# **SELECTIVE DISTRIBUTION AGREEMENT** ON RUNNING PRODUCTS

(hereinafter referred to as the “**Selective Distribution Agreement**”) concluded on the day, month and year given hereunder by and between:

1. **SPRINT spol. s r.o.**, Company ID No.: 497 06 004, with the registered office at: Bečovská 1083/3, Praha 10 – Uhříněves, Postal Code: 104 00 (hereinafter referred to as “**Sprint**”).

and

1. Company name: …………………………………………………………………………………

Registered office: …………………………………………………………………………………

VAT: …………………………………………………………………………………

(hereinafter referred to as the “**Customer**“)

(Sprint and the Customer jointly hereinafter referred to as the “**Contracting Parties**”) and individually each of them as the “**Contracting Party**”)

**WHEREAS:**

1. Sprint is an exclusive distributor of sportswear, footwear and other On RUNNING brand products (hereinafter referred to as the “**On**” brand and/or products) of On AG, a Swiss manufacturer, (hereinafter referred to as the “**On AG**”) for the **Czech and Slovak Republics, Hungary and Baltic states i.e. Lithuania, Latvia and Estonia**.
2. The On products are internationally known for their high quality, safety and innovation.
3. The On brand offers a large selection of products using new innovative technologies that address specific needs, while adhering to the highest quality and safety standards.
4. In addition to the high quality of ON Products and their proper handling by users, Sprint places special emphasis on ensuring that ON Products suit individual users and are maximally adapted to the intended utilisation.
5. In order to ensure a high standard of quality and to meet high customer expectations for On product quality, use and durability, Sprint primarily distributes On Products through qualified, authorised, retailers capable of selling and distributing On Products in the On Products Selective Distribution System.
6. Authorised retailers play an important role in the On Products Distribution System, as they are in direct contact with the end customer (consumer and user). Sprint therefore places great emphasis on authorised retailers specializing in the retail sale and distribution of high quality running gear, sports, outdoor or fashion goods, with an emphasis on qualified advice and top presentation of goods that is perceived by end customers as a respected partner that ensures, i.e. through (further) training that the above standards are met.
7. In order to properly meet the above standards and requirements, in particular with regard to the protection of the ON brand, as well as compliance with product quality and safety, including the need to develop and protect a strong image and position of the ON brand and products in the market, which is beneficial both for end customers and the retail, SPRINT enters into agreements on **selective distribution of On brand products** with authorised retailers meeting these strict criteria and sharing the stated values in particular to ensure the following:
* Professional advice provided by trained employees and a wide range of On brand products;
* Customer advice so that individual wishes and needs of end customers are met in a way that satisfies customers and at the same time meets the quality and safety standards of the On brand;
* Dedicated cooperation and partnership between the On brand and an authorised retailer.
1. Sprint, based on a thorough assessment of the necessary criteria and consideration of all circumstances, is ready to enter into this Agreement with the Customer as a potential authorised retailer meeting the criteria and requirements in order to develop the On brand and distribute On products, and thereby enrol it into the system of On products selective distribution (hereinafter referred to as the "**Selective Distribution System**").
2. As a potential authorised retailer, the Customer is interested in being enrolled in the Selective Distribution System and is prepared to enter into this Agreement with Sprint for this purpose.

**IT WAS AGREED as follows**

**1. Subject-matter of the Agreement**

1.1. This Agreement allows the Customer, as an authorised retailer, to sell the On contract products, exclusively at an approved point of sale or on-line through an authorised website. Each of these points of sale and websites shall comply with the requirements set forth in this Agreement, independently of the other points of sale and websites.

1.2 If this Agreement further refers to the “**Authorised RETAILER**”, this only further means the Customer.

**2. Contract Products**

2.1. This Agreement applies to all products offered by Sprint under the “**On**” brand (“**On Contract Products**”). The On Contract Products also include any improved, modified or newly developed products that will replace or supplement the current On Contract Products in the future.

**3. Selection Criteria for Physical Points of Sale and On-line Shops**

3.1 **Requirements for Authorised RETAILER**

The Authorised RETAILER will display and promote the On Contract Products in an environment that is suitable for the image of the On products and brands, both at a point of sale and on-line sale, in a clear and orderly manner. In particular, the Authorised RETAILER will display the On Contract Products in a manner commensurate with their high quality and ensure their sale through trained and competent employees. The Authorised RETAILER will refrain from any activities that could in any way weaken the image of the On brand and/or the image of the On Contract Products and their quality.

In particular, the following is prohibited:

* Any form of presentation or sale that could give the impression that the goods are being sold at a loss (e.g. a table or baskets of unsorted goods). This applies to both the On Contract Products and other products located in their vicinity;
* Presentation and promotion of the On Contract Products in the vicinity of significantly discounted goods, low quality goods or used goods;
* Use of “gaudy” marketing materials, i.e. terms such as “final sale”, “discount sale”, “stock sale”, etc. will not appear.

3.2 The Authorised RETAILER shall install the “On authorised retailer” logo provided by Sprint in a clearly visible place at each point of sale.

3.3. **Independence in On-line Sales**

The name, designation and domain (including sub-domains) of the Authorised RETAILER may not contain the wording of the **On** brand or the wording of other On AG brands. On the Authorised RETAILER's website, visitors must always be aware that they are on the website of an independent retailer that only distributes On Contract Products. The website (including advertising, etc.) must in no case give visitors the impression that they are directly on the On AG website.

**4. Liabilities of Sprint**

4.1. Sprint will deliver the On Contract Products to the Authorised RETAILER based on orders placed by the Authorised RETAILER. Sprint will only reject an order from the Authorised RETAILER if there are legitimate reasons for the rejection, such as discontinuation of the product manufacture, manufacturing difficulties, failure to deliver the goods to Sprint itself, unexpectedly high demand, or similar reasons.

4.2. In regions where the Selective Distribution System applies, Sprint undertakes to sell the On Contract Products only to authorised members of the Selective Distribution System. Notwithstanding the foregoing, Sprint is always entitled to sell the On Contract Products directly to end customers as well. These include, without limitation, commercial customers purchasing the On Contract Products in bulk for purposes other than the sale of goods.

4.3. Sprint will support the Authorised RETAILER in the sale and distribution of the On Contract Products through the following measures:

* Sprint will provide the Authorised RETAILER with advertising materials in a reasonable amount that the Authorised RETAILER will use exclusively for the sale and distribution of the On Contract Products;
* Sprint will regularly offer training to the Authorised RETAILER sales staff and the Authorised RETAILER will be required to take advantage of such offers;
* If necessary, Sprint will provide the Authorised Retailer with professional advice on product presentation and sales promotion.

4.4. Sprint will maintain an up-to-date list of the On Authorised Retailers, authorised points of sale and authorised websites. Sprint will publish authorised On brand retailers and their authorised points of sale and websites on its website at [www.sprintcz.cz](http://www.sprintcz.cz). The Authorised Retailer expressly agrees to this.

**5. Authorised Retailer's Liabilities**

5.1. An integral part of purchase agreements for the delivery of On Contractual Products concluded by the Contracting Parties in any form are the General Business Terms and Conditions as amended, including all annexes and references published at: [www.sprintcz.cz/obchodni-podminky.html](http://www.sprintcz.cz/obchodni-podminky.html) (hereinafter referred to as the “**General Business Terms and Conditions**”).

5.2. The Authorised Retailer declares that it has duly acquainted itself with the General Business Terms and Conditions, and expresses its consent to be fully bound by them in connection with the purchase and delivery of the On Contractual Products, unless this Agreement or other arrangements of the Contracting Parties provides otherwise.

5.3. The Authorised Retailer undertakes to sell the On Contract Products exclusively in Zvolte položku. (hereinafter referred to as the “**Business Territory**”), in which the On Contract Products are sold under the Selective Distribution System exclusively to end consumers or authorised retailers who are also included in the Selective Distribution System. In case of doubt, the Authorised Retailer may contact Sprint to inquire whether or not specific retailers are On Authorised Retailers. Sprint will provide this information to it upon request.

5.4. The Authorised Retailer undertakes not to sell the On Contractual Products to countries outside the Business Territory.

**5.5. Use of Internet Marketplaces**

The retailer undertakes not to trade in any way with on-line marketplaces of third parties, such as www.amazon.com, www.ebay.com or www.hood.com etc.

5.6. The Authorised Retailer will comply with the obligations and in particular the criteria agreed in this Agreement in full and for the entire duration of this Agreement, at all its authorised points of sale and within all its authorised websites.

**6. Product Range and Presentation**

6.1. **On Product Range**

The Authorised Retailer shall offer a representative range of the On Contractual Products in one or more product groups (clothing, footwear), corresponding to the given point of sale, season and geographical area. This product range must include at least following quantity of different models in at least one product group (clothing, footwear): 3 models and at least 5 sizes per model for women's and men's goods. The Authorised Retailer shall have a sufficient quantity of products from the product range in stock, i.e. at least 15 pairs.

6.2. **Equipment and Accessories**

An authorised point of sale shall be equipped and use well-maintained and high-quality sales equipment and accessories. The Authorised Retailer must ensure a high-quality presentation of the goods within the entire point of sale.

6.3. **Assistance in Presentation**

If the presentation of the goods does not meet the quality standards agreed in this Agreement and the nonconformity is not remedied even after Sprint has notified of it, Sprint's Authorised Retailer must allow it to explain how the products should be presented.

6.4. **Promotion of the Sale of New On Contract Products at the Point of Sale**

The Authorised Retailer will provide a corresponding space in the point of sale and in the shop window to new On Contract Products.

6.5. **Promotion of the Sale of New On Contract Products on the Internet**

The Authorised Retailer will provide the new On Contract Products with a suitable space in a prominent place in the on-line store.

6.6. **On Brand Product Range Support**

If, according to Sprint's assessment, the product range offered by the Authorised Retailer for sale is not appropriate to meet the objectives set forth in this Agreement, particularly within the preamble provisions, the Authorised Retailer agrees to modify the product range within a reasonable period of time in cooperation with a trained Sprint employee.

6.7. **Product Information on the Website**

The Authorised Retailer must display a high-quality illustration and detailed, up-to-date, technically correct and high-quality information about the product and its specifications for each On Contract Product offered. This information must include, as a minimum, information on whether the product was developed for women or men, on sizes, colours, suitability, recommended use, as well as technical characteristics such as material type and weight, as well as a text describing the product.

6.8. **Designation of On Contract Products**

The designation under which the On Contract Products are promoted and sold should correspond to the official designation of these products provided by On AG.

6.9. **Quantities Customary for End Consumers**

The Authorised Retailer may sell the On Contract Products to end consumers only in quantities that are customary for end users, otherwise upon consultation with Sprint.

**7. Employees, Quality of Advice and Customer Service**

7.1. **Quality of Advice**

The sales staff and/or customer service of the Authorised Retailer must have a good knowledge of the sports for which the On Contract Products are intended. They must be familiar with the safe and correct use and technical quality of the On Contract Products and must also know how to correctly identify suitable goods for end customers. It must also know the philosophy of the On brand, its values and attitudes. Sales staff must use this knowledge to provide competent advice.

7.2. **Training**

The Authorised Retailer must ensure that sales staff who provide advice and sell the On Contract Products regularly attend official training on the On Contract Products held by On AG or Sprint.

**8. Internet Advertising**

8.1. **Advertising Used by Authorised RETAILER**

The type and method of advertising entered by the Authorised Retailer must correspond to the high-quality image of the On brand and its products. The Authorised Retailer may not use words or expressions on the website, in advertisements, for sponsored links or in other marketing activities related to the On brand and its products (on-line and off-line) that do not correspond to the image of the On brand and/or could weaken the image of On brand products.

The Authorised Retailer must send Sprint an electronic image (original, photograph, etc.) of the advertisement/website promoting the On Contract Products within two weeks of its first use.

8.2. **Advertising on Authorised Websites**

The type and nature of the advertisement displayed on the website of the Authorised Retailer must be related to the offered On Contract Products. In particular, the advertising must not in any way damage the image of the On brand or its products and/or weaken them in any way.

8.3. **Search Engine Marketing**

The Authorised Retailer may promote the On Contract Products using Internet search engines when used in compliance with the above requirements of this Agreement regarding Internet advertising. The Authorised Retailer may not use the names of the On Contract Products or advertise technologies protected by On AG's trademarks, registered industrial designs, copyrights, patents, utility models or other intellectual property rights in paid contextual advertising.

8.4. **Use of Third Party Tools and Other Advertising Practices**

 Sprint requires the Authorised Retailer to use the third party marketing tools and use providers with the utmost care, while adhering to sound marketing practices to protect the top image of the On brand, which excludes, without limitation, the use of automated advertising hardware and software, including, without limitation, the so-called pop-up advertising, opening external websites, cooperation with websites offering discount coupons and the so-called cashback, Black Hat SEO, spamming, etc.

8.5. Sprint reserves the right to ultimately decide that the Authorised Retailer's advertisement, or any part thereof, the words, expressions, graphics, photographs, etc. used do not match, weaken or harm image of the On brand or its products, and in such case to finally decide about editing or removing such advertising from public space. The Authorised Retailer is obliged to comply with such decision without delay and unconditionally. The above also applies mutatis mutandis to errors in the writing of names and deviations in the names of On brand products and technologies, which must be prevented in the interest of the reputation of the On brand.

**9. Quantitative Criteria**

9.1. **Minimum Purchase Volume**

The Authorised Retailer is obliged to purchase a **minimum volume of 200 pairs of shoes per year**, which will include only direct deliveries from Sprint.

**For new authorised retailers** in the Selective Distribution System, the minimum purchase volume is set at **150 pairs of shoes** for the first year.

9.2. **Pre-orders**

The Authorised Retailer is obliged to purchase at least 100 pairs of shoes per year from Sprint as part of the so-called pre-orders, i.e. in the form of bulk, pre-season orders in accordance with (special) Business Terms and Conditions for pre-orders of On brand products as amended, stipulated by Sprint and published at <https://sprintcz.cz/obchodni-podminky.html>, bottom section (hereinafter referred to as **“Special Business Terms and Conditions for Pre-orders of On Products”**).

The Authorised Retailer further declares that it is duly acquainted with the Special Business Terms and Conditions for Pre-orders of On Products, while acknowledging that by submitting a pre-order for any On Contractual Products, it agrees to enter into a purchase agreement which will include the **Special Business Terms and Conditions for Pre-orders of On Products** as amended.

**10. Prices and Conditions, Sales Prices**

10.1. Deliveries of the On Contract Products from Sprint to the Authorised Retailer will always take place in accordance with the currently valid Business Terms and Conditions and Sprint Price List for the given sales season, unless the Contracting Parties agree otherwise.

10.2. The Authorised Retailer is entitled to determine its retail prices independently. Sprint may provide the Authorised Retailer with recommended retail prices. This does not affect the obligation of the Authorised Retailer to proceed in pricing in accordance with the requirements for the Authorised Retailer within the meaning of paragraph 3.1 of this Agreement, in particular so as not to reduce or weaken the image of the On brand and/or Contract Products.

**11. Intellectual Property**

11.1. The Authorised Retailer, with respect to the On Contract Products, acknowledges without limitation that all intellectual property rights, including trademarks, registered industrial designs, copyrights and patents, are the sole property of On AG, with the registered office in Switzerland, and undertakes not to violate or contradict them in any way.

11.2. The Authorised Retailer undertakes not to register, in whole or in part, the trademarks belonging to On AG, or to have them registered in the same form or in a form likely to be confused, in its own name or through third parties, nor will it use them in another way than as provided in this Agreement for the duration of this Agreement or after its termination. This also applies to the registration of Internet domains in any jurisdiction. The Authorised Retailer is not entitled to continue to use the trademarks or other markings and logos of On AG in any way in the event of termination of the Agreement.

11.3. The Authorised Retailer will promptly notify Sprint of any infringement of On AG's intellectual property rights that it becomes aware of.

**12. Term and Termination of Agreement**

12.1. This Agreement enters into force and effect on the date of issue.

12.2. This Agreement is concluded for an indefinite period of time.

12.3. The Parties shall endeavour to settle their disputes amicably and out of court. If the Authorised Retailer breaches any provision of this Agreement, Sprint reserves the right to suspend deliveries of the goods, while giving the Authorised Retailer thirty days to correct the violation.

12.4. The contractual relationship can be terminated by giving a reason, with immediate effect, without notice. The reason will be any circumstances which will appear to the Contracting Party terminating the Agreement to be unsuitable for the continuation of the contractual relationship. Reasons may include, without limitation, the following:

* Non-compliance with the provisions of this Agreement and failure to remedy the situation to achieve the situation agreed in the Agreement within 30 days of the relevant written notice sent by Sprint;
* A judicial or any official declaration of insolvency/bankruptcy of the other Contracting Party;
* Insolvency/bankruptcy proceedings of the other Contracting Party self-initiated by filling the debtor's insolvency petition;
* Termination of the business license, liquidation or any other formal termination of the business activity of any of the Contracting Parties;
* Late payment by more than 30 days despite written notice;
* Serious damage to reputation by the other Contracting Party;
* Breach of intellectual property rights obligations.

12.5. For Sprint, it will also be a reason if

* The Authorised Retailer provides Sprint with false or misleading information regarding the main points of this Agreement, in particular information concerning the fulfilment of the criteria.

12.6. Unless otherwise stipulated by the **General Business Terms and Conditions, Special Business Terms and Conditions for Pre-orders of On Products** or any partial agreement between the Contracting Parties, their mutual legal relations arising from the contracts concluded in accordance with this **Selective Distribution Agreement** are governed by the law of the Czech Republic and all disputes arising from these agreements decide the courts of the Czech Republic, substantively and locally competent according to the registered office of the Sprint.

**13. Consequences of Terminating the Agreement**

13.1. Upon termination of this Agreement, regardless of the reason for termination, the Authorised Retailer no longer has the right to identify itself as an “On Brand Authorised Retailer”, and it shall remove any markings designating it as the On Brand Authorised Retailer and markings related to the On Contract Products. At the same time, the Authorised Retailer will no longer be entitled to promote the sale and/or otherwise offer for sale the On Contract Products.

13.2. All sales aids provided to the Authorised Retailer (catalogues, brochures and other advertising materials) as well as other materials and documents available to the Authorised Retailer must be returned to Sprint.

13.3. Upon termination of the Agreement, Sprint is entitled, but not obligated, to repurchase, in whole or in part, the unsold On Contract Products located with the Authorised Retailer for the purchase price paid. Subject to the terms of this Agreement being adhered to, the remaining On products may be sold to end customers or other Authorised On Retailers within 12 months.

Signed in Prague, ………………………………………………………

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**SPRINT spol s r.o.** …………………………………………………………………

executive: **Ing. Jan Weisshäutel** executive: ……………………………………………