

*Unofficial English translation of the Czech original*

## **General Terms of Participation in the Eltma Collective Scheme**

### **1. PARTICIPATION IN THE COLLECTIVE SCHEME**

- 1.1. ELT Management Company Czech Republic s.r.o. ("**Eltma**") is an operator of a non-profit collective scheme for take-back of end-of-life tyres. The Participant is an obliged person, which, by virtue of putting tyres on the market in the Czech Republic has a duty to ensure the take-back of tyres, treatment and recovery of waste tyres, information of end-users and preparation of an annual report on a fulfilment of extended producer responsibility obligations (the "**take-back obligations**").
- 1.2. Eltma fulfils the take-back obligations for participants of the collective scheme. Eltma and the Participant concluded a contract for the performance of the specified obligations (the "**Participation Contract**"), whereby the Participant becomes a participant of the collective scheme. Terms of the participation are determined in the Participation Contract that consists of these General Terms of Participation in the Eltma Collective Scheme (the "**GTP**").

### **2. RECORD-KEEPING AND FEE**

- 2.1. The Participant is obliged to keep continuous records of putting tyres on the market. These records shall be kept in the information system of the Eltma collective scheme (the "**IS**") which is a standard communication platform of entities engaged in the operation of the Eltma collective scheme.

#### **Quarterly report**

- 2.2. The Participant provides records of tyres put on the market by submitting a quarterly report in the IS by the 10<sup>th</sup> day of the month following the end of each quarter. The Participant is obliged to submit records of the quantity of tyres put on the market and a realistic estimate of the tyres, which will be put on the market by them in the current quarter. Following the expiration of this period, the Participant cannot edit these records by themselves and is obliged to request access to these records and to submit records, all by 13<sup>th</sup> day of the month following the end of each quarter. After expiration of this period, the quarterly report is deemed to be submitted not duly and not in time. The Participant is obliged to submit the quarterly report even if the tyres put on the market or the estimate concerning the tyres to be put on the market amounts to zero.
- 2.3. The Participant also keeps continuous records of other information in the scope specified in the IS in accordance with generally binding legislation and for the purpose of the proper operation of the collective scheme. The Participant is obliged to continuously update these records within 30 days of the changes in the recordable information.

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**ELT Management Company Czech Republic s.r.o.**

Operator of non-profit collective scheme for end-of-life tyres, authorisation no. K0001/16-PCZ,  
corporate ID: 04 684 010, registered office at Tuřanka 1222/115, 627 00 Brno,  
registered in the Commercial Register of the Regional Court in Brno, file no: C 91423

**Recycling fee**

- 2.4. The Participant is obliged to pay a recycling fee to Eltma for ensuring their compliance with the take-back obligations. The recycling fee shall be calculated by multiplying kilograms of tyres put on the market by the Participant and the fee rate, which is CZK 3.73 (excluding VAT).
- 2.5. Based on the quarterly estimate of the tyres which the Participant will put on the market, the Participant shall make, without further action, a prepayment of the respective fee within 15 days from the day following the end of the period for submitting the quarterly report. Based on a report of the quantity of tyres actually put on the market in the respective quarter, the Participant shall pay the remaining amount of the recycling fee based on the respective tax document or shall be entitled to a refund of the overpaid amount. The overpayment is offset against the recycling fee for the next quarter (based on a reconciliation invoice) or (at the Participant's request) it is refunded to the Participant. If the overpayment is not offset against the recycling fee for the next quarter or refunded, the overpayment will be offset against the recycling fee for subsequent quarters (always based on the reconciliation invoice). If the overpayment is not offset or refunded (upon request) by the end of the given calendar year, the overpayment will be refunded to the Participant at the end of the calendar year (without the request).
- 2.6. By paying the recycling fee, it is deemed that the Participant has covered all the financial risks related to the fulfilment of their take-back obligations. The Participant waives the right, if any, for the recovery of recycling fees, should the recorded information on the quantity of the tyres put on the market turn out to be incorrect. This waiver does not affect Eltma's right to correct the records of tyres put on the market.

**Issuance of tax documents**

- 2.7. Eltma issues tax documents for the payments received before the provision of services (for paid prepayments) within 15 days after receiving the payment (pro forma invoice). Eltma will issue a final invoice within 15 days after the date of provision of services, taking into account the prepayment (reconciliation invoice). Invoices shall be issued with a 30-day due period from the date of its issuance. The issued invoice must be delivered within seven days from its issuance, usually by making it available in the IS. The Participant agrees with the issuance of invoices in electronic form. In terms of VAT, the performance under the Participation Contract is a repeatedly provided service, which is considered to be provided no later than on the last day of the calendar quarter.

**Refund of the recycling fee**

- 2.8. The Participant has the right to request, through the IS or otherwise in the format specified by Eltma, a refund of the recycling fee. The recycling fee shall be refunded to the Participant if the tyres put on the market by the Participant for which they had paid the recycling fee to Eltma, have not become waste on the territory of the Czech Republic by being exported outside the territory of the Czech Republic or returned (mainly within the warranty process), and the Participant will meet other terms for the refund of the recycling fee in accordance with the General Refund Terms.

**3. ADMINISTRATION OF THE COLLECTIVE SCHEME AND AUDITS****Legislation**

- 3.1. Both parties hereby undertake to strictly comply with generally binding legislation while participating in and administrating the collective scheme, in particular, but not limited to, regulations on environmental protection (in particular on waste management) and antitrust regulation. Both parties take into consideration the potential fundamental and systemic impact of any breach of such legislation on the operation of the Eltma collective scheme and legal status and good reputation of all participating subjects.

#### **Fundamental Principles of Eltma**

- 3.2. Both parties hereby undertake to comply with the Fundamental Principles of Eltma stipulated in the Articles of Association of Eltma and actively contribute to their fulfilment. When performing their rights and obligations related to the operation of the collective scheme both parties thus hereby undertake to comply with the principles of legality, transparency and non-discrimination, credibility, protection of human health and the environment, efficiency and sustainability, non-profitability, protection of confidential competitive information and protection of competition as further defined in the Fundamental Principles of Eltma and related generally binding legislation.

#### **Audits**

- 3.3. Eltma is entitled to carry out audits at the premises of the Participant on fulfilment of their obligations arising from the GTP, in particular, but not limited to, record-keeping obligations regarding the quantity of tyres put on the market directly by its staff, or through another authorised person, typically an auditor. Eltma ensures systemic and specific protection of confidential competition information that is disclosed to Eltma or to another authorised person, typically to an auditor, during inspections.
- 3.4. The Participant is obliged to ensure the cooperation of their responsible employees with Eltma or with a person authorised by Eltma during the process of audit procedure, especially by providing the relevant accounting and other record-keeping documents, allowing access to their premises and providing access to related databases and systems.
- 3.5. Audits shall be executed continuously and Eltma is not obliged to inform the Participant in advance. Eltma undertakes to carry out audits in a manner that affects the operation of the Participant as little as possible. The outcome of each audit is a protocol containing mainly description of all identified defects and the corrective measures, the implementation of which is required in the particular time period. The Participant undertakes to familiarise themselves with the protocol and to state their comments on identified defects and corrective measures. The protocol shall be issued through the IS or in a written form.

#### **Participation in the administration of the collective scheme**

- 3.6. Eltma administrates the collective scheme in cooperation with their participants, and for this purpose Eltma provides them with the opportunity to perform the following participation rights to the extent permitted by generally binding legislation:
- (i) The right to be regularly and timely informed about significant aspects of the operation of Eltma and the collective scheme.
  - (ii) The right of access to the information and documents related to the operation of Eltma and the collective scheme.
  - (iii) The right to express opinions on the operation of Eltma and the collective scheme and to propose changes.

- (iv) The right to initiate an audit of the fulfilment of contractual obligations of other participants of the collective scheme.

#### **Conditions for the exercise of the rights of Participants in the collective scheme**

- 3.7. The Participant does not have access to confidential competition information which Eltma has at their disposal. The Participant shall perform their rights in a manner that does not jeopardize the proper and smooth functioning of Eltma and the collective scheme and/or to avoid its disproportionate strain. In case of doubts, the Executive of Eltma shall decide, in accordance with the Fundamental Principles of Eltma and after a consultation with the Supervisory Board, on the admissibility of the method of exercising the rights of participants with respect to the need for balanced protection of the rights of participants and Eltma and their collective scheme.

#### **Initiation of the audit of participants**

- 3.8. The Participant is entitled to initiate the audit of the fulfilment of contractual obligations of another participant of the collective scheme, if the initiator's participation in the Eltma collective scheme is longer than 12 months. The initiator of the audit shall pay Eltma an advanced deposit on audit costs in the amount of CZK 25 000. If the audit does not reveal any material defects of the other participant in relation to the fulfilment of their contractual obligations, the participant initiating the audit shall pay the full amount of audit costs.

### **4. OTHER TERMS OF PARTICIPATION**

#### **Communication**

- 4.1. Eltma shall secure the Participant's access to the IS and its full functionality. In case of failure of the IS, parties shall use particularly telephone and email communication.

#### **Archiving**

- 4.2. The Participant undertakes to archive their accounting records and other documents which are used as a basis for the performance of their record keeping obligations for at least seven years after their creation. During this period, the Participant shall, during the process of audit procedure, provide Eltma with access to such documents, allow Eltma to produce copies of them, as well as hand them over for a temporary period, always within two business days from the request made by Eltma.

#### **Confidentiality**

- 4.3. Information provided in connection with the fulfilment of the Participation Contract is deemed trade secret and both parties are strictly obligated to maintain its confidentiality. Eltma performs systemic and specific protection of confidential competition information that Eltma handles during operation of the collective scheme.
- 4.4. The aforementioned does not affect the handling of this information in connection with attainment of the purpose of the Participation Contract and in the context of the fulfilment of obligations under the generally binding legislation, such as providing related information to the Ministry of Environment or other public authority while exercising their supervision or control. Eltma is entitled to make the list of current participants and brands of tyres put on the market by them publicly available. The above-stated does not impact the right of the Participant to inform about his participation in the Eltma collective scheme.

#### **Publicity**

- 4.5. The Participant is entitled to reproduce an indication declaring their participation in the collective scheme on their information materials.

#### **Contractual penalties**

- 4.6. Eltma is entitled to claim the contractual penalty in every case of the Participant's breach of their respective obligations:
- 4.6.1. CZK 10 000 in the case of breach of an obligation to submit a quarterly report properly and in time.
  - 4.6.2. CZK 10 000 in the case of breach of an obligation to keep proper records of tyres put on the market, if Eltma reveals discrepancies in the records of tyres put on the market in an amount corresponding to unpaid recycling fee in a total amount less than CZK 1 000.
  - 4.6.3. CZK 50 000 in the case of breach of an obligation to keep proper records of tyres put on the market, if Eltma reveals discrepancies in the records of tyres put on the market in an amount corresponding to an unpaid recycling fee in the total amount from CZK 1 000 to CZK 10 000 or if Eltma reveals discrepancies in the records of tyres put on the market even in the lesser amount, but despite previous audit findings, repeatedly (at least the second time) in the last 24 months.
  - 4.6.4. CZK 100 000 in the case of breach of an obligation to keep proper records of tyres put on the market, if Eltma reveals discrepancies in the records of tyres put on the market in an amount corresponding to an unpaid recycling fee in the total amount higher than CZK 10 000, or if Eltma reveals discrepancies in the records of tyres put on the market even in the lesser amount (corresponding to an unpaid recycling fee in the total amount less than CZK 10 000), but despite previous audit findings, at least the third time in the last 24 months.
  - 4.6.5. CZK 10 000 in the case of breach of an obligation to ensure cooperation while carrying out audit by Eltma.
  - 4.6.6. In the case of breach of an obligation to provide the final treatment confirmation duly and on time, a penalty in the amount calculated by multiplying a current fee rate and kilograms of waste tyres, in relation to which the Participant breached the obligation.
- 4.7. The claim for a contractual penalty does not affect the right to claim the damages caused by the breach of contractual obligation. Eltma is entitled to claim the contractual penalty repeatedly if the respective obligation is not fulfilled in an adequate additional period.

### **5. METHOD OF THE CONCLUSION, DURATION AND CHANGES OF THE CONTRACT, JURISDICTION**

#### **Participation Contract**

- 5.1. The Participation Contract shall be concluded in writing or electronically via the IS in accordance with the relevant verification process. The Participation Contract is concluded and binding by reciprocal accession to this GTP and a reciprocal confirmation of the admission

report of the Participant. Eltma provides the Participant with a confirmation of existence of the Participation Contract on the Participant's request.

#### **Admission report**

- 5.2. The admission report consists of the report on the quantity of tyres put on the market by the Participant in all completed quarters of the current calendar year, the information on the methods of fulfilling their take-back obligations and an estimated quantity of the tyres to be placed on the market during the current quarter. If the contractual parties agree, this report shall be uploaded to the IS as part of the collective scheme report, and the Participant is obliged to pay a corresponding recycling fee to Eltma in the proportion to which the Participant has not yet fulfilled their obligation to ensure the current minimal statutory take-back level of tyres and associated treatment, and in respect to which Eltma commits to fulfil these obligations. After the fee has been paid, it is deemed, that the Participant had been participating in the collective scheme from the beginning of the particular calendar year.
- 5.3. In the case of the Participant who was fulfilling their take-back obligations in an individual system in the current calendar year, the admission report also includes a written confirmation of the quantity of waste tyres for which they provided a final treatment, provided by a final treatment facility i.e. the operator of the waste tyre treatment facility where the last treatment of tyres took place. If collected waste tyres have not yet been finally treated at the date of the admission report submission, the Participant is obliged to submit the confirmation immediately after the treatment. The Participant undertakes in the admission report to ensure the final treatment in the deadline set by the relevant regulations.
- 5.4. With respect to their obligation to duly perform the take-back obligations, Eltma is entitled to refuse to upload the Participant's admission report for the past quarters to the IS and the Participant is thereby obliged to individually ensure the due fulfilment of the related take-back obligations, including the submission of the yearly report on the due fulfilment of the take-back obligations to the Ministry of the Environment for this quantity of tyres put on the market.

#### **Duration of the Participation Contract**

- 5.5. The Participation Contract is concluded for an indefinite period of time.
- 5.6. The Participant may terminate the Participation Contract with effect as of the end of the calendar year by notice delivered to Eltma no later than 30 September of the calendar year in which the contract is to be terminated.
- 5.7. The contractual parties may withdraw from the Participation Contract if they meet conditions specified by Section 2001 et seq. of Civil Code. As a fundamental breach of the contract shall be considered, in particular, but not limited to, the breach of those obligations which give the right to claim the contractual penalty. Performances received between the parties prior to the withdrawal shall not be returned.
- 5.8. The termination of the term of the Participation Contract does not affect, in particular, but not limited to, the duration of record keeping obligations of the Participant, their obligation to disclose archived documents to Eltma, obligation to ensure the cooperation while carrying out audits on the fulfilment of the obligations arising from the GTP for the duration of their participation in the collective scheme and the duration of Eltma's right to enforce the fulfilment of such obligations by contractual penalties.

#### **Guidance, changes of the GTP**

- 5.9. Eltma reserves the right to continuously release and update guidance documents regulating the operation of the collective scheme in other aspects, in particular, but not limited to, in terms of the record keeping activities of the participants. The Participant agrees to be bound by these guidance documents from the date of their availability in the IS.
- 5.10. Eltma reserves the right to change the GTP unilaterally. Eltma shall only change the GTP in a scope and frequency necessary to ensure the proper operation of the Eltma collective scheme and its compliance with generally binding legislation. New wording of the GTP shall generally become effective on the first day of a calendar month and shall be made available to the Participant at least one month before its effectiveness. During this period, the Participant may notify Eltma about their disagreement with provided change; such notification shall be deemed as withdrawal from the Participation Contract effective on the date preceding the effectiveness of the new GTP.

#### **Jurisdiction**

- 5.11. The Participation Contract, as well as other non-contractual relationships related to this Contract, shall be governed by Czech law. Any dispute arising in connection with this Contract and/or related agreements will fall within the jurisdiction of Czech court, which has local jurisdiction based on registered seat of Eltma.

#### **Application of relevant legislation**

- 5.12. The rights and obligations of the parties not expressly stipulated in the GTP shall be governed by, in particular, but not limited to, the relevant provisions of Act No. 89/2012 Coll., Civil Code and Act No. 185/2001 Coll., the Waste Act. The interpretation of the terms and provisions of the GTP shall be also guided by, in particular, but not limited to, this and other relevant generally binding legislation.
- 5.13. The parties hereby acknowledge that due to frequent changes in legislation, certain provisions of the GTP may not reflect the current legislation in the future and that, for example, the scope of record keeping kept via the IS shall be continuously updated for the purpose of the record keeping obligations of the Participants. If the change does not constitute a change so significant that it would require a change of the GTP, or if the change of the GTP is not possible sufficiently in advance, the parties hereby undertake to act in accordance with the generally binding legislation.

GTP 1.5, 1 January 2021  
ELT Management Company  
Czech Republic s.r.o.