



Ministerstvo životního prostředí



STÁTNÍ FOND
ŽIVOTNÍHO PROSTŘEDÍ
ČESKÉ REPUBLIKY

INFORMATIVE TRANSLATION TO THE CZECH LANGUAGE
ANNEX B
TO THE TENDER DOCUMENTATION

**BINDING TEXT OF THE DRAFT OF THE
CONTRACT FOR WORK**

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The following binding text of the draft Contract for Work containing the commercial terms and conditions set by the contracting authority for the performance of a public contract may be completed or supplemented by the tenderer in drafting the Contract for Work only in the parts marked as [TO BE COMPLETED] or in another similar manner.

For the identification of the Contractor, the Supplier shall select one of the provided options or, where appropriate, provide the identification according to the laws of the country of its seat and delete the entry [Alternative 1], or [Alternative 2], or [Alternative 3].

In the event more than one entity enters into the Contract on the Contractor's side (e.g., in the case of a consortium), the Contractor shall use the details in the scope as set out below to identify those entities and shall provide those details for each of the entities forming the Contractor Party. Similarly, the Contractor shall have a signature line at the end of the Contract for each of those entities.

The tenderer is not entitled to make any other changes to the binding text of the draft Contract for Work. The tenderer shall be entitled to remove the text in this red box for the purposes of submitting a draft Contract in the tender, drawn up in accordance with this binding text of the draft Contract.

CONTRACT FOR WORK

“Refurbishment of the ŠKO-ENERGO Heat Plant – OB2 Boiler rooms”

THIS CONTRACT FOR WORK (hereinafter referred to as the “**Contract**”) is entered into on the day, month and year set forth below in accordance with Section 2586 et seq. of Act No. 89/2012 Coll., the Civil Code, as amended (hereinafter referred to as the “**Civil Code**”), based on the result of a tender procedure for the public contract entitled “Refurbishment of the ŠKO-ENERGO Heat Plant – OB2 Boiler rooms” (hereinafter referred to as the “**Public Contract**”) awarded in an open procedure pursuant to Section 56 et seq. of Act No. 134/2016 Coll., on public procurement, as amended (hereinafter referred to as the “**Public Procurement Act**”),

BY AND BETWEEN

ŠKO-ENERGO, s.r.o.,

Registered office: tř. Václava Klementa 869, Mladá Boleslav II, 293 01 Mladá Boleslav,

ID No.: 61675938,

Tax ID No.: CZ61675938,

registered in the Commercial Register maintained by the Municipal Court in Prague, File No. C 38550,

Represented by the Executive Directors, Jaromír Vorel and Tomáš Kubín,

Bank account number in EUR: 10451948/6200,

HEREINAFTER REFERRED TO AS THE “**Client**”

AS THE FIRST PARTY

AND

[Alternative 1]

[TO BE COMPLETED],

Registered office: [TO BE COMPLETED],

ID No.: [TO BE COMPLETED],

Tax ID No.: [TO BE COMPLETED],

registered in the Commercial Register maintained by the [Municipal/Regional] Court in [TO BE COMPLETED], File No. [TO BE COMPLETED],

Represented by [TO BE COMPLETED],

Bank account number: [TO BE COMPLETED],

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[Alternative 2]

[TO BE COMPLETED],

Registered office: [TO BE COMPLETED],

Registration number: [TO BE COMPLETED],

Bank account number: [TO BE COMPLETED],

Represented by [TO BE COMPLETED],

[Alternative 3]

Mr/Mrs

[TO BE COMPLETED],

Registered office/place of residence: [TO BE COMPLETED],

ID No.: [TO BE COMPLETED],

Tax ID No.: [TO BE COMPLETED],

Bank account number: [TO BE COMPLETED],

HEREINAFTER REFERRED TO AS THE “**Contractor**”
AS THE OTHER PARTY

THE CLIENT AND THE CONTRACTOR SHALL HEREINAFTER BE JOINTLY REFERRED TO AS THE “**Parties**”
AND EACH INDIVIDUALLY AS A “**Party**”.

PREAMBLE

Whereas:

- (A) within the framework of the Heat Plant Refurbishment Project and the CO₂ Neutrality Programme, the Client will modernise the heating plant in Mladá Boleslav, the production programme of which is the production of heat and electricity (hereinafter referred to as the “**Heating Plant**”);
- (B) the Contractor has submitted a tender for the Public Contract (hereinafter referred to as the “**Tender**”) in accordance with the tender documentation for the Public Contract (hereinafter referred to as the “**Tender Documentation**”), and the Contractor has been selected by the Client to perform the Public Contract;
- (C) the performance under this Contract is part of a higher functional unit of the Heating Plant refurbishment provided by various contractors and divided into individual business packages, which are specified in more detail in the Technical Requirements set out in Annexes A1 to A13 to the Tender Documentation, which form Annex 1 to the Contract;
- (D) the Tender Documentation and the Tender, as integral parts of the contractual relationship established by this Contract, shall govern the subject-matter of the Public Contract and this Contract;

now, therefore, the Parties have agreed as follows:

1 SUBJECT-MATTER OF THE CONTRACT

- 1.1 By this Contract, the Contractor undertakes to carry out for the Client, at its own expense and risk, in the manner, scope, quality, quantity (volume) and under the terms and conditions agreed upon in this Contract, the comprehensive work designated as “Refurbishment of the ŠKO-ENERGO Heat Plant – OB2 Boiler rooms” (hereinafter referred to as the “**Work**”), as defined in more detail in Article 2, and to hand over the Work so carried out to the Client. The Contractor also undertakes to remove any defects in the Work as required by the Client during the performance of the Work, upon the handover of the Work or within the warranty period, under the terms and conditions agreed upon in this Contract.
- 1.2 Under this Contract, the Client undertakes to provide the Contractor with the necessary cooperation in the performance of the Work, to accept the completed Work under the terms and conditions agreed upon in this Contract, and to pay the Contractor the price for the execution of the Work in the amount and under the terms and conditions set out in this Contract.
- 1.3 The Contractor acknowledges that the availability of the Heating Plant operations must be maintained during the performance of the Work under this Contract. In particular, this means that the output of the turbine generators and the steam

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output of the fluidised bed boilers (steam output of fluidised bed boilers on which refurbishment has not yet begun or steam output of fluidised bed boilers which have been put into operation after refurbishment) must not be restricted during the execution of the Work. The Contractor further acknowledges that it is obliged to notify the Client well in advance of any steps leading to the shutdown of the Heating Plant or steps that could affect the operations of the Heating Plant in any way. All shutdowns and restrictions in the operation of the Heating Plant must be approved by the Client well in advance.

2 SPECIFICATIONS AND SCOPE OF THE WORK

- 2.1 The Work consists, in particular, of the execution of all deliveries, activities, services and works including the construction of a new K20 wood chip boiler with an output of 80 t/h, the refurbishment of the existing K80/90 boilers each with an output of 100 t/h and common steam parameters of 12.5 MPa/535°C with conversion to wood chip combustion and pellet co-firing, as further defined in the Tender Documentation. The refurbishment includes modifications and replacements of the flue gas cleaning system, ash transport, modifications of the cooling circuit, modifications of the internal fuel management, modifications of the automatic control system and parts of the electrical system. The technological part includes the steel structures of the boilers or boiler room, modifications of the existing boiler room structures in connection with modifications of the fuel management, and possibly other systems. The general scope of the Work is set out in Technical Requirements A1, "Scope of the Work", of the Tender Documentation, which form a part of Annex 1 to the Contract. The execution of the Work shall be divided into stages in accordance with Article 5.2 (Stage K20, Stage K80 and Stage K90 defined in Article 5.2 shall hereinafter be collectively referred to as the "Stages" and each individually as a "Stage").
- 2.2 The Work under the Contract includes, in particular, the following deliveries, activities, services and works, which are specified in more detail in Technical Requirements A1 to A13 of the Tender Documentation, which form Annex 1 to the Contract:
- a) initial technical meetings;
 - b) preparation of binding technical parameters for other suppliers of downstream technological units within the scope of modernisation of the Heating Plant;
 - c) preparation of all documentation in the Czech language in accordance with applicable legislation subject to approval of the Client (hereinafter referred to as "Project Documentation"), as further defined in Technical Requirements A7 "Requirements for Documentation" of the Tender Documentation, which are part of Annex 1 to the Contract, and which will enable, in particular, the following:
 - obtaining all permits, approvals and opinions of state administration authorities that are necessary for the execution of the Work;
 - assessment of the design of the Work, its division into time sections in accordance with the time schedule and assessment of its compliance with the requirements of the Contract and legislative requirements for the execution of the Work;
 - coordination of the Work with other ongoing work related to the refurbishment of the Heating Plant being performed by other contractors and with the concurrent operation of the Heating Plant and other activities at the Client's site;
 - quality execution of the Work;
 - the actual execution, installation and commissioning of the Work;
 - training of the Client's personnel;
 - operation, maintenance and repairs of the Work; and
 - documentation of the final condition of the Work;
 - d) taking over and preparing the construction site for the implementation of the Work, consisting in particular of preparatory work and activities necessary for the proper execution of the Work, including the removal and disposal of materials;
 - e) ensuring the location of the subject of the Work, including marking out the connection points, marking out the existing networks and marking the boundary of the construction site;

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- f) all demolition and removal of existing facilities and structures of the Heating Plant necessary to ensure the proper execution of the Work while maintaining the current operation and serviceability of the Heating Plant during the performance of this Contract;
 - g) the supply of a new K20 boiler room consisting mainly of:
 - all supporting building structure for the K20 Boiler Room including cladding and roofing;
 - the supporting structure for the new K20 boiler;
 - the boiler technology itself;
 - the equipment of the supporting technologies for the operation of the K20 boiler (internal fuel management, fuel transport to the boilers, provision of the flue gas system, etc.);
 - supply of the compressor station;
 - a new control system for the K20 boiler, integrated into the existing control systems, including the supply of related hardware and software equipment; and
 - the provision of continuous emission monitoring for the K20 boiler;
 - h) modification of the existing boiler room E1A consisting in particular of:
 - modifications to boilers K80 and K90 themselves;
 - supply of or modification to existing support technologies for the modified boilers K80 and K90;
 - modification to and supply of the necessary supporting structures for the E1A boiler room;
 - modifications to the roof, and floors for the connection of fuel transport to the boiler room;
 - upgrades to the K80 and K90 boiler control system integrated into the existing control systems, including the supply of related hardware and software equipment; and
 - modifications to the existing emission monitoring of the boilers K80 and K90;
 - i) preparation of an operation and maintenance manual for the Work, in which the Contractor shall describe in detail for each component of the Work the conditions, operating procedures and servicing operations that the Client must perform during the operation of the Work in order to comply with the warranty for the Work provided by the Contractor under this Contract (hereinafter referred to as the “**Operation and Maintenance Manual**”);
 - j) the maintenance and operating documentation for the Work, which shall include a list of the necessary and mandatory servicing and maintenance operations for each component of the Work, including the intervals of their performance, the prescribed inspections for each component of the Work, including the intervals of their renewal, and a schedule of preventive maintenance inspections for each component of the Work, the handling and operating rules, and operating instructions for all equipment supplied as part of the Work;
 - k) proposal of changes to the current operating regulations of the Heating Plant that will be affected by the Work, or proposal of new operating regulations of the Heating Plant related to the implementation of the Work in the Heating Plant;
 - l) performance of tests agreed upon and further test required by the applicable legal regulations and technical standards, to verify the quality, functionality and proper execution of the Work or its individual parts; the Contractor is obliged to perform other special tests within the execution of the Work, which may be reasonably required by the Client according to the nature of the Work;
 - m) training of the Client's personnel;
 - n) provision of security for the construction site and the parts of the Work already executed, throughout the entire period of the Work performance (until its handover to the Client); and
 - o) periodical and final cleaning of the site of the Work (including the construction site), including access roads and related areas; the term “final cleaning” shall also be deemed to include the removal of all temporary structures, facilities and equipment necessary for the execution of the Work.
- 2.3 Technical Requirements A1-A13 of the Tender Documentation, which form Annex 1 to the Contract, set out the functional specifications of the Work that must be met. Together with the current documentation for the purposes of the building

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permit, which the Contractor confirms that it has received before signing this Contract, they constitute the proposed technical design of the Work. The Parties agree that the Contractor's flexibility in applying its technical design and proposing and selecting specific equipment in the execution of the Work according to the Contractor's technical practice, experience and custom is acceptable. The Contractor may perform the Work to be more technically advanced and more efficient for the Client in such a way that the Work meets the requirements specified in the Tender Documentation and the requirements, statements and opinions of the competent public authorities.

2.4 The Work shall be carried out simultaneously in accordance with:

- a) the Technical Requirements set out in Annexes A1 to A13 to the Tender Documentation, which form Annex 1 to the Contract;
- b) the project documentation approved by the Client;
- c) the conditions set out in binding decisions and opinions of public authorities;
- d) the Tender;
- e) completed Annex K of the Tender Documentation - Price table and time schedule, submitted by the Contractor in the Tender and forming Annex 2 of the Contract (hereinafter referred to as the "**Budget**" or "**Work Execution Time Schedule**").

In the event of any conflict in the above-specified documents, the provisions and information contained in the contract documents and the Tender Documentation shall be ranked, for the purpose of performance of the Work, in the following order of priority:

- a) the Tender Documentation, including the Technical Requirements set out in Annexes A1 to A13 to the Tender Documentation, which form Annex 1 to the Contract, in the event that a more stringent requirement for the performance of the Work is specified in such documentation;
- b) the Building Permit Documentation; and
- c) the Zoning Decision Documentation.

2.5 The Client informs the Contractor that by approving the Project Documentation according to which the Work is to be performed, the Client assumes no responsibility for the accuracy and completeness of the Project Documentation and that the Project Documentation is usable for the purposes of this Contract. As the execution of the Project Documentation is part of the Work, the final responsibility for the accuracy and completeness of the Project Documentation shall always remain with the Contractor, regardless of the Client's approval or discussion of the Project Documentation with the Client.

2.6 In the performance of the Work, the Contractor shall also include all items, works, deliveries and activities that are not explicitly listed in Technical Requirements A1-A13 of the Tender Documentation, which form Annex 1 to the Contract, and are not explicitly listed in the Contractor's Budget, but are necessary to ensure the proper function, efficiency and safety of the Work. The Contractor is also obliged to perform other deliveries, activities and services, works within the Work not specified in the Budget (or not following from it – in terms of content or volume), which follow from the Project Documentation and the Technical Requirements specified in Annexes A1-A13 to the Tender Documentation, which form Annex 1 to the Contract. The Contractor further acknowledges that the price of the Work, which is set in Articles 7.1 and 7.2, is the full and final price pursuant to Article 7.6.

2.7 The Contractor hereby undertakes to expand (or narrow) the scope of the Work by other possible works, activities, deliveries and services that are functionally, materially, technically or technologically related to the Work in the event of a later request by the Client. The method of negotiation of possible additional work or cancelled work is agreed in other provisions of the Contract.

2.8 Under this Contract, the Contractor further undertakes (including during the period after the handover of the Work) to provide the Client with all necessary assistance in obtaining a public-law decision on the building permit for permanent use (final permit), in particular by participating in the approval procedure, securing the documents necessary for the issuance of the decision as required by the competent administrative authority with which the approval procedure will take place, and implementing any requirements relating to the Work carried out by the Contractor that arise from the approval procedure and are imposed by the competent administrative authority in the context of the approval procedure, regardless of whether they are caused by the Client or the Contractor.

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3 CHANGES TO THE WORK

- 3.1 The Parties may agree only on such changes to the Work that are not a material change to the obligation under the Contract relating to the Public Contract within the meaning of Section 222 of the Public Procurement Act.
- 3.2 A change to the Work is, in particular:
- a) if the Client requires performance that is not included in the subject-matter of the Work;
 - b) if the Client requires the omission of any performance which is the subject-matter of the Work; and
 - c) if the Parties discover facts during the execution of the Work that were not known at the time of the conclusion of the Contract, the Contractor did not cause them and could not have foreseen them.
- 3.3 Any agreed changes to the Work must comply with the conditions set out in Section 222 of the Public Procurement Act. Any changes to the Work agreed upon shall be properly documented and justified in a Change Sheet in accordance with Annex 3 to the Contract, which shall include at least pricing data and requirements for the change in the period of performance of the Work. The Contractor shall follow Article 7.9 when pricing changes.
- 3.4 No changes to the Work shall be commenced or made without the prior written direction of the Client, and no claim or demand for a change in price or deadline shall be valid unless such written direction is given in advance and unless such change to the Contract is agreed upon in accordance with this Contract, i.e., by a written amendment to this Contract.
- 3.5 Recording of changes will be carried out in the form of Change Sheets in accordance with an agreement on a uniform procedure for approval of changes, which forms an integral part of this Contract as Annex 3. The Change Sheets relating to changes approved by the Client shall always be attached to a concluded amendment to this Contract.

4 PLACE OF PERFORMANCE OF THE WORK

- 4.1 The Work will be carried out at the address of tř. Václava Klementa 869, Mladá Boleslav II, 293 01 Mladá Boleslav, in the south-eastern part of the industrial zone of the production plant of Škoda Auto a.s. in Mladá Boleslav, which is connected to public roads (hereinafter referred to as the **"Site of the Work"**). A more detailed definition of the Site of the Work is set out in the Tender Documentation.

5 PERIOD OF PERFORMANCE

- 5.1 The Contractor undertakes to execute the Work as a whole (i.e., to complete it duly and hand it over to the Client) within **[TO BE COMPLETED]** weeks of the conclusion of the Contract.
- 5.2 The Contractor shall carry out the Work in the following Stages, which are further divided and defined in the individual milestones listed in the Work Execution Time Schedule for each individual Stage:
- a) The Contractor is obliged to complete Stage K20, which includes all deliveries, items, activities and works relating to the K20 boiler as specified in more detail in Technical Requirements A1-A13 to the Tender Documentation, which form Annex 1 to the Contract (hereinafter referred to as **"Stage K20"**), within **[TO BE COMPLETED]** weeks of the conclusion of the Contract;
 - b) The Contractor is obliged to complete Stage K80, which includes all deliveries, items, activities and works relating to the K80 boiler as specified in more detail in Technical Requirements A1-A13 to the Tender Documentation, which form Annex 1 to the Contract (hereinafter referred to as **"Stage K80"**), within **[TO BE COMPLETED]** weeks of the conclusion of the Contract; and
 - c) The Contractor is obliged to complete Stage K90, which includes all deliveries, items, activities and works relating to the K90 boiler as specified in more detail in Technical Requirements A1-A13 to the Tender Documentation, which form Annex 1 to the Contract (hereinafter referred to as **"Stage K90"**), within **[TO BE COMPLETED]** weeks of the conclusion of the Contract.

The Contractor acknowledges that Stage K90 will be carried out last, after the completion of Stage K20 and Stage K80, so as not to interfere with the operation of the Heating Plant as described in Article 1.3. Stage K20 and Stage K80 can be carried out and completed simultaneously.

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5.3 The Work Execution Time Schedule, which forms Annex 2 to this Contract, includes:

- a) under the tab designated as "K20 – Schedule", the milestones for Stage K20;
- b) under the tab designated as "K80 – Schedule", the milestones for Stage K80;
- c) under the tab designated as "K90 – Schedule", the milestones for Stage K90; and
- d) under the tab designated as "Schedule", a summary of milestones for all stages, i.e., Stage K20, Stage K80, and Stage K90;

with the milestones listed in column "A" on the individual tabs of the Work Execution Time Schedule (hereinafter referred to as "**Milestones**"). The agreed upon dates for completion and handover of the Work, including the individual dates of the Stages and their Milestones specified in the Work Execution Time Schedule, may be changed only by a written agreement of the Parties concluded in the form of an amendment to this Contract in accordance with the conditions specified in the Public Procurement Act, unless otherwise expressly provided for in this Contract in specific cases. The Parties state that the agreed upon date of completion and handover of the Work, including the individual dates of the Stages and their Milestones set out in the Work Execution Time Schedule, takes into account the climatic conditions that occur at the Site of the Work during the calendar year, as well as their fluctuations. In this context, the Contractor acknowledges the Client's emphasis on the exceptional quality of the Work and the corresponding respect for proper technological procedures in the execution of the Work. The Contractor may carry out the Work and the individual Stages before the dates agreed in Articles 5.1 and 5.2; in such a case, the Client is obliged to accept the duly performed Work or Stage at an earlier date.

5.4 In addition to the completion dates for the Work agreed upon in Article 5.1 and the completion dates for the individual Stages in Article 5.2, the Contractor is obliged to meet other Milestone dates for the individual Stages as set out in the Work Execution Time Schedule, including the Milestones for the Stages, which are defined in the Work Execution Time Schedule in terms of time and content. The Contractor acknowledges the interdependence of the performance under this Contract with the performance of other contractors providing performance to the Client for the purpose of refurbishing the Heating Plant, and that the performance of other contractors providing performance to the Client for the purpose of refurbishing the Heating Plant, as set out in the Technical Requirements in Annexes A1 to A13 to the Tender Documentation, which form Annex 1 to the Contract, is linked to the compliance with the deadlines for the individual Stages set out in Article 5.2, including the Milestones for the individual Stages. In the event the Client suffers damage due to the failure to meet the deadlines of the individual Stages specified in Article 5.2, including the Milestones for the individual Stages, including due to the interdependence of the performance of the individual contractors in the refurbishment of the Heating Plant, the Contractor shall compensate the Client for any such damage resulting therefrom.

5.5 If, in the course of the execution of the Work, the Client or the technical supervisor of the builder authorised by the Client as set out in Article 11.1 (the construction supervisor authorised by the Client hereinafter referred to as the "**Construction Supervisor**") comes to the conclusion that the actual progress of works and deliveries does not correspond to the approved Work Execution Time Schedule, the Client shall invite the Contractor to submit an amended Work Execution Time Schedule ensuring the execution of the Work within the agreed time limits. The Contractor shall be obliged to comply with such a request without delay. In such a case, the Contractor and the Client shall conclude an amendment to the Contract in accordance with Article 5.6. However, even in such cases, the Contractor shall not be entitled to change the date for the completion of the Work set out in Article 5.1 and the dates for the completion of the individual Stages set out in Article 5.2.

5.6 If it is expressly agreed in this Contract that, as a result of any expressly stated event, the deadline for the completion and handover of the Work specified in Article 5.1 or the dates of the individual Stages specified in Article 5.2 or the Milestones of the individual Stages in the Work Execution Time Schedule will be extended, the Parties shall promptly proceed to amend such dates in the form of an amendment to this Contract signed by both Parties.

5.7 Interruption of the period of performance of the Work

5.7.1 The Client and the Construction Supervisor are entitled to decide by written notification delivered to the Contractor or by entry in the Construction Log to interrupt the execution of the Work with effect as of the delivery of the written notification (or the moment of entry in the Construction Log) until the Client decides in the same manner to resume the execution of the Work (i.e., by written notification delivered to the Contractor or by entry in the Construction Log). The Contractor is obliged to secure the construction site immediately after the Client's notification of interruption of the Work becomes effective so that no damage to the work performed so far, to the property or health of the Client or third parties or damage to the environment occurs. The Contractor is obliged to maintain such construction site security during the entire period

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of interruption of the Work. This shall also apply in the event of interruption of the execution of the Work on the basis of an order of the competent administrative authority pursuant to Article 5.7.2. The costs expediently incurred for the purpose of securing the construction site shall be borne by the Client, except in cases where the Client decides to interrupt the execution of the Work for a reason on the Contractor's side (in particular, in the case of poor-quality execution of the Work by the Contractor or its execution in violation of this Contract); in such a case, the costs incurred shall be borne by the Contractor. The Contractor is in no case entitled to reimbursement of costs other than the cost of securing the construction site.

5.7.2 The Parties agree that, if the interruption of the execution of the Work referred to in Article 5.7.1 lasts for more than five (5) working days continuously, then the agreed upon date of completion and handover of the Work referred to in Article 5.1 and the individual dates of the Stages referred to in Article 5.2 shall be postponed (extended) by the same amount of time as the interruption of the execution of the Work according to the above-mentioned Article lasted, unless otherwise agreed. Shorter interruptions and interruptions decided by the Client for reasons on the Contractor's side (especially in case of poor-quality execution of the Work by the Contractor or its execution in violation of this Contract) shall not have any effect on the agreed upon dates of completion of the Work. If the execution of the Work is interrupted for more than five (5) working days continuously on the basis of an order of the competent administrative authority and if the order was not issued as a result of an act or omission or other reason on the part of the Contractor or persons employed, commissioned or contracted by the Contractor, the agreed upon date of completion and handover of the Work referred to in Article 5.1 and the individual dates of the Stages referred to in Article 5.2 shall be postponed (extended) by the same amount of time as the interruption in the execution of the Work ordered by the competent administrative authority lasted, unless otherwise agreed. Shorter interruptions, as well as interruptions ordered as a result of acts or omissions of the Contractor or persons employed, commissioned or contracted by the Contractor, shall have no effect on the agreed dates of completion of the Work.

5.7.3 If the Contractor interrupts the execution of the Work or part of it without being requested to do so by the Client, the Contractor undertakes to notify the Client thereof on the following working day at the latest, together with a report on the reasons for the interruption. Unless other rights and obligations of the Parties have been agreed upon or determined with regard to the cause of the interruption, the Contractor shall make every effort to ensure that the reasons that led to the interruption of execution of the Work or part thereof are promptly removed. In the interruption report, the Contractor is also obliged to state the expected duration of the interruption and the specific requirements for the Client's cooperation to ensure the most efficient resumption of execution of the Work or part thereof.

5.8 Reserved changes to the obligation in relation to the period of performance

5.8.1 The Client, as the contracting authority, has reserved the following changes to the obligation under the Contract in the Tender Documentation, which may be made by the Parties without the necessity to conduct a new tender procedure for the Public Contract and without the obligation to proceed in accordance with Section 222 of the Public Procurement Act

- a) changes to the performance deadline, including changes to the Milestones of individual Stages specified in the Work Execution Time Schedule due to the implementation of changes to the subject-matter of performance during the execution of the Work that could not have been foreseen and were not included in the Project Documentation or the Tender Documentation, or in the event of exclusion of the execution of parts of the Work other than those that were included in the subject-matter of performance according to the Project Documentation or the Tender Documentation, which deadlines shall always be extended by the time necessary and justified by the implementation of the change to the subject-matter of performance. In such cases, the change in the performance deadline shall be justified by the Contractor in a Change Sheet amending the Work in accordance with Annex 3 to the Contract; and
- b) changes to the performance deadline, including changes to the Milestones of individual Stages specified in the Work Execution Time Schedule, due to the fact that the Contractor cannot continue the performance of the Work according to the Work Execution Time Schedule because of delays in the performance of other contractors providing the Client with performance related to the refurbishment of the Heating Plant, whose performance is interrelated with the performance under this Contract; these deadlines shall always be extended by the time during which the Contractor could not continue the performance of the Work. In such cases, the change in the performance deadline shall be justified by the Contractor in a Change Sheet amending the Work in accordance with Annex 3 to the Contract.

6 TERMS AND CONDITIONS OF EXECUTION OF THE WORK

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- 6.1 The Contractor undertakes to carry out the Work in accordance with this Contract, the applicable legal regulations, technical standards, decisions on the conclusions on the best available techniques (BAT) and related regulations and in accordance with the instructions and requests of the Client made directly by the Client or through the Construction Supervisor. In the event of any ambiguity on the part of the Contractor, it is the Contractor's responsibility to consult with the Client or the Construction Supervisor before commencing any specific works, activities, deliveries or services. With respect to any instructions and requests of the Client (made by the Client personally or through the Construction Supervisor) to the Contractor and any items handed over by the Client to the Contractor for the performance of the Work, the Parties shall proceed in accordance with Section 2594 of the Civil Code, with the proviso that the Contractor is obliged to notify the Client in writing of any inappropriate nature of the instruction or request (as well as any inappropriate nature of the item handed over) immediately (but no later than within five (5) working days) after becoming acquainted with the instruction or request, or after receiving the item. In case the Client insists on performing the Work using a handed over item or according to an instruction or request the inappropriateness of which has been pointed out by the Contractor and which hinders the due performance of the Work, the Contractor undertakes to continue the performance of the Work (i.e., to discontinue any interruption of the performance of the Work) as soon as the Client's opinion on such instruction or request or the use of such handed over item is communicated to the Contractor. The Parties expressly agree that Section 2595 of the Civil Code shall not be applied in this contractual relationship; the application of the provisions of that Section is expressly excluded by the Parties. In the event of a discrepancy between the Client's instruction or request and the relevant legal regulations or technical standards or related regulations, the Contractor is obliged to immediately notify the Client in writing (but in any case no later than within five (5) working days after becoming acquainted with the instruction or request); if the performance of the Work in accordance with the Client's instruction or request should require any administrative or other decision or action in relation to the public administration authorities or other authorities concerned, the Contractor is also obliged to notify the Client in the same manner within the same time limit.
- 6.2 The Contractor shall act with due professional care in the execution of the Work and shall properly consider all instructions of the Client (whether made directly by the Client or through the Construction Supervisor) as set out in Article 6.1. The Contractor is obliged to execute the Work duly, in time and in first-class quality. In this context, the Contractor declares that it is a professional company in the field and therefore undertakes to carry out all professional activities and to exercise all due professional care that can reasonably be expected of it (as a professional company with all the necessary knowledge, skills, capabilities, abilities and capacities). The Contractor is obliged to protect the interests of the Client during the execution of the Work and to act in such a way that the reputation of the Client is not damaged or endangered in any way.
- 6.3 The Contractor shall be obliged to carry out a thorough inspection of the purchased materials, substances, raw materials and other items required for the performance of the subject-matter of this Contract and to require from manufacturers and suppliers attestations, declarations of conformity, certificates, warranty documentation and operating manuals in accordance with this Contract. Technical specifications of major components must be approved by the Client prior to purchase. If the subject matter of the Contract is the supply of dual-use goods within the meaning of the laws of the United States of America, as well as according to Annex I to the Council Regulation (EC) No 428/2009 of 5 May 2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items (Recast), the Contractor is obliged to inform the Client without delay and to comply with the contractual conditions for ensuring security in the supply chain and for proving the origin of the goods supplied, which can be found at <www.vwgroupsupply.com>.
- 6.4 The Contractor is obliged to have available and, at the request of the Client or the Construction Supervisor, to provide a description of the technological procedures and technical methods the Contractor intends to use in the execution of the Work, always before the commencement of the works. At the request of the Construction Supervisor, the Contractor is obliged to provide the technological procedure in such form and details as the Construction Supervisor or the Client expressly requests, without affecting the change in the Price of the Work.
- 6.5 The Contractor declares that, prior to the conclusion of this Contract, it has taken all actions necessary to identify hidden obstacles to the execution of the Work within the meaning of Section 2627 of the Civil Code.
- 6.6 The Contractor undertakes that all equipment, products and materials supplied shall be new and unused. The Contractor shall use only equipment, products and materials for the Work which have such properties that, during the normal lifecycle of the Work, the mechanical characteristics, stability, strength, permanence, fire safety, hygiene requirements, health protection, environmental protection and safety in use required by applicable laws and technical standards are guaranteed if normal maintenance is carried out, and which have all the attestations and other certificates required and recommended

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by the applicable generally binding laws and technical standards. The Contractor shall provide the Client with individual attestations, certificates and inspection reports of the equipment, products and materials as part of the acceptance procedure. The Contractor declares that it has, or will have, all the attestations and other certificates required by generally binding legal regulations and technical standards for the purpose of delivery of the Work and will make them available to the Client in connection with each respective delivery. Attestations and certificates of products and materials incorporated in stages which may affect the overall quality of the Work or any part thereof shall be submitted for inspection prior to covering the work. This will be recorded in the Construction Log. If, in the event of doubt as to the quality of the delivery, conclusive tests are required, the Contractor shall be obliged to arrange such tests at its own expense.

- 6.7 The Contractor is obliged to ensure proper operational and technical implementation of the Work into the existing operation of the Heating Plant and technological and technical follow-up to the overall refurbishment of the Heating Plant taking place at the time of the performance of the Contract, in which other contractors are also participating. If modifications to existing equipment, piping, wiring, software, or the construction and engineering of the Heating Plant facilities are required for the safe and reliable operation of the Work, such modifications shall be part of the Work under this Contract.
- 6.8 The Contractor is obliged to maintain cleanliness and order at the Site of the Work to the extent appropriate for the performance of the Work and in its surroundings throughout the performance of the Work and during the period of removal of defects (or, if applicable, backlogs) of the Work, if any. In particular, the Contractor is obliged to clean the construction site, access roads and related areas on a regular basis (every working day). As part of the final clean-up of the Site of the Work, the Contractor shall ensure that all damage, including any environmental contamination, is removed.
- 6.9 The Contractor shall provide the necessary tools, equipment, measuring instruments and all construction and other materials, including their transport to the construction site, at its own expense. The Client shall provide the water and electricity sources at the Site of the Work, and the consumption of water and electricity from these sources in connection with the performance of the Work shall be at the Client's expense; the Contractor undertakes to use the provided resources exclusively for the performance of the Work and always economically.
- 6.10 The Contractor undertakes to handle waste in accordance with generally binding legal regulations, in particular in accordance with Act No. 541/2020 Coll., on waste, as amended (hereinafter referred to as the "**Waste Act**"), and legal and other regulations in force at the Site of the Work when executing the Work. In particular, the Contractor is obliged to deposit all waste, leftover building materials, paints, chemical mixtures, etc. exclusively in permitted landfills, or otherwise dispose of them or use them for subsequent recovery, all in accordance with the relevant generally binding legal regulations and legal and other regulations in force at the Site of the Work. The costs and charges associated with this (including transport to the storage or disposal site or subsequent recovery of the waste) shall be borne by the Contractor.
- 6.11 The Contractor is obliged to act during the execution of the Work in such a way as to avoid unauthorised interference with the property and other rights of third parties, damage to the property of the Client or third parties, damage to the health of persons, damage to the environment and violation of work safety. The Contractor shall be held fully liable for any damage to the property of the Client or third parties, damage to the health of persons and damage to the environment resulting from the performance of the Work or the rectification of defects in the Work (including defects covered by the warranty), and therefore undertakes to compensate for any such damage in full.
- 6.12 The Contractor shall use all available means to prevent pollution and damage to the area and buildings located in and around the Site of the Work. The Contractor shall be responsible for making any modifications that must be made in connection with the execution of the Work to prevent pollution and damage to areas and sites outside the construction site and to prevent unauthorised persons from entering the construction site. The Contractor is obliged to make the necessary modifications at its own expense.
- 6.13 The Contractor is obliged to use all available means to prevent pollution and damage to the roads leading to the construction site as a result of transport carried out by the Contractor or its subcontractors. Unless otherwise expressly provided for in this Contract, the Contractor shall be responsible for the execution of all road modifications that must be carried out in connection with the performance of the Work. The Contractor is obliged to carry out these modifications at its own expense and is obliged to indemnify the Client for any claims for damage to roads caused by that transport, even if they are made directly against the Client, and undertakes to indemnify and settle any such claims arising from the above.
- 6.14 The Contractor undertakes that the Work under this Contract (and its individual parts) has and will have no legal defects (including any infringement of the intellectual property rights of third parties). The Contractor also undertakes not to infringe any copyright or patent, industrial or other rights of third parties during the performance of the Work. If at any time in the

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future the Contractor is found to have infringed copyright or patent, industrial or other rights of third parties in the performance of the Work, the Contractor shall be held fully liable for any such infringement of third-party rights. In such a case, the Contractor shall also be obliged to compensate the Client for all damage and costs incurred by the Client as a result of such infringement.

- 6.15 The Contractor undertakes to respect the Construction Supervisor as well as any instructions issued by the Construction Supervisor in relation to the execution of the Work and to carry out these instructions as if they had been issued by the Client.
- 6.16 All obligations and commitments of the Contractor agreed upon in this Contract relating to the terms and conditions of performance of the Work shall apply mutatis mutandis to the removal of any defects in the Work (including those covered by warranties). The Parties expressly agree that, in the event of a breach of any obligation or commitment of the Contractor under this Contract (i.e., not only this Article of the Contract), the Client shall, in addition to other rights agreed upon in this Contract or arising from the law (in particular sanctions and claims for damages), also have the right to perform the obligation or commitment not fulfilled by the Contractor (if the nature of the obligation or commitment in question allows it) itself or through a third party, at the Contractor's expense.
- 6.17 The Contractor is obliged to perform the Work and the individual Stages in such a way that the Work has the values guaranteed by the Contractor in Annex 4 to the Contract and in the Technical Requirements A6, "Guaranteed Values", of the Tender Documentation, which are part of Annex 1 to the Contract, which the Contractor filled in as part of its Tender. In the event of a breach of that obligation, the Contractor shall be obliged to pay to the Client the contractual penalty specified in Article 18.2.
- 6.18 In the event that the Contractor is in delay with performing the Work in accordance with the individual Milestones, as a result of which other contractors providing the Client with performance related to the refurbishment of the Heating Plant are unable to proceed with such performance, thereby incurring damage to such other contractors or the Client (e.g. increased costs of performing such performance, etc.), the Contractor shall indemnify the Client and such contractors providing performance related to the refurbishment of the Heating Plant for any such damage.
- 6.19 **Supervision of the Contractor over the execution of the Work and the Contractor's authorised persons**
- 6.19.1 The Contractor is obliged to entrust the supervision over the execution of the Work to an authorised person entitled to carry out that activity according to the applicable law. If required by the scope of the works, the Contractor shall also provide a sufficient number of competent co-workers.
- 6.19.2 The Contractor's supervisor shall not be replaced during the execution of the subject of the Work, unless for serious reasons, but always by prior mutual agreement between the Contractor and the Client. The Contractor must notify the Client in advance in writing of any change of the Contractor's supervisors and submit the documents required under Article 6.21.2. If the Contractor does not receive a response from the Client to the notification of the change of the Contractor's supervisor within seven (7) calendar days, the Client shall be deemed to have agreed to the change of the Contractor's supervisor. The persons on the Contractor's side in charge of supervision are:

[TO BE COMPLETED], phone: [TO BE COMPLETED]

[TO BE COMPLETED], phone: [TO BE COMPLETED]

6.20 **Occupational health and safety and fire protection**

- 6.20.1 The Contractor is obliged to ensure compliance with all legal regulations on occupational health and safety (OHS), fire protection, environmental protection and noise protection at the Site of the Work and within the perimeter of the construction site as well as elsewhere during the execution of the Work by its employees and contractors, as well as by the employees of any subcontractors (including, but not limited to, wearing protective helmets); other persons on the Contractor's side entering the construction site must be sufficiently trained by the Contractor, at the Contractor's expense, on the risks, OHS, fire protection and environmental protection as well as other conditions of movement and activities on the construction site.
- 6.20.2 The Contractor undertakes to carry out the works agreed upon in the subject-matter of this Contract in compliance with all the provisions contained in the documents "Binding OHS Guidelines for Škoda Auto Business Partners" and "HSE Rules for External Companies", which are available at <<https://www.sko-energo.cz/>>. These documents form an integral part of this Contract. By signing this Contract, the Contractor confirms that it has read the above documents, is familiar

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with them, has fully understood them and undertakes to comply with all the rules and requirements set out therein without exception. The Contractor shall also ensure that all persons used by the Contractor in the performance of this Contract comply with the above documents. The Contractor is also obliged to follow all safety instructions of the Client and to comply with the Client's conditions for the movement of persons and to obtain the relevant permits to carry out the work in the area of the Site of the Work.

- 6.20.3 In order to ensure the entry of persons into the area of the Site of the Work, the Contractor shall provide, at least 14 calendar days prior to entering of these persons into the area of the Site of the Work, a list of names of personnel, and their dates of birth, who will enter the area of the Site of the Work for the purpose of performing the Work under this Contract.

In order to provide for the entry of vehicles into the area of the Site of the Work, the Contractor shall provide their brand, type, colour and license plate at least 14 calendar days prior to the entry of those vehicles which will enter the area of the Site of the Work for the purpose of carrying out the Work under this Contract.

- 6.20.4 The Client points out to the Contractor that otherwise no persons and vehicles will be allowed to enter the Site of the Work. If the Contractor uses subcontractors for the execution of the Work, the Contractor is obliged to ensure that the obligations under this Article are fulfilled also by those subcontractors.

6.21 Implementation team

- 6.21.1 The Contractor is obliged to ensure the execution of the Work, or its individual parts, by workers with the necessary professional competence and qualifications. Prior to the conclusion of this Contract, the Contractor has submitted to the Client a list of names of members of the implementation team that will participate in the performance of this Contract. The composition of the members of the implementation team for the individual areas of the Work corresponds to the list of names of persons which the Contractor used to demonstrate in its Tender that it meets the technical qualifications specified in the Tender Documentation. The list of persons of the implementation team is given in Annex 5 to the Contract and the Client has approved the implementation team.

- 6.21.2 The Contractor is obliged to ensure that the implementation team is available with the same qualifications throughout the duration of the Contract. In the event of any change of the persons of the implementation team during the execution of the Work, the Contractor is obliged to submit to the Client the qualification documents of these persons, which will show that the newly proposed persons meet the qualifications set out in the Tender Documentation in the same way as the original persons through whom the Contractor demonstrated the required qualifications in its Tender. Changes to the members of the implementation team are subject to approval by the Client; the Client shall not unreasonably withhold approval.

6.22 Contractor's subcontractors

- 6.22.1 The Contractor undertakes to perform the Work for the Client on its own behalf and at its own risk using its own capacities and subcontractors, but is not entitled to subcontract the Work as a whole. Subcontractors will participate in the execution of the Work only to the extent specified in the contract concluded by and between the Contractor and each specific subcontractor. Taking into account the above, the Contractor shall, in particular:

- a) be fully responsible for all parts of the Work performed by subcontractors;
- b) be responsible for the due performance of the Work for the Client;
- c) properly coordinate and inspect all work by subcontractors; and
- d) request detailed construction and technological readiness requirements from subcontractors in connection with the progress of the Work and submit them to the Client for the Client's information.

- 6.22.2 The Contractor is obliged to use those subcontractors for the execution of the Work that it has indicated in the Tender. In the event this is not possible, the Contractor is obliged to submit a proposal for a change of subcontractors to the Client. Changes of subcontractors are subject to approval by the Client; the Client shall not unreasonably withhold approval.

- 6.22.3 The Contractor shall be obliged to use those subcontractors for the execution of the Work through which the Contractor has demonstrated its qualifications in the Tender. In case this is not possible, the Contractor is obliged to submit a proposal for change of subcontractors to the Client, accompanied by qualification documents showing that the newly proposed

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subcontractors meet the same qualification as the original subcontractors through which the Contractor proved its qualifications in the Tender. Change of subcontractors is subject to approval by the Client.

6.23 Coordination team of the Contractor and the Client

6.23.1 The coordination team established by this Contract shall consist of:

- a) the Contractor's implementation team referred to in Article 6.21;
- b) the persons of the Contractor referred to in Article 6.19.2 or, where applicable, members of the Contractor's statutory body; and
- c) the persons of the Client referred to in Article 11 or, where applicable, members of the Client's statutory body.

6.23.2 The coordination team shall meet and discuss current issues related to the execution of the Work on periodic inspection days to be determined by the Parties at the moment of the commencement of the Work, from the commencement of the Work performance until the completion of all tests, measurements and preliminary acceptance of the Work in accordance with Article 15 and the removal of any defects and backlogs identified during preliminary acceptance of the Work.

7 PRICE OF THE WORK

7.1 The Parties agree on the price of the Work (hereinafter referred to as the "**Price of the Work**") in the amount of

EUR [TO BE COMPLETED] excluding VAT
(in words: **[TO BE COMPLETED]** euros excluding value added tax).

7.2 The Price of the Work shall be the sum of all prices for the execution of the individual Stages, which the Contractor has filled into the Budget, which forms Annex 2 to the Contract. The price for the execution of the individual Stages indicated in the price table filled in by the Contractor in the Tender is as follows:

- a) the price for the execution of Stage K20 is EUR **[TO BE COMPLETED]** excluding VAT (hereinafter referred to as the "**Price of Stage K20**");
- b) the price for the execution of Stage K80 is EUR **[TO BE COMPLETED]** excluding VAT (hereinafter referred to as the "**Price of Stage K80**"); and
- c) the price for the execution of Stage K90 is EUR **[TO BE COMPLETED]** excluding VAT (hereinafter referred to as the "**Price of Stage K90**").

7.3 VAT will be added to the Price of the Work at the rate according to the Act No. 235/2004 Coll., on Value Added Tax ("VAT Act"), as amended. The Contractor shall be responsible for a proper assessment of the obligation to apply the reverse charge regime to construction and installation works in accordance with the provisions of Section 92e of the VAT Act. If reasonable doubts arise in this assessment as to whether such regime applies, the Contractor shall request a binding assessment from the tax administration for the application of the reverse charge regime in accordance with Section 92h of the VAT Act and shall communicate the result thereof to the Client. If VAT is incorrectly added by the Contractor to the Price of the Work and the tax administration denies the Client's right to deduct the tax from invoices received from the Contractor, the Contractor undertakes to issue a corrected tax document to the Client and to pay the incorrectly applied tax to the Client as well as interest on the delay assessed by the tax administration to the Contractor. For this purpose, the Client shall provide the Contractor with the payment order delivered by the tax administration. At the same time, the Contractor undertakes to provide the Client with all assistance in defending any claims for VAT deduction from invoices received for the performance of the Work.

7.4 If the Contractor does not have a VAT registration in the Czech Republic as of the date of signing this Contract and this fact changes after signing the Contract, the Contractor is obliged to inform the Client of this change without delay.

7.5 If the Contractor is not established for VAT purposes in the Czech Republic as of the date of signing of this Contract (i.e. does not have a registered seat or office for VAT purposes in the Czech Republic) and this fact changes after the signing of the Contract, the Contractor is obliged to inform the Client of this change without delay. The Contractor undertakes to keep the establishment of the office for VAT purposes in the Czech Republic duly and carefully monitored.

7.6 The Price of the Work, plus VAT if applicable, shall be agreed as a fixed price that is not to be increased, valid throughout the period of performance of the Work until its completion and handover, including all costs of the Contractor for the

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performance of the Work and the fulfilment of all obligations of the Contractor under this Contract, including the effects of changes in price levels and exchange rate differences. The Contractor confirms that the Price of the Work includes all works, services and deliveries necessary for the quality execution of the Work, all costs associated with the full and quality performance and completion of the Work and also includes all related costs not directly specified in the scope of the Work, such as: costs of coordination, transportation, installation, handover, commissioning, construction site equipment, operating expenses, costs for the preparation of the Project Documentation agreed in this Contract, costs for copyright, insurance, taxes (excluding VAT), duties, bank guarantees and any other expenses related to the execution of the subject-matter of the performance under this Contract. The Price of the Work may be changed only under the terms of this Contract.

- 7.7 The Price of the Work agreed upon in this Contract corresponds to the bid price submitted by the Contractor in the Tender, which was evaluated under the criterion of economic advantage in the tender procedure for the Public Contract in which the Contractor became the winning contractor. For the avoidance of any doubt, the Parties declare that the prices indicated in the Budget which the Contractor has completed as part of its Tender are only relevant in relation to the pricing of any additional work or cancelled work as far as the Price of the Work is concerned. The Price of the Work is therefore a fixed price. The Contractor declares that, prior to submitting the Tender, it checked the information in the Budget, verified the completeness and accuracy of the price calculations of its items, totals and recapitulative data, guarantees completeness and binding character of the Budget, and declares that the Price of the Work according to the Budget is correct and the Work (within the scope of this Contract) can be performed for that Price.
- 7.8 If, during the course of execution the Work, the Parties discover that the Contractor has made errors in calculations in the Budget supporting the amount of the Price of the Work and these errors, if not made, would have resulted in an increase in the Price of the Work, such errors cannot be corrected subsequently and the amount of the Price of the Work cannot be adjusted (increased). In such a case, the Parties shall proceed so that during the execution of the Work, the Contractor shall invoice the items in the Budget as shown in the Budget and shall correct the errors in the Budget by making a discount in the invoice. The sum of the invoiced amounts for the Work as a whole must correspond to the agreed Price of the Work.
- 7.9 **Approval and valuation of changes to the Work**
- 7.9.1 If there is a change in the subject-matter of the Work, the work associated with such a change shall be negotiated in accordance with Annex 3 to the Contract on the terms and conditions set forth in this Contract.
- 7.9.2 The calculation of the change in the Price of the Work shall be made in accordance with the items contained in the Budget. In the event the Budget does not contain such items, the items from the RTS Construction Price Lists at the current price level as of the closing date for the submission of tenders for the Public Contract specified in the Tender Documentation shall be used for the valuation. If the RTS Price Lists do not contain such items, the valuation will be carried out by individual calculation and submission of several quotations according to the market situation.
- 7.9.3 Work that is not performed by agreement of the Parties, although part of the agreed subject of performance, shall be deducted from the total Price of the Work, and the valuation of such work shall be in accordance with Article 7.9.2.

8 TERMS OF PAYMENT

- 8.1 The Price of the Work shall be paid on the basis of invoices issued by the Contractor to the Client, in stages according to the Milestones of the individual Stages specified in the Work Execution Time Schedule. Individual invoices will be issued (i.e., the entitlement to invoicing for a given Milestone arises) always after completion of the Milestones of the individual Stages and after written approval of the execution of these Milestones of the individual Stages by the Client for the amount specified for the given Milestone in the Work Execution Time Schedule. The Contractor may, at its discretion, issue an invoice containing multiple Milestones at the same time. For the purpose of approval of the execution of Milestones of the individual Stages, the Contractor is obliged to submit to the Client an inventory of performances and deliveries related to a given Milestone without undue delay after the completion of the given Milestone, and the Client is obliged to inspect the Milestone without undue delay; the approval shall include the specific works and deliveries carried out by the Contractor within the given Milestone. For the avoidance of any doubt, the Parties note that the execution of the Milestone approved by the Client does not confirm its faultlessness or completeness, which will be verified finally only during the handover of the Work.

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- 8.2 The due date of each tax document (invoice) is 30 calendar days from the date of its delivery to the Client, with the exception of the retention amount pursuant to Article 8.11. Tax documents (invoices) must be issued exclusively in electronic form in machine-readable pdf, isdoc or isdocx format and their content must comply with the relevant generally binding legal regulations. Tax documents and their attachments must be sent by the Contractor by electronic mail (email) to the electronic address <faktury@sko-energo.cz>. If the data (email) message to which the tax document is attached contains any text, regardless of whether it is inserted automatically (e.g., a so-called disclaimer), the text shall be disregarded and shall not produce any legal effects for either of the Parties.
- 8.3 The invoice shall be deemed delivered on the date on which the invoice is delivered to the Client's email address specified in Article 8.2. The date of payment of the invoice shall be deemed to be the date of debiting the relevant amount from the Client's account to the Contractor's account.
- 8.4 Each invoice of the Contractor must contain the name of the project: Modernizace technologie výroby tepla společnosti ŠKO-ENERGO, s.r.o., Contract designation: „Modernizace teplárny ŠKO-ENERGO – OB2 Kotelny“, and the application number: 7210200006. Each invoice must contain all the elements in compliance with the applicable legislation and billing rules according to Council Directive 2010/45/EU. Each invoice shall be accompanied by a copy of the Milestone execution for each Stage as specified in the Work Execution Time Schedule, approved by the Client or the Construction Supervisor (as described above).
- 8.5 If the invoice contains incorrect or incomplete data or details as specified in Article 8.4 or if such data is missing, the Client shall be entitled to return the invoice to the Contractor before the due date. Upon a justifiable returning of an invoice, the original maturity period of the invoice shall be interrupted. After the invoice has been corrected, the Contractor shall submit a new invoice to the Client with the due date specified in Article 8.2. If the Client discovers defects in the work performed before payment of the invoice, the Client is also entitled to return the invoice to the Contractor. After the defect has been corrected or the Contractor's liability for the defect has otherwise ceased, the Contractor shall submit a new invoice to the Client with the due date specified in Article 8.2.
- 8.6 The Client shall be entitled to refuse payment of an invoice if the Contractor (i) interrupts the performance of the Work in breach of this Contract, or (ii) performs the Work or any part thereof in breach of this Contract, or (iii) is in default of the execution of the Work compared to the Work Execution Time Schedule, until the impediment to payment has ceased to exist.
- 8.7 The Parties expressly agree that any invoices issued by the Contractor for the purpose of settling the Price of the Work (as well as any other invoices issued by the Contractor to the Client) shall not indicate as the bank account to which the invoiced amount is to be paid any bank account of the Contractor other than the bank account of the Contractor published by the tax authority in a manner allowing remote access. In the case of a bank account with a banking institution established outside of the Czech Republic, the Contractor is obliged to provide a confirmation issued by the bank of the account maintained in the Contractor's name before the first payment of an invoice.
- 8.8 The Parties agree that if the Contractor becomes an unreliable taxpayer under the VAT Act or requests payment for taxable performance to an account different to the account published by the tax administrator, or the Client has a justified suspicion that there may be other facts establishing liability of the recipient of the taxable performance listed in Section 109 of the VAT Act, the Client is entitled to apply a special method of securing the tax under Section 109a of the VAT Act. The Client as the recipient of the taxable performance shall pay a part of the consideration for the taxable performance corresponding to the amount of VAT directly to the locally and factually competent tax administration of the provider of the taxable performance, as a result of which the Client shall pay the Contractor only the amount corresponding to the tax base. The Contractor hereby acknowledges that the above-mentioned procedure fully fulfils the Contractor's obligation to pay the Price of the Work or the individual Stages.
- 8.9 The Parties expressly agree that Section 2611 of the Civil Code shall not be applied in this contractual relationship; the application of the provisions of that Section is expressly excluded by the Parties.
- 8.10 **Date of the taxable performance for VAT purposes**
- 8.10.1 The Parties have expressly agreed that invoicing will be done sequentially according to the completed Milestones of the Stages listed in the Work Execution Time Schedule, whereby the Contractor may invoice according to individual Milestones or combine invoicing of several Milestones together. The Parties have expressly agreed that for VAT purposes they agree on partial transactions in accordance with the provisions of Section 21(7) of the VAT Act and Article

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64 of Directive 2006/112/EC on the common system of value added tax, where the partial period will correspond to one Milestone or several Milestones of a Stage if the Contractor invoices several Milestones at the same time. These sub-transactions shall be deemed to have been carried out for VAT purposes on the date of issue of the tax invoice for the Milestone or Milestones carried out.

- 8.10.2 For the avoidance of doubt, the Parties further agree that the date of the taxable performance shall also be the date of acceptance of the Work or part thereof. In this case, part of the Work means the individual Stages K20, K80 and K90. The date of acceptance of a part of the Work shall be the date of signing of the protocol of preliminary acceptance of the Stage in accordance with Article 15.7.5.
- 8.10.3 The Contractor shall, at the Client's request, disclose the current status of open accounting items arising from mutual business dealings that are contained in the Contractor's accounting records as of the relevant date and, if necessary, clarify and reconcile discrepancies with the status contained in the Client's accounting records. As a rule, the Client sends the Contractor a confirmation of the status of the open accounting entries contained in the accounts, which is based solely on the accounting records and has no relevance for the assertion of any claims, no legal consequences can be derived from it and, in particular, it can in no case be used as an acknowledgement of debt.

8.11 Retention amount

- 8.11.1 The Client shall pay individual invoices issued according to the Milestones of the individual Stages listed in the Work Execution Time Schedule up to 90 % of the price of the individual Stages exclusive of VAT as set out in Article 7.2, i.e., up to 90 % of the Price of Stage K20, 90 % of the Price of Stage K80 and 90 % of the Price of Stage K90 and VAT in corresponding amount. The remaining 10 % of the individual prices for the Stages, i.e., of the Price of Stage K20, the Price of Stage K80 and the Price of Stage K90 and corresponding part of VAT, shall constitute a retention amount of the Price of the Work. The retention amount of 10 % of the price of each individual Stage, and corresponding part of VAT, shall be paid to the Contractor (or the remaining balance thereof, if it has been drawn and such balance exists) by the Client within six (6) months after (i) the preliminary acceptance of the Work in accordance with Article 15.7 after signing of the protocol by both Parties, and (ii) after the elimination of any defects and backlogs resulting from the acceptance procedure and relating to the relevant Stage.
- 8.11.2 The retention amount serves as security for all claims of the Client against the Contractor arising out of or in connection with this Contract, in particular for liability for defects in the Work (including defects covered by the warranty), contractual penalties and compensation for damage, including claims arising out of failure to perform or delayed performance of the Work or its individual Stages. The Client is always entitled to use the value of the retention only after the Contractor has failed to fulfil an obligation or duty under the Contract, and no court ruling or decision of other similar authority is required to use the retention amount.
- 8.11.3 The Parties expressly agree that, if the competent court finds the Contractor bankrupt within the meaning of Act No. 182/2006 Coll., on bankruptcy and methods of its resolution (the Insolvency Act), as amended, the unreleased portion of the retention amount shall become a discount provided by the Contractor on the Price of the Work.

9 CONSTRUCTION SITE

- 9.1 The Client shall hand over the construction site to the Contractor in relation to the individual Stages separately according to the dates specified in the Work Execution Time Schedule. The handover of the construction site shall take place at the Site of the Work. A separate construction site is provided for each Stage. The Contractor is obliged to appear at the Client's request to take over the construction site and provide all necessary assistance in this respect. A report or a record in the Construction Log will be drawn up between the Parties regarding the handover of the construction site in relation to each Stage.
- 9.2 The Contractor shall prepare project documentation for the equipment of the construction site in relation to each individual Stage (indicating the dimensions of all mobile cabins, storage areas, sanitary facilities, roads, parking and access areas, etc.) with the identification of the connection points for the implementation of each Stage.
- 9.3 The Contractor shall build at its own expense the construction site facilities to the extent necessary for the execution of the respective Stage according to the Contract and shall operate and provide security for those facilities throughout the performance of that Stage at its own expense. The Client shall not be held liable in any way for loss, theft, destruction or damage to any items on the construction site. The Contractor is obliged to secure the construction site against

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unauthorised access. The Contractor is obliged to ensure proper marking of the construction site throughout the implementation of each Stage in accordance with the Tender Documentation, legal regulations or other requirements of public authorities. The Contractor is entitled to use the construction site area exclusively for the purposes of the implementation of the Work, or its individual Stages, according to this Contract. The Contractor shall procure at its own expense all clearances and all permits required for its activities. The Contractor is obliged to allow the Client and the Construction Supervisor access to the construction site in its entirety, without restriction at all times until the handover of each Stage and then until the construction site is cleared.

- 9.4 The Contractor is obliged to keep the construction site and the Work clean and tidy, free of waste and material residues. Throughout the execution of each Stage, the Contractor shall be obliged to clean the construction site properly, remove all excess obstructions, handle and store its equipment and stored materials in such a way that they do not interfere with the execution of deliveries, activities and works, and regularly remove from the construction site all waste and temporary structures that are not strictly necessary for the execution of the particular Stage. When handling waste, the Contractor is obliged to comply with the provisions of the Waste Act and its implementing regulations. The Contractor is obliged to provide the Construction Supervisor with evidence of the disposal of waste generated by the construction work on the Work in accordance with the relevant legal regulations.
- 9.5 The Contractor shall carry out its own investigations and surveys to ascertain information, particularly on geological conditions, soil contamination, the condition of existing structures and other construction site characteristics at its own expense.
- 9.6 The Contractor is obliged to clear the construction site in relation to each Stage separately according to the dates specified in the Work Execution Time Schedule, including all temporary facilities and equipment forming the construction site; as part of the construction site clearance, the Contractor is obliged to remove any damage and environmental burdens at its own expense. When clearing the construction site, the Contractor is obliged to restore the surrounding areas to the condition they were in before the commencement of the particular Stage. In the event of a breach of this obligation, the Contractor shall be obliged to pay to the Client the contractual penalty specified in Article 18.2

10 CONSTRUCTION LOG

- 10.1 The Contractor is obliged to keep a Construction Log for each individual Stage separately from the date of the construction site acceptance and in accordance with all relevant generally binding legal regulations. The Contractor's obligation to keep a Construction Log for a given Stage ends with the bilateral signing of the report on preliminary acceptance of the Stage in accordance with Article 15.7; the Contractor is obliged to hand over the Construction Log to the Client in the framework of the acceptance procedure of the given Stage.
- 10.2 Entries into the Construction Log shall be made legibly and signed by the Construction Manager on the day when the respective work was carried out or the circumstances that are the subject of the entry occurred. In addition to the Construction Manager, the Client, the Construction Supervisor, other representatives of the Parties authorised to do so and state supervision authorities may make the necessary entries in the Construction Log.
- 10.3 The Contractor is obliged to ensure that the Construction Log is kept in a secure place on the construction site at all times until the handover of the relevant Stage, and to allow access to the Construction Log at all times to all persons authorised to make entries in the Construction Log.
- 10.4 The Client and the Construction Supervisor are entitled to check the contents of the Contractor's Construction Log and shall confirm the check with their signatures at least once a week and attach their opinion to the entries. If the Contractor disagrees with an entry in the Construction Log, the Contractor must add its opinion to the entry within three working days at the latest. An entry in the Construction Log cannot change the contents of this Contract.

11 CONSTRUCTION SUPERVISOR

- 11.1 The Client
- a) shall notify the Contractor of the person the Client appoints as the Construction Supervisor well in advance before the commencement of the implementation of a particular Stage;

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- b) authorises AFRY CZ s.r.o., with its registered office at Magistrů 1275/13, Michle, 140 00 Prague 4, Company ID No.: 45306605, incorporated in the Commercial Register maintained by the Municipal Court in Prague, File No. C 8073, to carry out the author's supervision (hereinafter referred to as the "**Author's Supervisor**");
 - c) shall notify the Contractor of the person the Client appoints to act as the coordinator of occupational health and safety and fire protection on the construction site well in advance of the commencement of the implementation of a particular Stage (hereinafter referred to as the "**OHS and Fire Protection Coordinator**");
 - d) authorises AFRY CZ s.r.o., with its registered office at Magistrů 1275/13, Michle, 140 00 Prague 4, Company ID No.: 45306605, incorporated in the Commercial Register kept by the Municipal Court in Prague, File No. C 8073, to carry out the job of general designer (hereinafter referred to as the "**Designer**"); the Designer shall provide design and administrative and legislative activities in the field of construction and technological units and management, control, inspection and coordination activities during the implementation of the refurbishment of the Heating Plant on the basis of boundary conditions and functionality of individual works carried out by other contractors pertaining to the refurbishment of the Heating Plant in relation to each other; and
 - e) shall notify the Contractor of the person the Client appoints as the Project Manager well in advance before the commencement of the implementation of a particular Stage.
- 11.2 The Client, the Construction Supervisor, the Author's Supervisor, the OHS and Fire Protection Coordinator, the General Designer and the Project Manager or persons duly authorised by them shall have the right to inspect the execution of the Work at any time. If parts of the Work are prepared at a location other than the Site of the Work, the Client, the Construction Supervisor, the Author's Supervisor, the OHS and Fire Protection Coordinator, the General Designer and the Project Manager or persons duly authorised by them shall have access to such parts of the Work at any time during any stage of their execution.
- 11.3 If the Work is required to undergo special tests, inspections or approvals under this Contract, if required by the Construction Supervisor, or if such a requirement arises from standards, laws, decrees or regulations in force at the Site of the Work, the Contractor shall provide the Construction Supervisor with timely information about the performance of such tests, inspections or approvals. The Contractor is obliged to arrange for tests, inspections or approvals by the relevant authorities or bodies and to notify the Construction Supervisor in writing in due time of the place and time of their taking place. The Construction Supervisor shall continuously inspect the execution of the Work and the application of procedures, including records thereof, in particular the Contractor's records of the performance of initial, intermediate and final inspections, without being responsible for the performance of any of the Contractor's obligations.
- 11.4 If the Contractor, itself or through someone else, hides or conceals any part of the Work which has been designated for special tests, inspections or approval prior to its execution, commissioning or completion, the Contractor shall, at the direction of the Construction Supervisor, uncover or otherwise make available such part of the Work and allow it to be subjected to the designated tests, inspections or approval procedures, have them satisfactorily performed and completed, and return and restore such part of the Work to its proper condition at its own expense.
- 11.5 The Client is entitled to instruct special tests to be carried out on any part of the Work if it is concluded that such part of the Work does not conform to the Contract. If the tests confirm the Client's conclusions, the Contractor shall be obliged to repair that part of the Work at its own expense and to pay the costs associated with the test. Otherwise, the Client shall pay the costs associated with the performance of such test.
- 11.6 The Construction Supervisor shall be entitled to represent the Client during the execution of the Work until completion of any modifications or correction of defects in accordance with the relevant provisions of this Contract regarding the Contractor's liability for defects and the provision of warranties. The Client's instructions will be transmitted to the Contractor through the Construction Supervisor.
- 11.7 The Construction Supervisor shall supervise the quality and quantity compliance of the Work (its proposed shape, material, technological and colour design) with this Contract, but shall not be responsible for, or in charge of, the use of construction means, methods, techniques and technological procedures, and shall not be responsible for compliance with the occupational safety required for the Work by the relevant legislation and other regulations or usual construction procedures.

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- 11.8 Neither the Construction Supervisor's right to act nor any decision by the Construction Supervisor to act or not to act shall give rise to any obligation or liability on the part of the Construction Supervisor to the Contractor, its subcontractors, their representatives, or any other person performing any activity in connection with the Work.
- 11.9 In particular, the Construction Supervisor shall carry out inspections of the execution of the Work and the individual Stages in order to determine the dates of performance in accordance with the Work Execution Time Schedule and the handover of the Work and the individual Stages in accordance with the terms of this Contract.
- 11.10 The Construction Supervisor shall not be authorised by virtue of his/her position to alter or approve any changes to the scope, contract prices, dates or any other provisions of this Contract.

12 OBLIGATIONS OF THE CONTRACTOR

- 12.1 The Contractor is obliged to allow the Construction Supervisor to perform operational inspections of the Work. The same obligations of the Contractor apply to the performance of the jobs of the Author's Supervisor, the OHS and Fire Protection Coordinator, the General Designer and the Project Manager.
- 12.2 The Contractor is obliged to ensure the coordination and cooperation of subcontractors and other participants so as not to disrupt the smooth execution of the Work according to the Work Execution Time Schedule.
- 12.3 The Contractor shall make its own investigation of the connection points and technological continuities between the Heating Plant and other projects related to the refurbishment of the Heating Plant carried out by other contractors, as there is technical and functional dependence and interconnection between the performance under this Contract and other projects related to the refurbishment of the Heating Plant carried out by other contractors.
- 12.4 For the individual Stages that require the preparation of production documentation, the Contractor is obliged to submit the documentation to the Client for approval before commencing work on these Stages and to submit the approved documentation in three (3) copies to the Client.
- 12.5 The Contractor shall prepare a quality plan for the Work in accordance with ČSN ISO 10005, the schedule and scope of which is described in Technical Requirements A7, "Requirements for Documentation", of the Tender Documentation, which are part of Annex 1 to the Contract. The Contractor shall perform quality control of the Work in accordance with that plan. The quality plan will include an inspection and test plan, a test schedule and a documentary part.
- 12.6 The Contractor shall train all of the Client's operating personnel assigned to the future operation of the Work so that the Client's personnel are theoretically and practically prepared to manage, operate and maintain all parts of the Work. All training will be conducted in the Czech language; the Contractor will provide translation into Czech at its own expense if necessary.
- 12.7 The Contractor is obliged to meet all the deadlines agreed upon with the Client during the execution of individual Stages in the Construction Log, in the minutes of inspection days, in the Work Execution Time Schedule or in other written documents drawn up between the Contractor and the Client; the deadlines specified in this Contract and in the Work Execution Time Schedule cannot be changed in this way. Failure to meet the deadlines so agreed between the Client and the Contractor shall be subject to a penalty by the Client in accordance with Article 18.2.
- 12.8 The Contractor is obliged to ensure occupational health and safety during the execution of the Work, to respect Act No. 309/2006 Coll., as amended, and Government Regulation No. 591/2006 Coll., as amended, and to allow the Client's OHS and Fire Protection Coordinator to do his/her job. Failure of the Contractor to comply with the obligations related to this provision shall be subject to a penalty by the Client in accordance with Article 18.2.
- 12.9 The Contractor undertakes to have the necessary number of sufficiently qualified personnel, both in-house and with subcontractors, throughout the execution of the Work. For work procedures and technologies where special materials will be used or where special expertise or skills are required for their application, the Contractor shall, at the Client's request, provide proof of the professional competence of the workers (copy of the proof of training of the workers by an authorised organization) before commencing such work.
- 12.10 Throughout the performance of this Contract, the Contractor is obliged to respect industrial and intellectual property rights that could be affected in connection with the performance of this Contract and is fully responsible for settling any claims

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of third parties that could be raised in this context. The Contractor is obliged to ensure the appropriate legal protection of these rights also in contractual legal relations with its subcontractors.

- 12.11 The Contractor is aware that, according to Section 2(e) of Act No. 320/2001 Coll., on financial inspection in public administration, as amended, it is an entity obliged to cooperate in the performance of financial inspection. The Contractor undertakes to provide the necessary cooperation in the performance of financial inspection and to allow access to the necessary documents, including contracts and related documents, which are subject to protection under special legislation (e.g., trade secrets and classified information), provided that the requirements of the relevant legislation are met, throughout the implementation of the Work and at least until the expiry of the warranty period agreed in this Contract. The Contractor undertakes to ensure the same conditions of cooperation in the performance of financial inspection in the case of its subcontractors.
- 12.12 The Contractor is obliged to keep all documentation related to the execution of the Work under this Contract at least until the expiry of the warranty period under this Contract. The Client, its delegated entities and inspection authorities shall have access to these documents on request. The Contractor undertakes to ensure the same conditions on the part of any subcontractors.
- 12.13 The Contractor agrees that, for the purpose of documenting the progress of the Work, photo documentation may be taken by the Client. The Contractor hereby undertakes to inform its employees and other contractors who will be on the construction site of this.
- 12.14 The Contractor is obliged to ensure coordination and cooperation with other contractors providing the refurbishment of the Heating Plant within the scope of this Contract. The Contractor is obliged, among other things, to keep such other contractors who are involved in the refurbishment of the Heating Plant informed and accept from them all input data and information necessary for the execution of the Work.
- 12.15 The Contractor is required to list any deviations from the requirements of the Tender Documentation in Annex 6 to the Contract and of the Budget in column H titled as "Notes", which forms Annex 2 to the Contract.

13 INSURANCE

- 13.1 Before commencing any performance under this Contract, the Client, as the policyholder, is obliged to insure the Work (the construction, technological equipment, materials and documentation) and the Contractor, as the insured, against all insurable risks for the entire period of performance of the Work up to the date of handover and acceptance of all individual Stages, at an amount equal to the Price of the Work. The Client is obliged to submit the insurance documents to the Contractor within 30 days before the date of handover and acceptance of the construction site.
- 13.2 The Contractor shall confirm that it has read the submitted insurance documents and that it will comply with the terms and conditions stated therein, especially those relating to safety and fire protection measures.
- 13.3 The Contractor or subcontractor shall be held liable for any failure to comply with the terms and conditions if this affects insurance claims (in particular the settlement of damages and payment/non-payment of claims).
- 13.4 The cost of insurance shall be borne by the Client. The Contractor and subcontractors shall be entitled to take out any insurance related to the execution of the Work beyond the insurance mentioned above; however, the premiums for such insurance shall not be part of the Price of the Work and shall be at the expense of the Contractor or its subcontractors.
- 13.5 In the case of an insured event, all actions towards the insurer are taken by the Client in cooperation with the Contractor, who is obliged to inform the Client of all facts related to the insured event. The Parties are obliged to provide each other with all cooperation in connection with the insured event during the period of its settlement. The foregoing does not relieve the Contractor from the responsibilities and obligations imposed on it by this Contract.
- 13.6 The Contractor declares that it has arranged business liability insurance covering damage to property and health in the amount of at least CZK 50,000,000 (or at least EUR 2,000,000) and undertakes to maintain that insurance throughout the performance of the Contract. The Contractor is obliged to provide the Client with proof of such insurance no later than 30 days after the signing of the Contract.
- 13.7 Violation of any of the above obligations shall be subject to a penalty by the Client in accordance with Article 18.2.

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14 BANK GUARANTEE

14.1 Bank guarantee for the warranty period

- 14.1.1 The Contractor shall provide the Client, no later than on the date of commencement of the preliminary acceptance of the individual Stages according to Article 15.7, as a guarantee for the fulfilment of the Contractor's obligations under its liability for defects for the entire duration of the so-called "base warranty period" as specified in Article 17.1, in relation to each individual Stage, bank guarantees in the amount of 5 % of the price of each Stage, i.e., one bank guarantee in the amount of 5 % of the Price of Stage K20, one bank guarantee in the amount of 5 % of the Price of Stage K80 and one bank guarantee in the amount of 5 % of the Price of Stage K90. The individual bank guarantees will be issued by an exceptional international or selected domestic bank (financial institution) with the appropriate authorisation approved by the Client. The bank guarantees shall be irrevocable, unconditional and payable on first demand. The Client shall be entitled to exercise its rights under the individual bank guarantees relating to a given Stage in the event of non-performance of the Contractor's obligations under this Contract relating to the specific Stage to which the said bank guarantee relates. In such a case, the Client shall call in writing on the bank that issued the bank guarantee to fulfil its obligations under the bank guarantee, stating in the call the amount of its claim against the Contractor secured in this way. The bank that issued the bank guarantee is not entitled to object to the Client with regard to the bank's obligations under the bank guarantee.
- 14.1.2 The validity of the individual bank guarantees referred to in Article 14.1.1 shall be for a period of at least two (2) years after (i) the preliminary acceptance of each Stage pursuant to Article 15.7, or the signing of the report on preliminary acceptance of the Stage by both Parties; or (ii) the elimination of any defects and backlogs arising from the acceptance procedure and relating to the Stage, whichever occurs later. However, the bank guarantees for the individual Stages must be valid at least until the final acceptance of the respective Stage to which the bank guarantee relates in accordance with Article 15.9; therefore, in the event of an extension of the guarantee period in accordance with Article 17.2, the bank guarantee must also be extended by at least the period for which the guarantee period does not run in accordance with the aforementioned Article. The bank guarantees for the individual Stages shall be released in full by the Client upon final acceptance of the relevant Stage to which the bank guarantee is linked, as per Article 15.9, or upon the signing of the report on final acceptance of the relevant Stage by both Parties.

15 TESTS, TESTING OF THE WORK OPERATION, GUARANTEE MEASUREMENT AND ACCEPTANCE OF THE WORK

- 15.1 The Contractor shall prepare and hand over to the Client a draft inspection and test plan separately in relation to each Stage, separately for the production phase, separately for the delivery phase and separately for the installation phase, no later than two (2) months before the commencement of the execution of a specific Stage according to the Work Execution Time Schedule. The Client is obliged to approve the submitted drafts within one (1) month after their submission or to inform the Contractor of the reasons for not approving them. If the Client does not approve the drafts, the Contractor shall be obliged to rework them in accordance with the Client's requirements. Failure to approve the draft inspection and test plan or test schedule shall not be a reason for extending the time limit for the execution of the Work or its individual Stages.
- 15.2 In particular, the Client or its authorised person shall have the right to attend (i) acceptance of the selected manufactured equipment prior to its shipment, (ii) construction tests, (iii) construction site acceptance, (iv) tests of properly executed installation, and (v) operational tests, as further defined in Article 4 of Technical Requirements A5, "Acceptance Procedures", of the Tender Documentation, which are part of Annex 1 to the Contract. If the results of the test, acceptance or inspection do not meet the Client's requirements, the Contractor shall make appropriate adjustments to the equipment and repeat the test at its own expense.
- 15.3 **Completion of installation and individual tests**
- 15.3.1 Upon completion of the installation of each Stage, the necessary functional tests specified in Article 4.4 of Technical Requirements A5, "Acceptance Procedures", of the Tender Documentation, which are part of Annex 1 to the Contract, shall be carried out separately in relation to that particular Stage, taking into account the special characteristics of the equipment, in accordance with the principles set out in the Technical Specifications, and on the date specified in the Work Execution Time Schedule. Upon successful completion of the installation of a particular Stage, the Parties shall draw up a report on the completion of the installation of that Stage. Each Party shall receive one (1) counterpart of the report.

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15.4 Comprehensive testing and comprehensive test

- 15.4.1 After the completion of the individual tests of each Stage according to Article 15.3.1, the preparation for the comprehensive testing of the given Stage will begin, in the framework of which the Contractor will perform the tuning and testing of the specific Stage in operation and successful functional tests of the given Stage will be performed in accordance with the test schedule approved by the Client. Preparation for comprehensive testing means the inspections and tests defined in more detail in Article 5.1 of Technical Requirements A5, "Acceptance Procedures", of the Tender Documentation, which are part of Annex 1 to the Contract and are carried out in order to commission the equipment of individual functional units and individual operational units in stages up to the commissioning of the entire Stage or the entire Work. The Parties shall draw up a report on the completion of the preparation for the comprehensive testing of each Stage. Each Party shall receive one (1) counterpart of the report.
- 15.4.2 The Contractor shall carry out a comprehensive testing of each Stage as further defined in Article 5.2.1 of Technical Requirements A5, "Acceptance Procedures", of the Tender Documentation, which are part of Annex 1 to the Contract. The maximum duration of a comprehensive test of a given Stage is 30 calendar days. For a comprehensive test of the Stage, the block equipment will be activated and operated with the appropriate systems and utilities. In the event of a successful completion of the comprehensive testing of a given Stage, a report on the comprehensive testing of the respective Stage will be drawn up and signed by both Parties. Each Party shall receive one (1) counterpart of the report.
- 15.4.3 The Contractor shall carry out a comprehensive test of each Stage according to the requirements given in Article 5.2.2 of Technical Requirements A5, "Acceptance Procedures", of the Tender Documentation, which are part of Annex 1 to the Contract. The comprehensive test of a given Stage shall be carried out by the Client's trained personnel under the Contractor's continuous supervision based on the Client's requirements so as to demonstrate the functional capability of the Work, or its Stage, and the capability of continuous operation of the Stage, or the Work. As part of the comprehensive test of the Stage, a preliminary measurement of the guaranteed parameters will be carried out for those values that can be measured by operating measurements. In the event of major non-compliance with the guaranteed parameters where measurement error and measurement tolerances can be excluded, the Contractor shall ensure a remedy and the comprehensive test of the Stage shall be repeated. The total time for the comprehensive test of the Stage in question shall be a minimum of 72 hours and, in the event of a successful outcome, a report on the complete test of the relevant Stage shall be drawn up and signed by both Parties. Each Party shall receive one (1) counterpart of the report.

15.5 Trial operation

- 15.5.1 The trial operation according to the Work Execution Time Schedule will be carried out by the Client's personnel under the supervision of the Contractor always for the respective Stage of the Work being commissioned, i.e., Stage K20, Stage K80 and Stage K90. The trial operation of the given Stage will be carried out fully according to the Client's needs in accordance with the operating regulations and in the full range of the set operating parameters. The duration of the trial operation is 30 days. As part of the trial operation of each Stage, a preliminary measurement of the guaranteed parameters will be carried out for those values that can be measured by operating measurements. In the event of an unsuccessful evaluation of the trial operation of the relevant Stage, the Contractor will be invited to remedy the situation, and the functional characteristics of the Stage that were not fulfilled in the previous trial operation will be retested. After the successful completion of the trial operation of the respective Stage, a report on the successful completion of the trial operation of the Stage will be issued and signed by both Parties. Each Party shall receive one (1) counterpart of the report.

15.6 Guarantee measurement A

- 15.6.1 As part of the guarantee measurement, the Contractor shall provide guarantee measurement of test A and guarantee measurement of test B for the respective Stage of the Work as further defined in Technical Requirements A6, "Guaranteed Values", of the Tender Documentation, which are part of Annex 1 to the Contract. Guarantee test A will be performed after the completion of the trial operation of the Stage referred to in Article 15.5 and guarantee test B will be performed before the expiry of the base warranty period of the Stage referred to in Article 17.1.
- 15.6.2 To complete the guarantee tests for the relevant Stage, the Contractor shall procure the services of a qualified independent accredited testing company to carry out the guarantee tests to demonstrate compliance with the guaranteed values in Technical Requirements A6, "Guaranteed Values", of the Tender Documentation, which are part of Annex 1 to the Contract, in relation to the relevant Stage. The selection and appointment of the testing company is subject to approval by the Client.

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- 15.6.3 In the event the guaranteed parameters are not achieved during guarantee test A, the Contractor shall be obliged to repair the relevant Stage at its own expense and to repeat guarantee test A in relation to that Stage. The testing company shall issue a preliminary report on the passing or failing of guarantee test A for the given Stage, which shall be signed by both Parties. Each Party shall receive one (1) counterpart of the report. The final report on guarantee test A for the given Stage must be issued within 14 days of the issuance of the preliminary report on guarantee test A.
- 15.7 **Preliminary acceptance of the Work**
- 15.7.1 Preliminary handover and acceptance of the Work, or its individual Stages, takes place as a procedure, the subject-matter of which is an examination of the actual condition of the completed Stage, at the construction site in the presence of the Construction Supervisor, the Client and the Contractor or persons authorised by them in writing.
- 15.7.2 Preliminary acceptance of the Work will be carried out in individual Stages, i.e., separately in relation to Stage K20, Stage K80 and Stage K90. The Contractor is entitled to invite the Client to preliminarily accept the relevant Stage only if:
- a) the trial operation of the relevant Stage according to Article 15.5 and guarantee test A of the relevant Stage according to Article 15.6 have been successful, i.e., on the basis of the confirmed preliminary report on guarantee test A of the relevant Stage according to Article 15.6.3;
 - b) the spare parts and fast-wearing parts for the relevant Stage as specified in the Technical Requirements set out in Annex A7, "Requirements for Documentation", of the Tender Documentation, which are part of Annex 1 to the Contract, have been supplied; and
 - c) the Project Documentation for the relevant Stage has been submitted to the Client.
- 15.7.3 The Contractor is obliged to hand over to the Client at the acceptance procedure of the respective Stage all necessary documents at least in triplicate (original + 2 copies), unless they have been submitted earlier, in particular the following:
- a) the bank guarantee according to Article 14.1;
 - b) evidence of the disposal of waste generated by the construction works on the relevant Stage in accordance with the Waste Act and its implementing regulations;
 - c) records and reports concerning all prescribed tests of the relevant Stage according to Article 15;
 - d) geodetic survey of the completed Stage and a survey sketch;
 - e) warranty certificates and operating manuals for the equipment supplied;
 - f) evidence of other prescribed tests, attestations, certificates, declarations of conformity for the materials and products used in the relevant Stage;
 - g) a properly maintained Construction Log;
 - h) regulations concerning individual technical equipment in electronic and printed form and evidence of operator training;
 - i) reports and documents required by the relevant administrative decisions relating to the relevant Stage;
 - j) the Operation and Maintenance Manual (i.e., including handling, operating and maintenance schedules and documentation) for the relevant Stage; and
 - k) other documentation to be submitted by the Contractor to the Client upon handover of the Work in accordance with this Contract and Technical Requirements A1 to A13 of the Tender Documentation, which form Annex 1 to the Contract.
- 15.7.4 The Client is not obliged to accept the relevant Stage if any of the parts of the handover documentation referred to in Article 15.7.3 are missing.
- 15.7.5 A preliminary acceptance report signed by both Parties shall be issued for the preliminary acceptance of the relevant Stage. Each Party shall receive one (1) counterpart of the report. Section 2609 of the Civil Code shall not be applied in this contractual relationship; the application of the provisions of that Section is expressly excluded by the Parties. After the preliminary acceptance of the Stage, the period of operation during the base warranty period, as further defined in

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Article 17.1, and the period of the extended warranty period, as defined in Article 17.1, begins. The report on preliminary handover and acceptance of the Stage shall include, in particular:

- a) the Stage designation;
- b) designation of the Client and the Contractor and the date of conclusion of the Contract;
- c) the commencement and completion of work on the Stage under construction;
- d) the Client's declaration of acceptance of the relevant Stage;
- e) the date and place of drafting the report;
- f) the names and signatures of the Contractor's and Client's representatives authorised to hand over and accept the Stage;
- g) a list of documentation handed over;
- h) an inventory of costs from the start to the completion of the Stage;
- i) the deadline for clearing the construction site of the respective Stage;
- j) the date of commencement of the base warranty period according to Article 17.1 relating to the relevant Stage and the date of the extended warranty period according to Article 17.1 relating to the relevant Stage;
- k) the date for guarantee test B of the Stage and final acceptance of the Stage; and
- l) a list of any defects and backlogs with a time limit for their removal, which must be before the expiration of the base warranty period according to Article 17.1.

15.7.6 If the Client accepts the relevant Stage with minor defects and backlogs, these minor defects and backlogs will be listed in the report on preliminary handover and acceptance of the relevant Stage. In that case, the Contractor undertakes to remedy these minor defects and backlogs within the time limit agreed upon in the report on preliminary handover and acceptance of the respective Stage, and if no time limit is agreed upon in the report, then within 20 working days after the report on preliminary handover and acceptance of the respective Stage is drawn up. Failure of the Contractor to comply with the obligations related to this provision shall be subject to a penalty by the Client in accordance with Article 18.2 of the Contract.

15.8 Guarantee measurement B

15.8.1 Guarantee measurement B of the relevant Stage of the Work shall be carried out before the expiry of the base warranty period of the relevant Stage pursuant to Article 17.1 (regardless of any extension of the base warranty period) on the date specified in the report on preliminary handover and acceptance of the respective Stage of the Work pursuant to Article 17.5 above. As part of the guarantee measurement, the Contractor shall provide guarantee measurement of test B as further defined in Technical Requirements A6, "Guaranteed Values", of the Tender Documentation, which are part of Annex 1 to the Contract. The same conditions apply for guarantee test B as for guarantee test A; therefore, Article 15.6 shall apply to guarantee measurement B mutatis mutandis.

15.9 Final acceptance of the Stage

15.9.1 Final acceptance of the relevant Stage shall occur after:

- a) the expiry of the base warranty period applicable to the relevant Stage according to Article 17.1;
- b) a successful completion of guarantee measurement A of the relevant Stage according to Article 15.6;
- c) a successful completion of guarantee measurement B of the relevant Stage according to Article 15.8; and
- d) the Contractor has eliminated all defects and backlogs of the Stage in question, which have been included in the report on preliminary handover and acceptance of the respective Stage according to Article 15.7.5.

15.9.2 The final acceptance of the respective Stage shall be recorded in a report drafted by both Parties. Article 15.7.5 shall apply mutatis mutandis. Each Party shall receive one (1) counterpart of the report. Section 2609 of the Civil Code shall not be applied in this contractual relationship; the application of the provisions of that Section is expressly excluded by the Parties.

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16 TITLE, RISK OF DAMAGE

- 16.1 The Client is the owner of the Work, and each respective Stage, the execution of which is the subject-matter of this Contract, from the beginning.
- 16.2 After the construction site is handed over to the Contractor for the execution of the relevant Stage under this Contract, the risk of damage to the property (Stage) and for damage caused by its operation shall pass to the Contractor until the Client is handed the construction site back over or until the moment of preliminary acceptance of the relevant Stage by the Client under this Contract, whichever occurs later. Likewise, the Contractor shall bear the risk of damage and loss to all materials, substances and equipment used and employed in the execution of the Work.

17 WORK WARRANTY AND LIABILITY FOR DEFECTS

- 17.1 The Contractor shall provide the Client with a warranty for the entire Work and the individual Stages. The Contractor provides the Client with a base warranty period of 24 months for the individual components and the boilers delivered. The Contractor provides the Client with an extended warranty period of 60 months for the construction and installation works.
- 17.2 The warranty period shall commence in relation to the relevant Stage at the preliminary acceptance of that Stage in accordance with Article 15.7. The warranty period shall be extended by the time necessary to remedy any defects and backlogs that the Stage had at the time of preliminary acceptance of the relevant Stage according to Article 15.7.5. The warranty period does not run for the period during which the Client could not use the Stage or a part thereof according to this Contract due to defects of the Work for which the Contractor is responsible.
- 17.3 During the warranty period, the Contractor shall be responsible for the quality and operability of the Work, and its Stages, and shall ensure that the Work will have the characteristics set out in this Contract and will be fit for use for the agreed purpose and that the Work will retain the agreed upon, otherwise usual characteristics for the agreed warranty period. The Contractor is liable for defects detected during the warranty period. The costs of solving and eliminating the claimed defects of the Work shall be borne by the Contractor.
- 17.4 In the event of a breach of the Contractor's obligations arising from liability for defects during the warranty period, the Client shall be entitled to demand a contractual penalty according to Article 18.2 and at the same time to ensure the fulfilment of these obligations by a third party and to reimburse the costs incurred by the Client from the bank guarantee provided by the Contractor according to Article 14.1.
- 17.5 The Contractor shall not be held liable for defects in the Work if such defects have been caused:
- a) by using items handed over to the Contractor by the Client in the event that the Contractor, even with the exercise of due professional care, could not have detected the unsuitability of these items, or warned the Client of their unsuitability and the Client nevertheless insisted on their use;
 - b) by following inappropriate instructions given to the Contractor by the Client if the Contractor warned the Client in writing of the inappropriateness of those instructions and the Client insisted on them, or if the Contractor could not have discovered the inappropriateness even with the exercise of due professional care;
 - c) by failure of the Client to comply with the instructions in the Operation and Maintenance Manual; or
 - d) by force majeure.
- 17.6 However, the Contractor shall be held liable for defects in the Work caused by the Client as a result of improper use of the Work if the Contractor has not specified in the Operation and Maintenance Manual the appropriate measures to be followed by the Client, provided that the Contractor could have foreseen such measures by exercising due professional care.
- 17.7 For those parts of the Work that have been repaired by the Contractor as a result of a justified complaint by the Client, by replacing them with new parts, the warranty period starts again on the date of completion and handover of the respective object of the complaint to the Client.
- 17.8 **Complaints**
- 17.8.1 The Client is obliged to complain in writing to the Contractor about defects without undue delay after their discovery. The Client shall send any such notification of defects (complaint) to the address of the Contractor specified in the header of

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this Contract. A written complaint shall also be deemed to be a notification of defects sent by email to the Contractor's email address listed below. In the case of emergency defects, it is sufficient for the Client to notify the Contractor verbally of the occurrence of such defect to the Contractor's telephone number listed below. The Contractor is obliged to ensure that the Client has the Contractor's up-to-date email address and a continuously working telephone number for these purposes throughout the warranty period. The complaint must describe the defects or state how the defects are manifested. The Client shall state in the complaint what type of remedy it is requesting.

17.8.2 The contact details of the Contractor for reporting defects are:

email address: [TO BE COMPLETED]

mobile phone: [TO BE COMPLETED]

data box: [TO BE COMPLETED]

17.8.3 The Client is entitled to demand:

- a) removal of the defect by supplying a replacement (for defects in materials, equipment, machinery, etc.);
- b) removal of the defect by repair, if the defect is repairable; or
- c) the provision of a reasonable discount on the agreed Price of the Work under this Contract if the defect is only removable when limiting the use of the Work for its purpose or if it is an irremovable defect that does not prevent and does not limit the use of the Work for its purpose.

17.8.4 The Client will be given a choice of how to settle the complaint, and the above-stated methods can be combined.

17.8.5 The Client is entitled to designate as an emergency such a defect of the Work which by its consequences prevents the use of the Work for the purpose resulting from the nature of the Work or if, as a result of such a defect, the normal operation or performance of the Client's business is prevented or restricted, or if there is a risk of subsequent damage to the Client's property or the health of persons is endangered.

17.8.6 A complaint may be filed no later than the last day of the warranty period, while a complaint submitted by the Client on the last day of the warranty period is considered timely filed. The complaint is deemed to have been delivered to the Contractor at the moment when the written act of the Client containing the complaint reaches the Contractor. If the written act is sent by post, the Client's written act containing the complaint shall be deemed to have reached the Contractor within three (3) calendar days of the date on which the Client handed over the letter containing the act to a postal licence holder for carriage. In the case of acts performed by electronic mail or data mailbox, the Client's written act containing the complaint shall be deemed to have reached the Contractor on the date of sending such written act from the Client's electronic mail address or data mailbox to the Contractor's electronic mail address or data mailbox.

17.9 Conditions for removal of claimed defects

17.9.1 If the Client demands the removal of the defect in the complaint, the Contractor is obliged to start work to remove the claimed defect immediately after receiving the Client's complaint. The Contractor must always state in writing within what period of time it will remedy the defect.

17.9.2 The Contractor shall commence work to remove the claimed defect within five (5) calendar days after receipt of the Client's complaint at the latest, unless otherwise agreed by the Parties in a particular case. Such an agreement must be made in writing; for these purposes, a written agreement shall be deemed to have been entered into when the Parties express consistent intent in electronic form, including by email.

17.9.3 If the Contractor does not start work to remove the claimed defect within five (5) calendar days, the Client is entitled to commission another professionally qualified legal entity or natural person to remove the defect. Any costs so incurred by the Client shall be reimbursed by the Contractor within 14 calendar days of the date on which the Contractor received the Client's written demand for payment of such costs. The payment of the costs of removal of the defect by another qualified entity or person under this paragraph does not prejudice the Client's right to demand payment of a contractual penalty from the Contractor under Article 18.2. In case the Contractor fails to pay the costs for the removal of the claimed defect, the Client shall satisfy its financial claims from the provided bank guarantee.

17.9.4 If the Client explicitly states in the complaint that it is an emergency, the Contractor is obliged to start work on the removal of the emergency defect within 24 hours after receipt of the complaint (notification), unless otherwise agreed by the Parties

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in a particular case. Such an agreement must be made in writing; for these purposes, a written agreement shall be deemed to have been entered into when the Parties express consistent intent in electronic form, including by email.

- 17.9.5 If the Contractor does not start work to remove the claimed emergency defect within the agreed time limit after receipt of the Client's complaint (notification), the Client is entitled to commission another professionally qualified legal entity or natural person to remove the emergency defect. Any costs so incurred by the Client shall be reimbursed by the Contractor within 14 calendar days of the date on which the Contractor received the Client's written demand for payment of such costs. The payment of the costs of removal of the defect by another qualified entity or person under this paragraph does not prejudice the Client's right to demand payment of a contractual penalty from the Contractor under Article 18.2. In case the Contractor fails to pay the costs for the removal of the claimed emergency defect, the Client shall satisfy its financial claims from the provided bank guarantee.
- 17.9.6 If it is proven that the Client has made an unjustified complaint, i.e., that the defect claimed by the Client is not covered by the Contractor's warranty, the Client shall be obliged to pay to the Contractor all costs incurred by the Contractor in connection with the removal of such defect. The provision in the preceding sentence does not affect the Contractor's obligation to remedy the claimed defect within the meaning of Articles 17.9.2 and 17.9.3, nor the provisions of Articles 17.9.3 and 17.9.5.
- 17.9.7 The Client is obliged to give the Contractor's personnel access to the places to which access is necessary to remedy the defect; Article 6.20.3 shall apply *mutatis mutandis*. If the Client fails to do so, the Contractor shall not be deemed in default of the deadline for commencement of the defect removal work or the time limit for the removal of the defect.
- 17.10 Time limits for removal of claimed defects**
- 17.10.1 The time limit for the removal of claimed defects shall be agreed by both Parties according to the nature and extent of each particular defect claimed. If no agreement is reached between the Parties as to the date of removal of the claimed defect, the claimed defect must be removed no later than 30 calendar days from the date of the complaint by the Client.
- 17.10.2 The time limit for the removal of claimed defects identified by the Client as accidents or emergencies shall be agreed by the Parties according to the nature and extent of the claimed defect. If no agreement is reached between the Parties as to the date of removal of the claimed defect (emergency), the emergency defect must be removed as soon as possible after the moment of the Client's complaint (notification), no later than within seven (7) calendar days. The Contractor shall indemnify the Client for any damage caused by the emergency, including the costs of substitute operation caused by the limitation of the operability of the Work and the Heating Plant.
- 17.10.3 If the Contractor does not complete work to remove the claimed defect within the agreed time limit, the Client is entitled to commission another professionally qualified legal entity or natural person to remove the claimed defect. Any costs so incurred by the Client shall be reimbursed by the Contractor within 14 calendar days of the date on which the Contractor received the Client's written demand for payment of such costs. The payment of the costs of removal of the defect by another qualified entity or person under this paragraph does not prejudice the Client's right to demand payment of a contractual penalty from the Contractor under Article 18.2 or the original warranty period guaranteed by the Contractor. In case the Contractor fails to pay the costs for the completion of the removal of the claimed defect, the Client shall satisfy its financial claims from the provided bank guarantee.
- 17.10.4 The Client shall draw up a report on the removal of the claimed defect, in which the Client shall confirm acceptance of the completed work to remove the defect and the removal of the defect, or state the reasons for refusing to accept the repair.
- 17.11 Provision of a discount**
- 17.11.1 In case the Client claims in the complaint a reasonable discount on the agreed Price of the Work, the discount will be granted by the Contractor issuing and delivering a corrective tax document to the Client and transferring the appropriate amount corresponding to the discount to the Client's account within 14 calendar days of the date of the Contractor's receipt of the Client's written notification of the complaint. The amount of the discount on the agreed Price of the Work shall be determined by the Client as the amount corresponding to the damage incurred by the Client by limiting the possibility of using the Work for its intended purpose.
- 17.11.2 For VAT purposes, this is a correction of the tax base. If it is not possible to determine the exact partial performance to which the discount relates, the tax base correction will relate to the last tax document issued. In the event that the amount

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of the discount exceeds the invoiced amount of the last tax receipt, the tax base correction will be allocated successively to the next documents in the series.

17.11.3 Any other aspects shall be governed by Sections 2113-2117 and 2629-2635 of the Civil Code.

18 CONTRACTUAL PENALTIES

- 18.1 Each Party shall be held liable for damage within the limits of applicable legal regulation, technical standards and this Contract. The Parties undertake to use their best endeavours to prevent harm and to minimise incurred damage. The Contractor shall be held liable to the Client, inter alia, for any damage incurred by the Client as a result of the Contractor's breach of any of its obligations under this Contract during the performance of the Work. The Contractor shall also be held liable to the Client for all damage incurred by the Client as a result of defects in the Work (including those covered by the warranty). The Client shall be entitled to claim from the Contractor all costs incurred by the Client in connection with the exercise of its rights under liability for defects in the Work and rights under the warranty provided for the Work.
- 18.2 The Client is entitled to a contractual penalty from the Contractor, inter alia, in the following cases:
- a) in the event of a breach of the Contractor's obligation agreed in Article 12.7 (observance of the time limits and deadlines agreed with the Client during the execution of the Work), the Client shall be entitled to a contractual penalty of EUR 1,000 for each individual case and each commenced day of the duration of that breach;
 - b) in the event of a breach of the Contractor's obligation agreed in Article 12.8 (compliance with occupational health and safety requirements), the Client shall be entitled to a contractual penalty in the amount according to the OHS tariff of penalties listed in Annex 7 to this Contract for each individual case of breach of that obligation;
 - c) in the event of a breach of any of the Contractor's obligations agreed in Article 13 (the Contractor's obligations in relation to insurance), the Client shall be entitled to a contractual penalty of EUR 2,000 for each individual case of breach of that obligation;
 - d) in the event of a breach of the Contractor's obligation agreed in Article 15.7.6 (failure to meet the deadline for repair of minor defects and backlogs by the Contractor), the Client shall be entitled to a contractual penalty of EUR 50 for each commenced day of delay;
 - e) in the event of a breach of any of the Contractor's obligations agreed in Article 17 (breach of the Contractor's obligations in relation to warranty for the Work), the Client shall be entitled to a contractual penalty of EUR 200 for each individual case of breach of that obligation;
 - f) in the event of a breach of the Contractor's obligation agreed in Article 5.2 (delay in the completion and handover of individual Stages to the Client), the Client shall be entitled to a contractual penalty of 0.02 % of the price of the respective individual Stage specified in Article 7.2 to which the delay is related; the contractual penalty is agreed for each commenced day of such delay; the amount of the contractual penalty under this clause shall not exceed the price of the relevant individual Stage;
 - g) in the event of a breach of the Contractor's obligation agreed in Article 9.6 (delay in vacating and handing over the construction site), the Client shall be entitled to a contractual penalty of EUR 250 for each commenced day of delay;
 - h) in the event of a breach of the Contractor's obligation agreed in Article 6.17 (failure to comply with the guaranteed values of the Work), the Client shall be entitled to a contractual penalty of EUR 500 for each individual case of breach of the guaranteed value.
- 18.3 The Parties expressly state that the agreed amounts of contractual penalties are reasonable and reflect the Client's overriding interest in the timely and proper performance of this Contract. The Client's right to compensation for possible damage is not prejudiced in any way by the agreement or payment of the above contractual penalties; the Parties expressly exclude the application of Section 2050 of the Civil Code.
- 18.4 If a particular breach of the Contractor's obligation is subject to a contractual penalty as well as a bank guarantee, the Client may use both methods of securing the Contractor's obligations.

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- 18.5 In the event of delay by the Client in payment of the Price of the Work or any portion thereof, the Contractor shall be entitled to demand from the Client the payment of default interest of 0.05 % of the amount due for each commenced day of delay.
- 18.6 In the event of delay by the Client in payment of the Price of the Work or any portion thereof, the Contractor shall be entitled to demand from the Client, in addition to the default interest specified in Article 18.5, a contractual penalty of 0.01 % of the specific amount due for each commenced day of delay.
- 18.7 The Client is entitled to set off the contractual penalties against the Contractor's claim.
- 18.8 The Client is entitled to moderate the amount of the contractual penalty agreed in this Contract in justified cases, taking into account the value of the obligation to be secured within the meaning of Section 2051 of the Civil Code. The exercise of this right by the Client cannot be enforced by the Contractor.
- 18.9 The Client shall be entitled to demand from the Contractor a contractual penalty in the amount of EUR 100,000 in the event that the Client is not reimbursed the subsidies for the financing of the performance resulting from this Contract due to a breach of any of the Contractor's obligations under this Contract.
- 18.10 In the event of a breach of any obligation under Article 21, the breaching Party shall be obliged to pay to the other Party a contractual penalty of EUR 50,000 for each individual case of such a breach.

19 AMENDMENTS TO THE CONTRACT

- 19.1 Any changes or amendments to this Contract shall be made in the form of written amendments numbered in ascending order and signed by both Parties, which shall become an integral part of this Contract.
- 19.2 Any amendments to the Contract must be made in accordance with the provisions of this Contract and the Public Procurement Act in particular. Any amendments made to the Contract that are not a reserved change to the commitment under Section 100 of the Public Procurement Act must not constitute a material amendment to the Contract within the meaning of Section 222 of the Public Procurement Act, and the rules set forth in Section 222 of the Public Procurement Act must be considered by the Parties prior to negotiating an amendment to the Contract.
- 19.3 Neither entries in the Construction Log nor minutes of any meetings in connection with the performance of this Contract shall be deemed an amendment to the Contract.
- 19.4 **Reserved changes to the commitment**
- 19.4.1 The Client reserves the right to change the period of performance in Article 5.8. Within 15 working days of the occurrence of an event resulting in a change in the obligation under the Contract, the Parties shall be obliged to conclude an amendment to this Contract; in the event of such a change in the obligation, the Parties shall proceed in accordance with Annex 3 to this Contract.
- 19.5 **Reserved change of Contractor**
- 19.5.1 In accordance with Section 100(2) of the Public Procurement Act, the Client has reserved a change of the Contractor in the Tender Documentation. The reserved change of the Contractor is a right of the Client, not an obligation, and cannot be legally enforced.
- 19.5.2 The Client is entitled to change the Contractor if the Contract is terminated for any of the following reasons:
- by agreement between the Parties;
 - in one of the ways referred to in Article 20;
 - by withdrawing from the Contract for the reasons specified in Section 223 of the Public Procurement Act;
 - upon the dissolution of the Contractor without legal successor;
 - in the case of legal succession of the Contractor in connection with its transformation, death or transfer of the Contractor's enterprise or a part thereof;

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- f) in the event of termination of participation of any of the contractors in case of joint participation of contractors under the Public Procurement Act, unless the remaining contractors assume the rights and obligations under the Contract in full;
 - g) in the event of the Contractor being declared insolvent, the Contractor entering liquidation, the Contractor being adjudged bankrupt, the Contractor's assets being placed into receivership or the Contractor being placed in a similar situation under the law of the country of its domicile; and
 - h) as a result of the dissolution of the legal entity or the death of the person through which/whom the Contractor has demonstrated compliance with the qualifications pursuant to Section 83 of the Public Procurement Act.
- 19.5.3 If any of the cases described in Article 19.5.2 above occurs, the Client shall be entitled to conclude a contract for the performance of the Public Contract with a new contractor:
- a) under the terms and conditions set out in Article 19.5.4 et seq.; and, at the same time
 - b) provided that the new contractor agrees to the change and assumes the rights and obligations under the Contract with the original Contractor.
- 19.5.4 In the event of termination of participation of any of the contractors in case of joint participation of contractors under the Public Procurement Act, the Client is entitled to enter into the Contract with the remaining contractors. In the event the remaining contractors do not assume the rights and obligations under the Contract in full, except for permitted changes, the Client may conclude the Contract with the second ranked tenderer.
- 19.5.5 In the event any of the circumstances referred to in Article 19.5.2 occur, the Client shall be entitled (but not obliged) to invite the second ranked tenderer in the tender procedure for the Public Contract whose tender was ranked second in the tender procedure for the Public Contract to enter into the Contract. If that contractor does not agree to perform the Public Contract in place of the Contractor being replaced, the third ranked contractor, if any, shall be the replacement contractor. If that contractor also does not agree to perform the Public Contract in place of the Contractor being replaced, the Client shall proceed in the same manner in determining the replacement contractor until all contractors whose tenders for the Public Contract have been evaluated have refused to replace the Contractor. The Client will not re-evaluate the tenders received in the tender procedure for the Public Contract, but will rely on the ranking of tenders that was reached in the tender procedure for the Public Contract. Only a contractor who has not been excluded from the tender procedure for the Public Contract may become a replacement contractor.
- 19.5.6 In the event that the Client has not carried out an assessment of the conditions of participation of the contractor who is to become the replacement contractor pursuant to this provision in the tender procedure for the Public Contract, the Client shall carry out such assessment of the conditions of participation prior to the date on which the Contractor is to be replaced and shall assess whether or not the tender of the replacement contractor fulfils the mandatory grounds for exclusion of the selected contractor pursuant to Section 48 of the Public Procurement Act (hereinafter referred to as the **"Grounds for not being able to conclude the Contract with the second ranked contractor"**). If the event of fulfilment of the "Grounds for not being able to conclude the Contract with the second ranked contractor" in the original tender procedure for the Public Contract, the Client may approach the contractor who was ranked next in the order in the evaluation of tenders in the tender procedure.
- 19.5.7 Each of the successively invited tenderers in the tender procedure for the Public Contract shall be obliged to fulfil the following conditions in order to become a new contractor in the event that there is a change of the Contractor at the time when the Contractor has already started the execution of the Work under this Contract:
- a) the text of the contract concluded with the new contractor must be consistent with the Contract, taking into account only the permitted changes directly related to the new contractor;
 - b) parts of the Work already executed by the original Contractor shall be retained in the text of the Contract, with the Contract specifying whether (i) they have been completed and delivered by the original Contractor, or (ii) started or partially performed, including the extent to which they have been started or performed, or (iii) not performed. This procedure will adjust the scope of the subject-matter of performance to match the scope to be performed by the new contractor;
 - c) the performance deadlines of the original Contractor must be maintained, but the difficulties involved in taking over the commitment from the original Contractor may be taken into account;

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- d) the new contractor must assume the obligation and assume the rights and obligations of the original Contractor on the basis of the original Contractor's Tender, not on the basis of its own tender; i.e., the new contractor must assume, in particular, the obligations relating to the Price of the Work and the performance deadlines of the original Contractor, provided that any changes to the commitment resulting from a change of the Contractor in relation to the Price of the Work and the performance deadlines shall be assessed in accordance with Section 222 of the Public Procurement Act; and
 - e) the contract with the new contractor shall be supplemented with provisions concerning the handover and acceptance of the object of performance from the original Contractor.
- 19.5.8 In the event that there is a change of the Contractor at the time when the Contractor has not yet started the execution of the Work under this Contract, each of the successively invited tenderers in the tender procedure for the Public Contract shall be obliged to fulfil the following conditions in order to become a new contractor:
- a) the text of the contract must correspond to the text of the contract submitted by the new contractor in its tender for the Public Contract;
 - b) the price and period of performance shall be in accordance with the tender of the new contractor; and
 - c) the new contractor fulfils the conditions that it is obliged to fulfil before starting to perform the contract.

20 TERMINATION OF THE CONTRACT

- 20.1 This Contract may be terminated by agreement of the Parties, which must be made in writing.
- 20.2 The Parties shall be entitled to withdraw from this Contract only for the reasons expressly set out in this Contract.
- 20.3 The Client is entitled to withdraw from this Contract in the event of a material breach of the Contract by the Contractor. A material breach of the Contract by the Contractor shall be deemed to be, in particular:
- a) delay by the Contractor in meeting any Stage completion date as specified in Article 5.2 for more than 60 calendar days, if the Contractor is at fault;
 - b) delay by the Contractor in meeting individual Milestones of the individual Stages specified in the Work Execution Time Schedule by more than 30 calendar days, if the Contractor is at fault;
 - c) if during the performance of this Contract the Contractor fails to comply with obligations arising from environmental, social and labour law regulations or collective agreements relating to the subject-matter of this Contract;
 - d) delay by the Contractor in remedying a defect according to Article 17 longer than 30 calendar days.
- 20.4 The Client may withdraw from this Contract if the Contractor is in liquidation or if there are insolvency proceedings pending against its assets, in which a bankruptcy decision has been issued or the insolvency petition has been rejected because the assets are insufficient to cover the costs of the insolvency proceedings, or the bankruptcy has been cancelled because the assets are insufficient, or receivership has been introduced pursuant to a special legal regulation.
- 20.5 The Contractor shall be entitled to withdraw from this Contract only if the Client is in default in the payment of any invoice under this Contract for more than 60 calendar days.
- 20.6 Once the Party entitled to withdraw from the Contract notifies the other Party that it is withdrawing from the Contract or that it wishes to continue in the Contract, it cannot change its choice.
- 20.7 If a Party could have withdrawn from the Contract for a material breach of a contractual obligation and did not exercise its right, this does not prevent it from withdrawing from the Contract at a later date with reference to similar conduct by the other Party.
- 20.8 The withdrawal shall take effect on the date of delivery of a written notice of withdrawal to the other Party. Upon withdrawal from the Contract, the obligation is extinguished from the beginning.
- 20.9 If a debtor provides a partial performance, the creditor may withdraw from the Contract only in respect of the non-completed part of the performance. However, if a partial performance is irrelevant for the creditor, the creditor may withdraw from the Contract in respect of the whole performance. If the Contract obliges a debtor to provide continuous or recurrent activities or provide a sequential partial performance, the creditor may withdraw from the Contract only with effect from

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that moment onward. This does not apply if partial performances which have already been accepted are no longer by themselves relevant for the creditor.

- 20.10 Withdrawal from the Contract is without prejudice to the right to contractual penalties or default interest, in the case of its maturity, the right to damages resulting from a breach of contractual obligations, or provisions which, due to their nature, are binding on the Parties even after the withdrawal from the Contract, in particular, the provisions concerning the method for resolution of disputes and confidentiality. If the debt has been secured, the withdrawal from the Contract shall not affect the security.
- 20.11 The Client may terminate this Contract by notice in the event that its performance cannot be continued without a material change in the obligation under this Contract within the meaning of Section 222 of the Public Procurement Act. In the event of termination of the Contract by notice, the notice period shall be two (2) months, with the notice period commencing on the first day of the month following delivery of the notice to the other Party.
- 20.12 In the event of termination of this Contract other than by its completion, the Parties undertake to settle the existing contractual performance by mutual agreement in writing within one (1) month of termination of the Contract.

21 CONFIDENTIALITY

- 21.1 The Parties shall maintain the confidentiality of all information of a commercial, financial, manufacturing and technical nature (hereinafter referred to as “**Confidential Information**”) of which the Parties are aware or which they have obtained or have had in their possession in connection with the conclusion or performance of this Contract and which is not generally available to the public. The Parties are obliged to ensure the confidentiality of the Confidential Information also with regard to third parties they have used in the performance of the Contract. This obligation shall survive the termination of this Contract. Either Party shall be entitled to claim a contractual penalty under Article 18.10 in the event of a breach of any obligation set out in Article 21 by the other Party.
- 21.2 Neither Party shall be entitled to use the Confidential Information concerning the other Party of which it has been made aware during the conclusion or performance of this Contract contrary to the interests of the other Party or for third parties.
- 21.3 The Parties are obliged to create such conditions to ensure the protection of Confidential Information and to arrange for its protection.
- 21.4 The Parties shall be entitled to use the Confidential Information solely and exclusively for the purposes of cooperation under this Contract.
- 21.5 Confidential Information disclosed in accordance with the provisions of this Contract to the other Party in “tangible form” (written, electronic, etc.), including copies thereof, shall be returned to the disclosing Party up on termination of the Contract.

22 PERSONAL DATA PROTECTION

- 22.1 In connection with this Contract and the processing of personal data related thereto, the Parties undertake to comply, in particular, with Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (hereinafter referred to as the “**GDPR**”). The GDPR is followed by Act No. 110/2019 Coll., on the processing of personal data, as amended.
- 22.2 The Contractor acknowledges that it is a processor of personal data within the meaning of all the aforementioned legal regulations, with all the consequences and obligations arising therefrom. The Client is the controller of the personal data, with all the consequences and obligations arising therefrom.
- 22.3 The provisions on the mutual obligations of the Client and the Contractor as data controller and data processor in the processing of personal data ensure that no unlawful use of personal data relating to data subjects or its transfer into the hands of an unauthorised third party occurs. The Parties have agreed on the conditions for ensuring adequate measures to safeguard the protection of personal data and the fundamental rights and freedoms of data subjects in the processing of personal data by the processor.

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- 22.4 The Contractor undertakes to process only and exclusively the personal data that is necessary for the performance of its activities under this Contract. The Contractor is entitled to process personal data under this Contract only and exclusively for the duration of this Contract. The Contractor is entitled to process personal data only for the purposes set out in the subject-matter of this Contract.
- 22.5 The Contractor is obliged to follow the Client's explicit instructions, if any, whether oral or written, when processing personal data. The Contractor is obliged to inform the Client immediately if, in its opinion, an instruction given by the Client violates the GDPR or other data protection regulations.
- 22.6 The Contractor is obliged to ensure that the persons through whom the Contractor performs this Contract will undertake to keep confidential all activities related to this Contract, and in particular to keep confidential all personal data to which they will have access or with which they will come into contact.
- 22.7 The Contractor is obliged, within the meaning of Article 32 of the GDPR, to take appropriate technical and organisational measures, taking into account the state of technology, the cost of implementation, the nature, scope, context and purposes of the processing and the risks (of different likelihood and severity) to the rights and freedoms of natural persons, in order to ensure a level of security appropriate to the particular risk, in particular to secure personal data against accidental or unlawful destruction, loss, alteration, disclosure to unauthorised parties, misuse or other processing in breach of the GDPR.
- 22.8 The Contractor shall notify the Client in writing of any suspected or actual breach of security of the processing of personal data under the provisions of this Contract, e.g., any deviation from the instructions given, deviation from the agreed access for the Client, planned disclosure, upgrades, tests, etc., which may modify or alter the security or processing of personal data, any suspected breach of confidentiality, any suspected accidental or unlawful destruction, loss, alteration, disclosure to unauthorised parties, misuse or other processing of personal data in breach of the GDPR. The Client shall be notified immediately of any material breach of these provisions on the processing of personal data.
- 22.9 The Contractor is not entitled, within the meaning of Article 28 GDPR, to involve another processor in the processing of personal data (prohibition of processor chain) without the prior approval and written consent of the Client.
- 22.10 The Contractor is obliged and undertakes to provide any and all cooperation to the Client that is requested in connection with the processing of personal data or that directly results from the GDPR. The Contractor is obliged to make its written technical and organisational security measures available to the Client on request and to enable the Client to check compliance with the technical and organisational security measures submitted.
- 22.11 Upon termination of this Contract, the Contractor shall be entitled to archive all personal data in its possession for a period of 10 years to be used as evidence of its activities in disputes, if any. Upon expiration of the archiving period, the Contractor shall erase or otherwise dispose of all personal data in its possession and, if it has not already provided it to the Client, shall hand it over to the Client and further erase or otherwise dispose of all existing copies thereof. The obligation referred to in this Article does not apply if EU or national law requires the Contractor to retain the personal data after the end of the said archiving period.

23 DELIVERY

- 23.1 The address for delivery of documents shall be the address specified in the Contract or the address notified as such in writing by the relevant Party to the other Party after the conclusion of the Contract.
- 23.2 The expression of will contained in the relevant consignment shall be deemed duly made towards the addressee even if the addressee refuses to accept the expression of will or otherwise intentionally prevents its delivery, or if the respective postal licence holder returns the expression of will sent to the addressee's mailing address to the sender as undelivered for any reason.

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24 FORCE MAJEURE

- 24.1 Neither Party shall be held liable for failure to perform any of its contractual obligations under this Contract as a result of an event of force majeure. Payment obligations incurred prior to the event of force majeure will not be waived by that event.
- 24.2 For the purposes of this Contract, force majeure shall mean an extraordinary, objectively unavoidable circumstance that cannot be prevented even if every effort is made to do so under the circumstances of the particular case. As a rule, only an unavoidable event of a more general and extensive nature shall be deemed an event of force majeure, regardless of whether it is a natural event (e.g., a natural disaster) or event of a social nature (e.g., an event of war, a contagious disease of an epidemic nature, etc.). However, such may not be a circumstance that is unavoidable only subjectively, which results from the personal, especially economic, circumstances of a Party (e.g., illness, death by accident) and obstacles to performance that the Party was obliged to overcome or remove.
- 24.3 In the event of any delay by the Contractor or the Client in the performance of its obligations under this Contract due to events of force majeure, the obligated Party shall be entitled to extend all performance deadlines for such time as is reasonable and necessary to overcome the consequences of such events of force majeure.
- 24.4 Upon becoming aware of the occurrence of an event of force majeure, the Party whose performance under this Contract is jeopardized by such an event shall immediately notify the other Party in writing and shall use its best efforts to overcome its inability to perform its obligations under this Contract.

25 FINAL PROVISIONS

- 25.1 This Contract becomes valid and effective upon its signing by both Parties.
- 25.2 Any disputes arising from this Contract, including disputes arising from relations related to the Contract, as well as questions of validity or invalidity of the Contract, which cannot be resolved by negotiations between the Parties, shall be decided by Czech courts under Czech substantive and procedural law.
- 25.3 The titles of the various Articles and Annexes in this Contract are for convenience of reference only and shall in no way affect the interpretation of this Contract.
- 25.4 By signing this Contract, the Contractor confirms that it has received from the Client, sufficiently in advance of the conclusion of this Contract, Technical Requirements A1-A13 of the Tender Documentation, which form Annex 1 to the Contract, that it has them in its possession, and that it has assessed and examined Technical Requirements A1-A13 of the Tender Documentation in sufficient detail prior to the conclusion of this Contract and considers them to be a sufficient basis for the conclusion of this Contract and the due performance of the Work under this Contract in such a way as to ensure that the Work serves its purpose and meets all the conditions agreed upon in this Contract and the requirements imposed on and expected of it, without the need for any additional work, change of dates or increase in the Price of the Work. The Contractor further declares that it has sufficiently familiarised itself with the Client's intentions to carry out the Work and its requirements in relation to the Work (in particular its further use, etc.), that it has carefully studied and assessed all the documents referred to in this Contract or provided to the Contractor, that it has clarified any ambiguities with the Client before concluding the Contract, and that it proceeds to conclude this Contract on the basis of these facts.
- 25.5 The Contractor agrees to publish the contents of the Contract or its parts in accordance with Act No. 106/1999 Coll., on free access to information, as amended. The Contractor is aware of the fact that the Client, as a public contracting authority, is obliged under the Public Procurement Act to publish the full text of this Contract, including all annexes and amendments, and the amount of the price actually paid on its contracting authority profile after the termination of the Contract.
- 25.6 The Contractor is not entitled to assign any claim arising from this Contract to a third party without the prior written consent of the Client. The Contractor is not entitled to set off any of its receivables from the Client under this Contract against any receivables of the Client from the Contractor.
- 25.7 The Contractor hereby declares that it assumes the risk of a change of circumstances and is therefore not entitled to demand from the Client, even in court, a renegotiation of this Contract due to a substantial change of circumstances resulting in a particularly gross disproportion in the rights and obligations of the Parties; Section 1766 of the Civil Code is therefore not applicable.

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- 25.8 The rights and obligations of the Parties under this Contract shall be governed by the laws of the Czech Republic, in particular the relevant provisions of the Civil Code.
- 25.9 If any provision of this Contract should be invalid, ineffective, void or unenforceable, such a provision shall not render the entire Contract invalid, ineffective, void or unenforceable. In such an event, the Parties shall, without undue delay after becoming aware of such a provision, replace any such invalid, ineffective, void or unenforceable provision with another provision that best fulfils the same purposes as the invalid, ineffective, void or unenforceable provision in terms of content and purpose.
- 25.10 This Contract has been drawn up in two counterparts, each with the validity of an original. Each party receives one counterpart.
- 25.11 The following Annexes are an integral part of this Contract:
- 1 Technical Requirements A1 to A13 of the Tender Documentation;
 - 2 Annex K of the Tender Documentation - Price table and time schedule completed by the Contractor;
 - 3 Model agreement on a uniform procedure for agreeing changes to the subject-matter of the Work;
 - 4 Guaranteed Values; completed by the Contractor
 - 5 List of members of the implementation team;
 - 6 List of deviations from the requirements of the Tender Documentation;
 - 7 OHS tariff of penalties; and
 - 8 Annex J of the Tender Documentation – Operating expenses for the purpose of evaluating tenders as part of the Tender for the Public Contract completed by the Contractor; and
 - 9 Visiting rules of ŠKODA AUTO, a.s.

The Parties acknowledge that they have read and understood the terms and conditions contained in this Contract. In witness of their genuine willingness to accept the obligations under this Contract, the Parties hereto affix their signatures below. The Parties hereby acknowledge receipt of the relevant number of counterparts of this Contract.

CLIENT

CONTRACTOR

In _____, on _____

In _____, on _____

ŠKO-ENERGO, s.r.o.,
Jaromír Vorel, Executive Director

[TO BE COMPLETED],
[TO BE COMPLETED], [TO BE COMPLETED]

In _____, on _____

In _____, on _____

ŠKO-ENERGO, s.r.o.,
Tomáš Kubín, Executive Director

[TO BE COMPLETED],
[TO BE COMPLETED], [TO BE COMPLETED]