take any steps while this Registration Contract is in effect, nor after its termination, to acquire any of the rights related to the Application or its parts beyond the scope of this Registration Contract.

## Article 6

### Conditions and rules of an auction

Only bids submitted by a Bidder or their Registered Persons via the Application will be accepted. The rules and conditions for submitting bids, determining the winning bid and other technical parameters and auction specifications are listed in the Technical Specifications of Conditions and Rules for Electronic Timber Auctions.

The Bidder is not entitled to reimbursement of expenses associated with their participation in Auctions.

The Auctioneer bears no responsibility for errors in the software used, failures of the Internet network or server failures.

If the Bidder is unable to submit a bid due to technical problems, they are not entitled to submit their bid in another way or to compensation for damages.

The Organizer will continuously monitor the state of the Application. In cases of downtime or the failure of the Application during an Auction which might result in the disruption of the competition and which occur objectively, without any fault on the part of the Bidder, the Organizer shall terminate the Auction and, after agreement with the Auctioneer, cancel the Auction and possibly repeat it at the earliest possible time. The Organizer shall inform the Auctioneer, the Seller and all registered Participants of the above. In such cases, the Bidder is entitled to records of the state of the Application and their activity in the Auction in question. Suspicions of the breach of the conditions of competition under this paragraph raised by the Bidder shall not be taken into consideration more than two hours after the end of the Auction.

## Article 7

### Conclusion of Purchase Contracts

The Participant who is ranked first (submits the highest bid) at the end of the Auction (the system time in the server of the Auction Organizer is decisive) will become the Auction winner. In the case of bids of equal value by multiple Participants, the winning bid will be the one submitted earliest. The Auction winner gains the right and obligation to conclude a Purchase Contract with the Seller in accordance with the Result of the auction. In the event that a Bidder becomes the Auction winner, possibly another Participant approached by the Seller, and the Auction is not cancelled in accordance with this Registration Contract, the Bidder undertakes to conclude a Purchase Contract with the Seller under the conditions and in the manner agreed upon below.

The completed Purchase Contract, including all Appendices, to which the following data will be added according to the Auction Result:

- Bidder's identification data;
- price and volume of the subject of the auction according to the Result of the auction;
- data according to the Auction Specifications;

will be sent to the Auction winner by the Seller electronically, without undue delay.

The Auction winner shall sign and send (hand over) both counterparts of the Purchase Contract, including all Appendices, and the original of a duly issued securement blank bill in the case of a Contract on the Exclusive Right to Logging and the Transfer of Ownership Rights to Logged Trees, a Contract on the Exclusive Right to Logging and the Transfer of Ownership Rights to Logged Trees with Timber Extraction, or a Contract on the Exclusive Right to Logging and the Transfer of Ownership Rights to Logged Trees – Bark-beetle-control Felling with Timber Extraction, within five working days at the latest (from the day of the receipt of the completed Purchase Contract from the Seller), to the Seller at the address given in the header of the Purchase Contract. In the case of a dispute regarding the observance of

the above deadline of five working days, the sent-date on the postal stamp, or the date on the document confirming its sending by another transport service, or possibly a filing date stamp upon delivery in person, is decisive.

If the Auction winner does not observe the deadline for sending (handing over) the signed Purchase Contract, including all Appendices and the original of a duly issued securement blank bill in the case of a Contract on the Exclusive Right to Logging and the Transfer of Ownership rights to Logged Trees, a Contract on the Exclusive Right to Logging and the Transfer of Ownership Rights to Logged Trees with Timber Extraction, or a Contract on Exclusive Right to Logging and Transfer of Ownership Rights to the Logged Trees – Bark-beetle-control felling with Timber Extraction, in accordance with this Article, the Seller is entitled to negotiate with other auction Participants in the correct order or to cancel the Auction.

If the Seller decides to negotiate with another Participant who is next in order and the Participant confirms that they are interested in the timber, such a Participant is obliged to send (hand in) two signed counterparts of the Purchase Contract within five working days at the latest (from the day of receipt of the Purchase Contract from the Seller) to the Seller at the address given in the header of the Purchase Contract. In the case of a dispute regarding the observance of the above deadline of five working days, the sent-date on the postal stamp, the date on the document confirming its sending by another transport service, or possibly a filing date stamp upon delivery in person, is decisive.

## **Article 8**

### **Rights of the Auctioneer and the Seller**

The Auctioneer is entitled to suspend (deactivate) the Bidder from the Database of Bidders via the Organizer or to cancel their registration with immediate effect if the Bidder:

- a) repeatedly breaches any of the obligations stipulated particularly in this Registration Contract, including its Appendices, Contractual Terms or the Purchase Contract including the Appendices;
- b) has not settled prior obligations to the Auctioneer; for the avoidance of doubt, this includes any payables due from the Bidder to the Auctioneer arising from a contract, an unlawful act or any other legal facts, and not only in connection with electronic auctions of timber and contracts concluded on their basis.
- c) has not settled prior obligations towards the Auctioneer arising in connection with electronic auctions of timber and contracts concluded on their basis.
- d) a court decision on the bankruptcy of the Bidder has come into force; or by an insolvency petition for the Bidder's property under Act No. 182/2006 Coll., on Bankruptcy and the Methods of Solving it (Insolvency Act), the Bidder was legally declared bankrupt; or the bankruptcy proceedings were cancelled for lack of assets in accordance with Act No. 328/1991 Coll., on Bankruptcy and Settlement; or the Bidder has entered into liquidation.
- e) provides their login data to a third party,
- f) does not sign and send (hand over) the Purchase Contract, including all its Appendices, within the period set in Article 7 of this Registration Contract;

In the event of a breach of obligation under letter f) of this Article by the Bidder, the Bidder is obliged to pay the Seller a contractual fine of CZK 10,000, but not more than 50% of the Winning Price excluding VAT for each individual case. The payment of a contractual penalty does not affect the Seller's right to compensation for damages incurred.

In the case of an occurrence provided for in paragraph f), the Seller is entitled to negotiate with other Participants in the order set out in Article 7 of the Registration Contract, while in the case of electronic auctions of manufactured timber, neither the Auctioneer nor the Seller bear responsibility for damages to the timber, e.g. the low quality of wood due to the influence of internal or external factors caused by delays in the removal of timber by the Auction winner. The time for collecting the timber is set out explicitly in the Purchase Contract.

In justified cases, the Seller (the person responsible - listed in the Auction Specifications) has the right to reject all bids submitted in the Auction or to cancel the Auction. The Bidders are entitled to request a written justification for the cancellation of an auction from the person responsible. The information on Auction cancellation shall be communicated by the Seller to all Bidders that have submitted a bid.

The Auctioneer bears no responsibility for the Seller or the Bidders, the Buyer, the Auction Participants or the Organizer, or their mutual obligations or receivables, or their activities and the data provided by them.

The Auctioneer (if they are not the Seller) does not participate in the conclusion of the Purchase Contract between the Seller and the Buyer (the Bidder), nor are they responsible for its fulfilment or any damages incurred.

## **Article 9**

### **Authorization and protection of login data**

Prior to using the Application, the Bidder will appoint other Authorized or Appointed persons via the Authorized Person. The Authorized Person chooses a login name (usually an email address) and a contact email address of the Registered Persons, via which the activation email is sent to the Registered Person with the URL for the first login to the Application. Part of the first login is setting the password and consenting to the processing of personal data.

All information obtained and submitted by the Bidder in the Application is authorized and therefore displayed or stored under the identification of the Registered Person who has logged in to the Application as a Bidder.

The Bidder declares that they are aware of the fact that the Application data obtained from the Organizer is confidential and undertakes not to allow a third person to become acquainted with it. Furthermore, they undertake not to provide such data to any person employed or otherwise related to the Bidder, except those persons who are authorized to work in the Application under this Registration Contract.

At the same time, the Bidder undertakes to take all necessary measures to protect all their active logins against abuse. The Bidder agrees to being liable for any damages incurred by the Auctioneer, the Seller or the Organizer as a result of the Bidder's faulty actions or violations of any of the Obligations and Claims stated in this Registration Agreement. The Bidder undertakes to familiarize all Registered Persons with the consequences of the use or misuse of the Application and agrees to being responsible for actions they perform in the Application.

## **Article 10**

### **Validity, effective period and duration of Registration Contract**

This Registration Contract becomes valid and effective upon the date of its electronic confirmation by the Bidder. This Registration Contract is concluded for an indefinite period.

The contracting parties are entitled to terminate this Registration Agreement in writing at any time without providing a reason, subject to the observance of the notice period.

The notice period is one month and starts running on the first day of the month following the receipt of the notice by the other contracting party. Either contracting party is entitled to withdraw from the Registration Contract with effect from the date of delivery of the written withdrawal to the other party in cases where the other party substantially violates the Registration Contract, or if, after written notice, the other party does not remedy their defective conduct that is in conflict with the Registration Contract, or with proper conduct, or with the principles of fair business practice. In such a case, the Registration Contract is terminated on the day of delivery of the withdrawal notice to the other contracting party.

The delivery of the withdrawal notice under this Article becomes effective when delivered to the other contracting party at the address given in this Registration Contract, possibly in the Appendix to this

Contract, or on the day of its deposit with the office of the delivery service if the other party does not collect the notice or refuses to accept it.

### **Article 11 Settlement of disputes**

The Contracting Parties undertake to resolve any disputes arising from the implementation, interpretation or termination of this Registration Contract by an amicable settlement. In the absence of an amicable solution, either of the Contracting Parties is entitled to file a petition to resolve the dispute at a locally competent court, according to the Auctioneer's company seat.

### **Article 12 Final Stipulations**

Any changes to this Registration Contract may be made only upon the approval of both Contracting Parties in writing in the form of a numbered Appendix to this Registration Contract (with the exception of Appendix 1, which can be changed by the Auctioneer unilaterally after prior notification of the Bidder). The contracting parties declare that they have read this Registration Contract, including all Appendices, prior to their signing, and that the Contract is concluded in all seriousness and definitively, of their true and free will.

Legal relations in the matters under this Registration Contract, and in the matters not expressly regulated by this Registration Contract, are governed by Czech legislation, in particular the Civil Code.

Appendix 1 makes an integral part of this Contract:

1. Technical specifications of conditions and rules for electronic auctions of timber