

Appendix 1 to AGREEMENT ON CONDITIONS AND RULES OF PARTICIPATION IN ELECTRONIC AUCTIONS FOR TIMBER

Technical specification of conditions and rules for electronic auctions for timber

Terms used

Electronic auction: way of selling and buying via an internet software application (hereinafter only **the Application**) in which bids are submitted by specifying the bid amount (hereinafter only **"Auction"**).

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Registration of the Bidder

Standard draft of the *Contract on the conditions and rules for participation in electronic auctions of timber*, incl. Appendices (hereinafter the **"Registration Contract"**) is available on the Auctioneer's website. Bidders will become acquainted with its content and, if they agree with it, may proceed to electronic registration. Every Bidder shall register on the Organizer's auction website. The public link to the Organizer's registration website is located on the Auctioneer's website. Bidder registration may only be performed by a person authorized to represent the Bidder (usually a statutory body, a procurator holder, a natural person or an entrepreneur - hereinafter only the **"Authorized Person"**) or a person authorized to do so pursuant to Article 5 of the Registration Contract. Part of the first registration is, among other things, also the approval of the wording of the Registration Agreement and consent to the processing of personal data in accordance with Act No. 101/2000 Coll., On the Protection of Personal Data.

After the completeness of the registration form has been successfully verified, it is sent to the Auctioneer, about which an information message is displayed to the person interested in participating in auctions and at the same time a confirmation of the receipt of the registration request is sent to the e-mail address. The registration data is checked by the Auctioneer. In the case of incomplete or incorrect data, the Auctioneer will contact the Bidder through other means than the Application with a request to add or correct the data. If the registration data is verified, an activation message is sent to the contact email of the Authorized Person. The activation message is valid for 72 hours. On clicking on the activation link in the email message, a form is displayed in which the Authorized Person is prompted to enter a password. Entering and confirming the password completes the activation of the account, and the Authorized Person can log in to the Application. In the event that the required data is not added to the registration form even after the call for its full completion, the registration will not be accepted by the Auctioneer.

An authorized person may appoint (i.e. register in the Application) additional persons representing the Bidder, who will be able to participate in the auction. They may add persons denoted as "Authorized person" (statutory body, procurator holder) or "Appointed person" (trader). The granting or withdrawal of authorization to a Bidder to log in to the Application may be performed only by the Authorized Person. For the purposes of expressing consent to the processing of personal data, only the authorization type (i.e., Authorized Person or Appointed Person), the user name and the contact email address to which the activation data is sent, are assigned to the newly registered person. The newly registering person, upon

receipt of the activation message, will complete the registration by clicking on the activation link that appears in the e-mail message, entering the password, and giving consent to the processing of personal data in accordance with the Act on the Protection of Personal Data.

To enable participation in an electronic auction, it is imperative that all Authorized Persons sign into the system at least once and agree to the terms of the Registration Agreement. In the event that this condition is not met, no person registered by the Bidder may submit bids.

For any queries about registration, you can contact the Support Hotline of the Organizer at: +420 730 571 348 or +420 515 514 111

Auction types and specifications

Specific contractual terms of sale and purchase are listed for each Auction in the Auction Specifications in the Application. The Bidder has the opportunity to inspect the subject of the Auction (the time of the viewing is listed in the Auction Specifications) and, on the basis of this viewing, decide whether to participate in the Auction.

In exceptional circumstances, the Applicant is entitled to agree an individual time for inspection with the person responsible for the given offer, who is specified in the Auction Specifications. An exception is Auctions for the supply of manufactured timber, where the date of the inspection is not set. Specification of the offered subject of the Auction, the place of its collection and other information are listed in the Auction Specifications.

Auctions will be listed continuously on the basis of the Auctioneer's instructions. Any Bidder who has concluded a Registration Agreement may decide whether to participate in an Auction of the following types:

- **Manufactured timber** – the object of the Auction is the price **per one m³ of timber** specified in the Auction Specifications. In the case of the use of a price matrix for the sale of a set of timber of various quality and/or thickness, the auctioned item is **always** the price of the timber marked by the coefficient 1 in the matrix.
- **Annual supply of manufactured timber** - the price **per one m³ of timber** is always specified in the Auction Specifications. In the case of the use of a price matrix for the sale of a set of timber of various quality and/or thickness, the auctioned item is **always** the price of the timber marked in this matrix by the coefficient 1 in the matrix.
- **Standing Timber Auctions** - the auctioned item is always the price **for the whole block of the marked stand of trees**, as specified in the Auction Specifications. The timber volume (in m³) in the marked stand includes only trees more than 7 cm in diameter. The Bidder opts for participation in the Auction on the basis of the starting price for the whole block of the marked stand, which they have the opportunity to see in advance. If the amount of actually harvested timber is not specified in the Auction Specifications, the Seller **guarantees the number** of trees specified in the Auction Specifications, not the volume of timber in m³, which is only indicative. **In the case of determining the potential timber harvest from the Auction Specifications, the Seller vouches for the size of the felling area. The number of pieces and the volume of timber in m³ stated in the Auction Specifications is only indicative of the timber harvest.**
- **Auction for the sale of felling residues and biomass** - in the auction for the sale of felling residues and biomass, the auctioned item is the price **per one m³ of felling residues and biomass**, or the price **for felling residues from one m³ of registered harvested timber**. Volume of felling residues or the volume of harvested timber will be specified in the Auction Specifications.
- **Manufactured timber SP** – the auctioned item is always the price **per one m³ of timber** specified in the Auction Specifications.

Lists of current auctions will be displayed on the Organizer's website - this site will be accessible by a public link located on the Auctioneer's website.

All auctions for the current or following week **are released every Wednesday at 16.00.**

Auction scenarios

Deadlines for bidding in Auctions depend on the Auction Type and the Seller's requirements. Auctions run in weekly cycles. Each Auction runs from the specified "start of auction" date to the specified "end of auction" date, or possibly after the expiry of the protection period. At a descending auction and a descending auction allowing price increases, the time of the auction's termination is based on the settings of the Auction's parameters (starting price, drop step, minimum price).

After the auction ends, which will occur automatically at the deadline set for its termination, Auction Participants will be informed about the Auction Result by the Organizer by e-mail. At the same time, Auction Participants can find information about the winning bid within the Application, where this information will be automatically made available to them. The information on the winning bid will include the amount and the time of the highest bids.

Auction envelope selection:

The envelope Auctions of Lesy České republiky, s.p. as Seller, **issued for the given week, are launched every Wednesday at 16:00, with the auction ending date always the same for all auctions listed in the preceding week, i.e. the following Tuesday at 2:00 pm.**

Envelope Auctions of other Sellers (not the Auctions of Lesy České republiky, s.p.) **do not have a fixed schedule.** The start and end of Auctions are always listed in the Auction Specifications.

Ascending auction (English):

The ascending auctions of Lesy České republiky, s.p. as Seller, **issued for the given week, are launched every Monday at 9:00, with the auction ending date always the same for all auctions, i.e. the following Tuesday at 9:00 pm.**

Ascending Auctions of other Sellers (not the Auctions of Lesy České republiky, s.p.) **do not have a fixed schedule.** The start and end of Auctions are always listed in the Auction Specifications.

Descending Auctions (Dutch) and the same allowing price increases:

Descending Auctions and the same allowing price increases of Lesy České republiky, s.p., as the Seller, for the sale of logged timber **listed for the given week are always launched on Tuesdays** according to the Schedule of Auctions of individual forest administrations (<https://lesycr.cz/o-nas/elektronicke-aukce-drivi/informace-o-novinkach/>). **The first round begins at 8:00 am**, the next rounds begin every half-hour thereafter, and **the last round begins at 1:00 pm.** **The Auction's end time** depends on the Auction's parameters, but will always take place on the same day that the auction starts (the same Tuesday).

Descending Auctions and the same allowing other Sellers to increase the price (not the Auctions of Lesy České republiky, s.p.) **do not have a fixed schedule.** The start of Auctions are always listed in the Auction Specifications. **The Auction's end time** depends on the Auction's parameters, but will always take place on the same day that the auction starts.

All four Electronic Auction Scenarios (envelope auction, ascending auction (English), descending auction, and descending auction allowing price increases) can be used for all types of Auctions.

The running of Auctions, including telephone support (a Hotline), is provided by the Organizer.

Organizational rules

Envelope auctions:

During the auction, all Registered Persons can bid. Participants may change their bid during the auction. The final bid is deemed to be that entered in the system at the time of the deadline for the submission of bids, i.e. the bid submitted last by the Participant, regardless of whether or not their previous offers were higher or lower. The price can only be entered in whole units of crowns (the Application therefore accepts only integers). The bid price will always be in CZK without VAT. The price can only be specified as higher than the starting price, which is given in the bid specifications in the Auction Specifications. The Seller may set the minimum bid for each Auction, which will be displayed to the Registered Persons in the Application before the submission of their bid. In the event that the Participant wishes to cancel their offer and does not have any interest in the auctioned Timber, they shall use the "cancel" button in the Overview Menu of the Application, but only before the deadline for submitting offers.

Throughout the duration of the auction, each participant is shown only the information about their current offer and the auction price of the subject of the auction. Neither Participants nor anybody else are allowed to know the current highest bid during the auction or the details of the Participant who submitted it (the principle of envelope selection).

Ascending auction (English):

The starting price of the subject of the Auction is displayed to Registered Persons along with the highest anonymous bid. All Registered Persons may submit their offer during the auction and modify (increase) the bid. The final bid is deemed to be that entered in the system at the time of the deadline for the submission of tenders, i.e. the bid submitted last by the Participant. The price can only be entered in whole units of crowns (the Application therefore accepts only integers). The bid price will always be in CZK without VAT. The first bid in the auction must be at least equal to the starting price. The following bids can only be higher than the currently highest bid. The Seller may set the minimum bid for each Auction, which will be displayed to the Participant in the Application before the submission of their offer. Participants can choose the so-called Automatic Auction setting in the Application, which, on the basis of the entered parameters of the Registered Person, responds to the bids of the other Participants and automatically "ups the bid - increases the price" according to the specified parameters. Participants are not allowed to cancel their already submitted bid and withdraw from the auction.

Submitted bids of Participants are binding!!!

Throughout the duration of the auction, each Participant is shown only the information about their current offer and the starting price of the auction item.

For ascending auctions, the so-called "withdrawal period" is introduced. The withdrawal period is a time stipulated by the Auctioneer, starting five minutes before the expected end of the auction. In the event that the auction continues during the final five minutes, the auction will be automatically extended by the Auctioneer by five more minutes in order to allow all Registered Persons to respond to the bid submitted just before the defined auction end time. The withdrawal period will be repeated after set intervals by the Auctioneer until the end of the bidding. When bidding does not take place during the withdrawal period, the auction will terminate properly at the expiry of the withdrawal period.

Descending auction:

The starting price of the subject of the Auction is displayed to Registered Persons, which is higher than the usual price of the subject of the auction. During the auction the price decreases in specified steps and time intervals down to the minimum price specified by the Seller. The auction decrements, time interval and minimum price are not known to Registered Persons. Registered Persons may submit a single bid during the

auction, expressing their consent to purchase the subject of the auction at the price that is current in the Application. When the first bid is the only one submitted, the auction is terminated. If a bid is not submitted and the starting price drops to the minimum bid limit, the auction will be terminated. A bid submitted by a Participant is binding. Bidders may choose the so-called Automatic Auction setting in the Application, which, on the basis of the entered parameters of the Registered Person, accepts the asking price if it drops to or below the selected value. The pre-set bid can be cancelled before the auction ends by pressing the "delete rule" button.

Throughout the duration of the auction, each Registered Person is shown information about the starting price and the current price in the Application at any given time.

Descending auction allowing price increase:

This auction is based on the stipulation of the starting price, which is higher than the usual price of the subject of the auction. Once the auction starts, this price decreases at predetermined time intervals by predefined steps down to the set minimum price. During the auction, all Registered Persons are shown the starting price, the current price at a given time and information on whether another client has placed a bid. At the moment a bid is placed, other Registered Persons are informed that a bid has been placed (this information is displayed in the Application), and at the same time this auction is reversed in the form of an ascending auction at this moment, and for two minutes after the placing of each bid, it is possible to accept a bid one step higher than the last from Registered Persons. In the event that no other Registered Person places a bid within the set deadline, the winner of the Auction is the Participant with the last, highest bid. In the event that no bid is made with a price increase, the auction is terminated.

A submitted bid is binding!!!

Bidding method

Bids will be ranked as follows:

Envelope auctions and ascending auctions:

After the deadline for submitting bids, the bids will automatically be evaluated and ranked from the highest bidder downwards. The winner of the auction is the Participant who is first in rank (submits the highest bid) at the time the auction ends (the system time on the Auction Organiser's server is decisive). In the case of equal bids by multiple Participants, the winning bid is the one that was submitted earliest. The winner is entitled to enter into a Purchase Contract with the Seller according to the result of the Auction.

Descending auctions:

The winner of the auction is the Participant who is the first and thus the only one to submit an offer, expressing their consent to the purchase of the subject of the auction at the current price in the Application. In the case that equal bids are made in advance through so-called proxy bidding, the bidding time is decisive; if the amount of individual bids differs within the range of one time interval after predefined steps (within one price decrement), the bid value (highest bid) is decisive.

Descending auctions and the same allowing price increase:

The winner of the auction is the Participant who either submitted the bid as the only one, or the highest bid in the event of a bid increase. In the case that bids are made by multiple bidders in advance through so-called proxy bidding during the descending stage of the auction, the bid submission time is decisive; if the amount of individual bids differs within one time interval after predefined steps (within one price decrement), the bid value (highest bid) is decisive; in the case of a bid with a price increment, the value (highest bid) is decisive.

Technical requirements

Minimum technical requirements for the Bidder's computer configuration:

Internet browser: The application is optimized for the following browsers - Internet Explorer 11 and up, Mozilla FireFox and Google Chrome.

Java: To run the Application, permission is required to run Javascript and allow cookies

Manual and training

Each Registered Person will have on the Auctioneer's website

<https://lesycr.cz/o-nas/elektronicke-aukce-drivi/>

a manual in electronic form, and be able to see in the Application tutorial videos showing the most common activities of Registered Persons in the Application.

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