

# GENERAL TERMS AND CONDITIONS OF PREOL, a.s. FOR THE EXECUTION OF WORK

Effective from 1 September 2025

## I. INTRODUCTORY PROVISIONS

1.1. These GENERAL TERMS AND CONDITIONS of PREOL, a.s. FOR THE EXECUTION OF WORK (hereinafter the **"GTCEW"**) shall apply to the legal relationship established between PREOL, a.s. as the Client (hereinafter the **"Client"**) and the Contractor, the subject matter of which is the Contractor's obligation to execute, at its own expense and risk, a certain Work for the Client, and the Client's obligation to accept the duly executed Work and pay the agreed price for the execution of the Work, provided that the Client and the Contractor have agreed in the Contract for Work or in another contract to subject their legal relationship to these GENERAL TERMS AND CONDITIONS OF PREOL, a.s. FOR THE EXECUTION OF WORK.

1.2. The Contract for Work, the annexes to the Contract for Work and these GTCEW together form a complete Contract for Work, which represents the aggregate of the rights and obligations of the Parties in relation to the execution of a particular Work (hereinafter the **"Contract for Work"**). In the event of a discrepancy or conflict between the Contract for Work, its annexes and these GTCEW, these documents shall have legal priority in the following order: Contract for Work, annexes to the Contract for Work, these GTCEW.

1.3. Unless the context indicates otherwise, the following terms have the following meanings:

- **"Work"** is defined in the SUBJECT OF THE CONTRACT FOR WORK section, and covers all supplies of material and equipment, works and services necessary for the proper execution of the Work.
- **"VAT"** means value added tax.
- **"Substances Hazardous to the Environment"** means any chemicals, harmful substances, pollutants, waste or toxic substances the discharge or emission of which is limited by the applicable legislation or which are subject to the approval of administrative authorities.
- **"Materials and Equipment"** includes materials, supplies, devices, equipment, and machinery necessary for the Work that will become permanently attached to the Work.
- **"Mechanical Completion"** means that the Work has been physically built and completed and the Client has confirmed that the previous conditions have been met.
- **"Work Execution Site"** means the land, building or facility on which or in which the Work is executed.
- **"Contractor's Offer"** means an offer submitted by the Contractor which forms an annex to the Contract for Work.
- **"Start-up"** means the first run of the Work with raw materials, fillings and media to produce the relevant product.
- **"Hazardous Waste"** means any hazardous waste within the meaning of Act No. 541/2020 Sb., on Waste, as amended.
- **"CC"** means Act No. 89/2012 Sb., the Civil Code, as amended
- **"Subcontractor or Subcontractors"** means all contractors, suppliers, consultants, and subcontractors who have concluded a contract with the Contractor for the supply of any part of the Work, in accordance with the relevant provisions of the Contract for Work and these GTCEW. The list of Subcontractors shall form an annex to the Contract for Work.
- **"Auxiliary Equipment"** includes in particular all materials, supplies, equipment, tools, accessories, office supplies, scaffolding, shuttering, temporary structures and other things that are necessary for the execution of the Work which the Contractor owns, rents or uses under another title and which are not intended to become a permanent part of the Work.
- **"Works"** means any work or activity necessary for the proper and timely completion and delivery of the Work in accordance with the terms of the Contract for Work.
- **"Acceptance Certificate"** means the confirmation of the acceptance of the Work to be signed by the Client and the Contractor.
- **"Acceptance"** means that all of the following conditions have been fulfilled:

- the Work has been executed properly and timely in accordance with the terms of the Contract for Work,
- the Contractor has completed the mechanical assembly of the Work,
- the Contractor has successfully carried out all tests required by the Contract for Work,
- the Work is free from any defects or unfinished works which would prevent the proper, reliable or safe operation of the subject of the Work, and
- the Parties have signed the Acceptance Certificate.

- **"Building Act"** means Act No. 283/2021 Sb., the Building Act, as amended.
- **"Construction Site"** means the land or buildings on which or in which the Work is being executed.
- **"VAT Act"** means Act No 235/2004 Sb., on Value Added Tax, as amended.
- **"Guaranteed Values"** means the technical parameters of the subject of the Work that the Contractor is required to fulfil. The Contractor is responsible for the accomplishment or fulfilment of the Guaranteed Values of the subject of the Work.
- **"Tests"** means all tests performed by the Contractor at its own expense and risk, unless otherwise stipulated in the Contract for Work, namely:
  - **"Individual Tests"** means testing each individual device, machine or equipment that is part of the subject of the Work during which the functionality of the individual parts of the subject of the Work will be demonstrated.
  - **"Comprehensive Tests"** means testing the accuracy of the design solution, the quality and functionality of the subject of the Work individually and in mutual functional relationships during which the functionality of the subject of the Work as a whole will be demonstrated.
  - **"Guarantee Tests"** means a test of the subject of the Work during which the Contractor demonstrates the achievement of the individual Guaranteed Values of the subject of the Work.
  - **"Trial Operation"** means a trial operation designated by the local Building Authority for the subject of the Work.
- **"Delay Caused by the Client"** means any delay or negligence by the Client to fulfil the obligations under the Contract for Work, unless such delay or negligence is caused by a breach by the Contractor of obligations under the Contract for Work or intentional or negligent behaviour of the Contractor or any Subcontractor.

1.4. Any period determined in days shall begin on the day following the event decisive for the commencement of such period. The end of a period determined in weeks, months, or years shall fall on the day which, by its designation or number, corresponds to the day on which the event decisive for the commencement of such period occurred. If such day does not exist in the last month, the end of the period shall fall on the last day of that month.

## II. SUBJECT OF THE CONTRACT FOR WORK

2.1. The Contractor undertakes to execute the Work for the Client at its own risk and under the conditions stipulated in the Contract for Work, and the Client undertakes to accept the properly executed Work under the conditions of the Contract for Work and to pay the Contractor the contractual price under the conditions of the Contract for Work.

2.2. The Work also includes the following activities: preparation, discussion with the Client and submitting to the Client all the documentation according to the terms of the Contract for Work; preparation and finishing work for the execution of the Work at the headquarters of the Client; supply of overhead material (welding, grinding, joining and sealing material, technical gases, anchors, dowels, putty, etc.); transport, handling, crane/scaffolding work, additional budgetary costs, technical assistance, relocation of material, etc.; supply and installation of all auxiliary technical equipment and related structures and accessories necessary for the execution of the Work, as well as

- special tools necessary for the installation, operation and maintenance of the Work.
- 2.3. The subject of the Work also includes all works, supplies and services not further specified which are necessary for the execution of the functional Work, complying with all relevant legal regulations applicable in the Czech Republic and Czech technical standards (ČSN), which are binding on the Contractor in performing the Contract for Work.
  - 2.4. The Contractor undertakes, when preparing documentation, to base it on and follow the previous level of documentation, unless the Parties expressly agree otherwise in writing, and further to comply with the requirements of applicable legal regulations and Czech technical standards (ČSN) regarding documentation, as well as the requirements of the Client specified at [www.preol.cz](http://www.preol.cz), under the section About Us, Information for Contractors.
  - 2.5. The Contractor undertakes to prepare the documentation in printed form in the following number of counterparts: 8 copies of the documentation for administrative proceedings under the Building Act, 4 copies of the project implementation documentation, 6 copies of as-built documentation and 2 copies of the accompanying technical documentation (ATD), and 1 copy of the above documents in electronic form on a CD or DVD in MS Word, MS Excel, drawings in AutoCAD LT 2004 or higher in \*.dwg, or .dxf format, and also in \*.pdf format.
  - 2.6. The Contractor undertakes to submit to the Client the prepared documentation for comments and approvals, and the Client undertakes to comment on the submitted documentation within 14 days of its submission by the Contractor. The Contractor undertakes to include in the documentation all the comments made by the Client and submit it to the Client for final approval. The incorporation of the Client's comments shall not relieve the Contractor of its liability for the accuracy and correctness of the documentation.
  - 2.7. Upon handover of the Work, the Contractor shall provide the Client with the following additional documentation relating to the scope of the Work: certificates of used materials and spare parts; certificates of the materials used where prescribed by the manufacturing documentation; accompanying documentation, manufacturer's warranty sheets, inspection report and report on functional test of the installed designated technical equipment; and the original copy of the assembly/construction logbook.
  - 2.8. If, any time during the execution of the Work, any works, services or supplies are needed beyond the scope of the Work agreed in the Contract for Work (hereinafter the "**Extra Work**"), or the need for works, services or supplies is reduced compared to the scope of Work agreed in the Contract for Work (hereinafter the "**Omitted Work**"), the Contractor shall notify the Client of this fact and include it in the assembly logbook, indicating its effect on the price of the Work and the deadline for the performance of the Work.
  - 2.9. At any time during the execution of the Work, the Client shall be entitled to request the Contractor to change the Work or to change the scope of the Work and the Contractor shall, on the basis of this request, prepare a proposal of such a change of the Work or its scope indicating its effect on the price of the Work and the deadline for the performance of the Work.
  - 2.10. Depending on the need for Extra Work or Omitted Work pursuant to Article 2.8 of the GTCEW or the Client's request pursuant to Article 2.9 of the GTCEW, the Contractor shall prepare a change report, which shall include, without limitation: a description of the change to the Work; a change in the price of the Work or a statement that the change to the Work does not affect its price; change in the deadlines of the Work or a declaration that the change to the Work does not affect the performance deadlines; and any other changes to the terms of the Contract for Work caused by the change to the Work (hereinafter the "**Change Report**"). Changes to the Work are binding upon the signing of the Change Report by both Parties.
  - 2.11. Dismantled metal equipment (scrap) is the property of the Client and shall be delivered by the Contractor to the Client at a place specified by the Client's waste manager, who shall provide for its disposal. All other demolished material and waste generated during the execution of the Work shall be disposed of by the Contractor at the Contractor's expense, outside the Client's premises and in accordance with applicable legal regulations, and the Contractor shall, upon the Client's request, provide proof of the disposal method of such material. In the case of establishing its own collection point, the Contractor must notify the Client of the location, type of waste, and corresponding security measures.
  - 2.12. Waste produced during the execution of the Work (excavated soil, etc.) shall be classified as "other" waste and shall meet the parameters specified in Annex No. 10, Table 10.1, leachability class IIa of Decree No. 273/2021 Sb., on the conditions for landfill disposal of waste and its utilisation on the land surface, as amended. The Client shall reserve the right to participate in sampling of waste. If the waste does not meet the above parameters, the Client shall have the right to conduct its own sampling for laboratory analysis. In the event of contaminated excavated soil or non-compliance with the above parameters, the Client shall ensure the removal of the waste.
- ### III. PERIOD OF PERFORMANCE
- 3.1. The Contractor undertakes to execute the Work by the deadlines stipulated in the Contract for Work.
  - 3.2. The performance deadlines set out in the Contract for Work are fixed and invariable, and binding for the Parties. Changes in performance deadlines are only possible if agreed by the Parties in writing by approving a Change Report.
  - 3.3. If the general conditions (in particular climatic conditions) or the conditions exclusively attributable to the Client make it impossible or significantly more difficult to execute the Work by the performance deadlines, the Parties agree to discuss potential changes in performance deadlines.
- ### IV. PRICE OF WORK AND PAYMENT TERMS
- 4.1. The Client shall pay the Contractor the price of the Work specified in the Contract for Work. The price of the Work is fixed, not subject to change and includes all Contractor's costs of the performance of the Work, unless otherwise expressly agreed by the Parties in writing.
  - 4.2. The VAT in accordance with the VAT Act will be added to the price of the Work on the date of the taxable supply date.
  - 4.3. By signing the Contract for Work, the Contractor explicitly acknowledges that they have taken into account all conditions and circumstances affecting the price of the Work, the possibility of performing the Work as described in the Contract for Work, and the general conditions at the construction site / place of performance, and that they understand them. By signing the Contract for Work, the Contractor assumes the risk of changes in circumstances pursuant to Section 2620(2) of the CC.
- #### 4.4 Payment Terms
- 4.4.1. The Client agrees to pay the price of the Work in a single payment after the proper execution of the Work on the basis of a Contractor's invoice which must meet the requirements for an accounting document pursuant to Act No 563/1991 Sb., on Accounting, as amended, and a tax document pursuant to the VAT Act.
  - 4.4.2. The Client shall be entitled to apply a 10% retention from the price of the Work if the Work accepted by the Client has defects and unfinished works that do not prevent its proper, reliable and safe operation.
  - 4.4.3. The invoice shall be issued on the basis of the Acceptance Certificate issued by the Contractor and confirmed by the Client which forms an integral part of the invoice. The Contractor shall send the invoice to the Client within 14 days of the taxable supply date. In the event that the Contractor is delayed in issuing and sending an invoice to the Client pursuant to the preceding sentence, the Contractor shall pay the Client a contractual penalty calculated on the invoiced amount at an annual rate equal to the Czech National Bank's repo rate on the first day of the calendar half-year in which the delay occurred, increased by eight percentage points.
  - 4.4.4. In addition to the total invoiced amount (excluding value added tax), the invoice must include a breakdown of this amount (excluding value added tax) into price for material, performances (works) and the aggregate price for the other activities. The Contractor undertakes to ensure the correct CZ-CPA classification of the Work for the purposes of proper VAT application.
  - 4.4.5. Annexed to the invoice shall be a detailed breakdown of the works done, including the hourly rates in accordance with the Contract for Work, a detailed breakdown of the material used with the price, and a list of the names of employees who performed all the work; all must be confirmed by both Parties.
  - 4.4.6. The Contractor undertakes to provide the Client, at its request, with the purchase price of the material used in the performance of the Work whose price has been included in the price of the Work.
  - 4.4.7. Only the performances specified in the Contract for Work may be invoiced, and only at the hourly rates specified therein. The scope of Contractor's works or the hourly rates under the Contract for Work may only be changed by a written agreement of the Parties in the form of a numbered amendment to the Contract for Work.
  - 4.4.8. The Contractor may not invoice and the Client shall not pay the Contractor's costs associated with the Contractor's transport and

the transport of its employees to the place of execution of the Work, including the time spent by the employees on the way.

- 4.4.9. The Contractor and the Client have agreed and agree that the Contractor will send the original invoices electronically in PDF format to the email address: [fakturace@preol.cz](mailto:fakturace@preol.cz), while the invoice and invoice attachments will form one PDF file, so that there is only 1 invoice with attachments in the email in PDF format, i.e. one email, one PDF attachment.
- 4.4.10. The Contractor's invoice shall be payable within 30 days of the receipt of the invoice by the Client. An invoice shall be considered to have been paid when the relevant amount is debited from the Client's account.
- 4.4.11. In the event of late payment, the Contractor shall be entitled to demand and the Client shall pay default interest on the outstanding amount each year at the repo rate set by the Czech National Bank for the first day of the calendar half-year in which the default occurred, increased by eight percentage points.
- 4.4.12. If the invoice does not contain the above-mentioned particulars, the Client may return the invoice to the Contractor together with a written indication of the defects or shortcomings of the invoice in question. The Contractor shall issue a new invoice within 5 days of a justified return of the original invoice, removing the defects or deficiencies, and indicating a new due date of 30 days after the invoice date. In the case of a justified return of an invoice, the Contractor shall not be entitled to default interest. If the Client returns an invoice without a legitimate reason, the Contractor shall send the invoice back within 3 days with the relevant explanation and the original due date.
- 4.4.13. If the Contractor is to pay the principal, interest and expenses associated with the enforcement of any receivable of the Client, such payment shall first be applied to the specified costs, then to default interest, thereafter to interest, and finally to the principal.
- 4.4.14. The Contractor declares that it is aware of its obligation to pay VAT due on the purchase price to the tax authorities and that VAT will be paid properly, on time and in the correct amount. The Contractor further declares that it is of good standing economically, it is not a person subject to enforcement or insolvency proceedings and is not involved in any dispute whose negative outcome would lead to a liability the fulfilment of which would be impossible or would economically destabilise the Contractor. The Contractor is not a person at risk of entering bankruptcy proceedings and pays all their debts properly and in due time.
- 4.4.15. The Contractor declares that it is neither a person against whom proceedings are brought for registration as an unreliable taxpayer nor has it been declared an unreliable taxpayer and undertakes to inform the Client in case it becomes an unreliable taxpayer according to the VAT Act.
- 4.4.16. If the Client believes that the Contractor is a high-risk payer of value added tax, the Client has the right to act in accordance with the relevant provisions of the VAT Act and take preventive measures in the form of dividing the payment for the Work to the price and the value added tax, and pay the value added tax directly to the tax authority. The Client shall inform the Contractor on the preventive measures described in the previous sentence.
- 4.4.17. If the local tax authority asks the Client to pay VAT instead of the Contractor, the Client shall be entitled to unilaterally offset its regression claim arising from this payment against the Contractor to offset any due receivable of the Contractor against the Client; the price agreed under the Contract for Work shall be considered to have been paid even if the Client has paid the tax instead of the Contractor in accordance with the relevant provisions of the VAT Act. The Client shall inform the Contractor thereof.
- 4.4.18. If the Contractor assigns its claim for payment for a taxable supply towards the Client to a third party (assignee) prior to the payment thereof by the Client, the Client shall be entitled to pay the tax directly to the relevant tax authority of the Contractor in accordance with the relevant provisions of the VAT Act. If the Client pays the tax to the account of the relevant tax authority and pays the taxable supply excluding value added tax to the assignee, it shall be considered to have fulfilled its obligation to pay the price under the Contract for Work and is not in default. The Client shall inform the Contractor thereof.

## **V. RIGHTS AND OBLIGATIONS OF THE CONTRACTOR**

- 5.1. The Contractor agrees to perform the Work at its own expense and risk by the deadlines laid down in the Contract for Work. The Contractor shall comply with the terms of the Contract for Work, the legal regulations and relevant Czech technical standards (ČSN) which

are binding upon the Contractor for the purposes of the Contract for Work.

- 5.2. The Client shall be entitled to inspect the execution of the Work. If the Client finds out that the Contractor is executing the Work in breach of its obligations, it shall be entitled to require the Contractor to remedy the defects caused by the defective execution and to execute the Work properly.
- 5.3. The Contractor shall inform the Client about the progress of the Work during the regular inspection days and the Contractor shall make a record of these inspection days signed by the Contractor's technical representative and the Client's technical representative. If, during excavation works, the Contractor discovers the presence of underground utilities and networks, the Contractor undertakes to inform the Client thereof and to allow the Client to carry out an inspection and subsequent geodetic surveying.
- 5.4. The Contractor shall be liable for damage in respect of the things received from the Client during the execution of the Work, in particular in respect of all dismantled equipment or materials, until the date of acceptance of the Work by the Client, unless such damage could not have been avoided and the Contractor acted as a prudent professional. In particular, the Contractor shall be obliged to secure the things received from the Client during the execution of the Work against theft or damage by a third party or against natural forces, and, where relevant, place these things in locked areas on the Client's premises.

## **5.5. Subcontractors**

- 5.5.1. The Contractor may entrust the execution of the Work only to a subcontractor which has been previously approved by the Client in writing for the purpose of executing the Work under the Contract for Work (hereinafter the "Subcontractor").
- 5.5.2. The Contractor shall be liable for executing the Work through the Subcontractor in the same manner as if the Contractor were performing the Work itself.
- 5.5.3. The Client may refuse to grant its approval of the Subcontractor especially if the Subcontractor or its employees have committed a breach of the Safety Standard or the conditions for entry into the Client's premises.

## **5.6. Safety Standard**

- 5.6.1. The Contractor undertakes to read and comply with internal regulations of the company PREOL, a.s., including related regulations of Lovochemie, a.s., to ensure the safety and protection of health and life at work, environment, fire protection and prevention of serious accidents, located at <https://www.preol.cz/o-nas/informace-pro-kontraktory>, (hereinafter the "Safety Standard"). The Contractor undertakes to bind its Subcontractors to comply with the Safety Standard to the same extent as the Contractor is obliged to follow it itself.
- 5.6.2. The Contractor undertakes to provide training for its employees and Subcontractors regarding the Safety Standard and ensure compliance with the Safety Standard by its employees and Subcontractors. The employees of the Contractor and its Subcontractors who have not been trained on the Safety Standard may not perform activities on the Client's premises. In accordance with Act No. 309/2006 Sb., on the Provision of Additional Conditions for Occupational Safety and Health Protection, as amended, the Contractor undertakes to cooperate with the Occupational Safety and Health Coordinator on the construction site throughout the preparation and execution of the construction, if designated by the Client. At the same time, the Contractor shall be obliged to ensure that all its Subcontractors involved in the preparation and execution of the subject of the Contract are bound to provide such cooperation. The Contractor undertakes to fulfil all obligations imposed on it by Act No. 309/2006 Sb., on the Provision of Additional Conditions for Occupational Safety and Health Protection, as amended.
- 5.6.3. **Risk Analysis and Technological Procedures:** The Contractor shall submit to the Client, well in advance and prior to the commencement of the works, an Analysis of risks and measures, including technological/working procedures for work activities carried out on the construction/contract in question. The Analysis of risks and measures shall be prepared by a person professionally qualified in risk prevention – a professionally qualified person. The technological/working procedure must be developed with regard to ensuring occupational health and safety conditions. Prior to the commencement of the works, the Contractor shall acquaint the Buyer's employees and Subcontractors' employees with the risks and technological work procedures arising from its work activities. The Contractor shall make a written record of the acquaintance in the form of an attendance sheet with the

- signatures of the attendees and shall ensure that it is regularly updated.
- 5.6.4. The Client (PREOL, a.s.), a company operating its business within the premises of Lovochemie, a.s. (hereinafter the "**Premises**"), where chemical substances and hazardous chemical substances are present, undertakes, under standard conditions, to ensure the training of the Contractor's employees or Subcontractors and their employees in the Safety Standard, and the Contractor undertakes to provide the necessary cooperation for this purpose.
- 5.6.5. The Client undertakes to inform without undue delay by email of any changes to the internal regulations of the Client, or Lovochemie, a.s., forming the Safety Standard. The Contractor undertakes to notify the Client in writing of the contact email for sending information about the Safety Standard and to inform the Client of any changes to this contact email.
- 5.6.6. If substances harmful to water or hazardous chemical substances and mixtures are used when executing the Work or performing activities on the premises, the Contractor shall ensure that these substances are stored at designated places and used in a manner that minimizes the possibility of damage to health of employees and prevents soil, water and air pollution (Handling Substances Harmful to Water and Soil, Handling Chemical Substances and Mixtures). When finding about an extraordinary deterioration or threat to the quality of surface water and groundwater, soil and air on the premises or in the event that the Contractor causes such a state by its activities (see Emergencies for more detail), the Contractor shall be obliged to report this fact without delay to **the dispatching centre, tel.: 416 562 403 or 736 507 221**.
- 5.6.7. The Contractor shall not pollute and damage the roads and paved areas of the premises, carry out maintenance and cleaning of vehicles and equipment outside the restricted areas, park vehicles off paved surfaces or otherwise damage foliage/greenery. The Contractor shall not discharge, on and off roads, any liquids, fuel, fluids or other substances harmful or dangerous to the environment from vehicles and shall ensure there is no leakage of these substances within the Client's premises, on and off roads.
- 5.6.8. The Contractor shall mark the assembly, storage and handling areas used by the Contractor with a table stating the name of the Contractor and of the responsible person of the Contractor. The Contractor shall be obliged to secure movables against theft and damage. The Contractor shall ensure immediate cleaning of roads and areas where contamination has occurred as a result of its activities.
- 5.6.9. The Contractor shall be obliged to immediately notify the Client of fires, accidents and occupational injuries of its employees or employees of Subcontractors on the premises to **the dispatching centre (416 562 403 or 736 507 221)**, or alternatively at tel. **416 561 500** (in the case of injury) or **416 561 500** (in the case of fire).
- 5.6.10. The Contractor shall be obliged to immediately inform the Client or Lovochemie, a.s. of the discovery of security events in the field of protection of property and persons (theft, property damage, movement of an unauthorised person on the premises, other security incidents) at the dispatching centre for the premises security, tel.: **416 563 711** or alternatively **720 068 593** (Head of the Premises Security Section) and company security, and, if necessary, provide appropriate cooperation in the investigation of these events.
- 5.6.11. The Contractor shall be obliged to dispose of all generated waste in accordance with the company's internal regulations (waste management at PREOL, a.s.) and in accordance with applicable legislation, in particular Act No. 541/2020 Sb., on Waste, as amended. In the case of establishing its own collection point, the Contractor must notify the Client of the location, type of waste, and corresponding security measures. The Contractor shall not be entitled to dispose of waste generated by the Contractor in the collection containers of PREOL, a.s., unless this is expressly permitted in a relevant contract.
- 5.6.12. The Contractor shall establish or operate air pollution sources in accordance with the Clean Air Act, as amended.
- 5.6.13. If the Contractor or its employees or employees of its Subcontractors enter the railway yard outside of the designated crossings, they shall comply with the legislation in the field of rail transport - in particular Act No. 266/1994 Sb., on Railways, as amended, and related legal regulations.
- 5.6.14. If the Contractor/carrier or employees of its Subcontractors enter the railway yard for work-related purposes, they shall ensure compliance with the local regulations on safety in the railway yard - see the website of Lovochemie, a.s. ([here](#)) → Rail transport.
- 5.6.15. The Contractor or its employees or employees of its Subcontractors may only enter or stay in places designated by the Client and may not interfere with traffic or limit traffic on the roads and railway yard without a special permit and may not damage the security markings and lighting. The Contractor or its employees or employees of its Subcontractors may stay on the premises only for the time strictly necessary for the fulfilment of their contractual obligations or in accordance with the purpose of their stay on the premises.
- 5.6.16. The Client shall be entitled to check compliance with the Safety Standard, in particular through the following employees:
- Managers at all levels
  - Occupational Health and Safety and Fire Protection Specialist of Lovochemie, a.s.
  - Members of the Company Fire Rescue Unit of Lovochemie, a.s.
  - Environmental Protection Specialist of Lovochemie, a.s.
- 5.6.17. The Contractor undertakes, in the event of a breach of the provisions of the Safety Standard by its employee or by an employee of its Subcontractors, to pay the Client a contractual penalty for each individual breach of the provisions of the Safety Standard, as follows:
- a. A contractual penalty of up to CZK 50,000 for a breach of the provisions **prohibiting smoking** and entering the premises **under the influence of alcohol** or other addictive substances;
  - b. A contractual penalty of up to CZK 10,000 for a breach of the provisions of the Safety Standard ensuring continuity of traffic and road safety on the premises;
  - c. A contractual penalty of up to CZK 20,000 for performance of activities without properly issued permits to work;
  - d. A contractual penalty of up to CZK 10,000 for each breach of the obligations under Art. 5.6.7. of the Safety Standard, whereby in such a case the Contractor, in addition to the contractual penalty, shall also be obliged to compensate the Client for any damage caused by the breach of its obligations, including the costs of remedying the damage;
  - e. A contractual penalty of up to CZK 10,000 for a breach of provisions of the Safety Standard not mentioned under points a., b., c., and d. above.
- 5.6.18. In addition to the payment of contractual penalties under the above provisions, the Client shall also be entitled to:
- a. claim compensation for damage incurred by the Client from the same act;
  - b. prohibit the Contractor's employees who have breached the Safety Standard from entering the premises;
  - c. immediately stop any work or activities during which the Safety Standard is being breached.
- 5.6.19. The Contractor agrees that the Client may document any breach of the Safety Standard in an appropriate manner.
- 5.6.20. The Client undertakes to discuss each individual identified breach of the Safety Standard with the Contractor's contractual representative and to request that corrective measures be taken.
- 5.6.21. The Contractor shall be obliged to equip its employees with personal detection devices when performing work for the Client, if such obligation results from the work risk assessment.
- 5.7. Entry into the Client's Premises:**
- 5.7.1. Before the start of the performance of the activity on the Client's premises, the Contractor shall provide the Lovochemie, a.s. Premises Security Section with a list of all employees, including employees of its Subcontractors, who will perform activities on the Client's premises, including a list of vehicles and devices that will enter the Client's premises to complete the Work with the following information:
- a. for persons – name and surname, ID card number,
  - b. for vehicles – make and model of the vehicle, its registration number, in the case of a combination of vehicles also the registration number of the tow or semi-trailer, or the name of the driver.
- 5.7.2. Entry Fees**
- 5.7.2.1.** The Contractor shall provide the Lovochemie, a.s. Premises Security Section with a list of vehicles that will be entering the premises, specifying the type of vehicle and its registration number. The list shall indicate the vehicles designated for regular entry into the premises. **Details are regulated by Lovochemie Internal Regulation No. RAD-LVCH-006 Gate Pass Rules, which is**



available at <http://www.lovochemie.cz/cs/dokumenty-ke-stazeni> in the contractors' section.

**5.7.2.2. The amount of the entry fees is set out in the Price List of Charged Entries to APCH Lovosice, which is available in its current version at <http://www.lovochemie.cz/cs/dokumenty-ke-stazeni> in the contractors' section (hereinafter the "Price List").** The Contractor declares that it has acquainted itself with the Price List, considers it binding, and shall comply with it.

**5.7.2.3.** Lovochemie, a.s. shall be entitled to unilaterally change the amount of the entry fees by way of an amendment to the Price List, and such change shall become binding upon expiry of one calendar month after the announcement of the amended Price List.

**5.7.3.** The Client shall ensure for the Contractor (or for its Subcontractors) the issuance of smart cards for the entry of its employees or employees of its Subcontractors and the issuance of chip cards for the entry of motor vehicles and other equipment into the Client's Premises. The Client shall hand to the Contractor (or its Subcontractors, if any) smart cards for transit and passage through the gatehouse of the Client, including a list of numbers of the cards indicating their validity period prior to starting the implementation of the Work/activity and after completion of the initial training. Persons and vehicles not mentioned in the Contractor's (or its Subcontractors') list shall not obtain any smart card.

**5.7.4.** The employees and drivers of vehicles of the Contractor (or its Subcontractors) shall use for entry (leaving) and driving (departure) to (from) the Premises of the Client the allocated smart cards and to follow the instructions of the surveillance personnel using the smart cards.

**5.7.5.** In the case of loss or damage of the card, the employee of the Contractor (or its Subcontractors), the Contractor (or its Subcontractors) shall report this fact to the Client within 2 working days of the date when the loss occurred. In this case, the Client shall invoice the Contractor CZK 300 (excluding VAT) for each lost or damaged smart card. Such invoice is due within 14 days of its delivery to the Contractor. In the case of non-compliance with the due date, the Client shall be entitled to charge the default interest in the amount of 0.03% of the invoiced amount for each day of delay.

**5.7.6.** In the event of termination of validity of the smart card, termination of employment of the employee of the Contractor (or its Subcontractors) or removal of the vehicle from the property of the Contractor (or its Subcontractors), the Contractor (or its Subcontractors) shall return the smart card of the employee or vehicle. Failure to return the smart card to the Client within 2 working days shall be assessed as the loss thereof in accordance with Art. 5.7.5.

**5.7.7.** The Contractor shall ensure that the employees of the Contractor (or its Subcontractors) appear only in areas reserved for the respective purpose (sanitary facilities, catering, communication routes, delivery, removal and storage of materials, etc.) and for the time necessary to fulfil the respective purpose (e.g. fulfilling obligations during the execution of the Work).

**5.7.8.** When passing through the gatehouse, the employees of the Contractor (or its Subcontractors) shall, on request of the security guards, make available their personal luggage (vehicle) for a security check or undergo an inspection pursuant to the Gate Pass Rules.

**5.7.9.** Taking photographs and filming is prohibited on the Premises of Lovochemie, a.s. A competent employee of the Client may permit taking photographs and filming pursuant to the Gate Pass Rules.

**5.7.10.** More detailed conditions for entry and movement around the Premises of Lovochemie, a.s. are defined in the Gate Pass Rules.

#### **5.8. Assembly/Construction Logbook**

**5.8.1.** The assembly/construction logbook must be kept in duplicate and must be permanently accessible to the Client's representative during the working hours (execution of the works) at the work site.

**5.8.2.** The assembly/construction logbook is used on a daily basis to record the actual activities in order to verify whether the scope of the works required by the Client corresponds to the scope of activities performed by the Contractor.

**5.8.3.** The records in the assembly/construction logbook approved on a daily basis by technical representatives of the Client and the Contractor serve as the record of completeness of the subject of the Work being executed.

#### **5.9. Compliance with Internal Regulations**

**5.9.1** The Contractor undertakes to comply with the Client's internal regulations published on the website [www.preol.cz](http://www.preol.cz), under the section About Us, Information for Contractors. Furthermore, the Contractor undertakes, for the entire duration of the Contract for Work, to regularly monitor any updates to these regulations and, in accordance with such updates, to provide additional training to its employees and Subcontractors.

#### **VI. EXECUTION OF THE WORK**

**6.1.** The Work shall be executed upon its completion and delivery.

**6.2.** The Work shall be deemed completed if it has been executed properly and in due time under the terms of the Contract for Work, the Contractor has completed the mechanical assembly of the Work, the Contractor has successfully completed all the tests required by the Contract for Work, and has invited the Client in writing to accept the executed Work.

##### **6.3. Individual Tests**

Prior to mechanical completion, the Contractor, in the presence of the Client, shall perform a test of each individual piece of equipment constituting part of the subject of the Work, during which the Contractor shall demonstrate the functionality of that part of the subject of the Work.

##### **6.4. Comprehensive Tests**

After mechanical assembly, the Contractor, in the presence of the Client, shall perform a comprehensive test of the subject of the Work, demonstrating the functionality of the subject of the Work as a whole, the quality of the works carried out, the materials supplied and the design works. The comprehensive test shall be deemed successful if the Work is operated without interruption and defects for a period of at least 72 hours.

##### **6.5. Guarantee Tests**

The Contractor, in the presence of the Client, shall perform guarantee tests to demonstrate that the guaranteed values of the subject of the Work have been met.

**6.6.** The Contractor shall request the Client no later than 3 working days in advance to take part in each test. If the Client does not take part in the relevant test, the Contractor shall perform the test without the Client and make a report confirming that the test has been performed and indicating its result. The Client shall be entitled to request that a test it did not take part in be repeated and must pay the related costs.

**6.7.** A successful completion of each individual test shall be recorded in a written report signed by the Client and the Contractor. If a test is unsuccessful, the Contractor shall be entitled to repeat the test within a reasonable time limit of the previous unsuccessful test. If the Contractor fails to repeat the test within a reasonable time limit or such a test is unsuccessful more than twice, it is a material breach of the Contract for Work and the Client may withdraw from the Contract for Work.

##### **6.8. Leakage Test**

If the execution of the Work involves the construction or installation of tanks intended for the storage of hazardous or particularly hazardous substances within the meaning of Act No 254/2001 Sb., on Waters, as amended (hereinafter the "**Water Act**"), a leakage test report within the meaning of the relevant provisions of the Water Act shall be submitted to the Client no later than on the date of delivery of the Work. The leakage test shall be carried out by a professionally qualified person who meets the requirements arising from the relevant provisions of Decree No. 450/2005 Sb., on the particulars of handling harmful substances and the particulars of an emergency plan, the manner and scope of reporting accidents, their elimination and remediation of their harmful consequences, and in the manner described in the relevant provisions of this Decree. This provision shall also apply to the performance of leakage tests of intercepting traps.

**6.9.** The Work is executed when it has been completed and delivered, i.e. the Client and the Contractor shall sign the Acceptance Certificate on the delivery and acceptance of the Work, by which the Client states that the Work is free of defects or unfinished works and that the Client accepts it. In the event that the subject of the Work shows obvious defects or unfinished works, the Client shall refuse to accept the subject of the Work and the subject of the Work shall not be considered as accepted. The Client shall be entitled to accept the subject of the Work even with minor obvious defects or unfinished works, if these do not prevent the proper, reliable and safe operation of the subject of the Work, and the Contractor also undertakes to eliminate these defects within the period agreed in writing by the Parties.

**6.10.** For the avoidance of doubt, the Parties agree that if the Work shows defects that prevent proper, reliable, or safe operation of the Work, the Client shall not be obliged to accept the Work.

- 6.11. Upon the signing of the Acceptance Certificate, the risk of damage to the Work shall pass from the Contractor to the Client.

**VII. CONTRACTUAL PENALTIES, LIABILITY FOR DAMAGE, FORCE MAJEURE AND INSURANCE**

- 7.1. In the case of the Contractor's delay with the submission of the documentation to the Client, the Contractor undertakes to pay the Client a contractual penalty of 0.01% of the price of the Work for each day of delay, up to a maximum of 5% of the price of the Work.
- 7.2. In the case of the Contractor's delay with the delivery of the executed Work, the Contractor undertakes to pay the Client a contractual penalty of 0.05% of the price of the Work for each day of delay, up to a maximum of 20% of the price of the Work.
- 7.3. In the case of the Contractor's delay with the removal of defects of the Work, the Contractor undertakes to pay the Client a contractual penalty of 0.01% of the price of the Work for each defect and for each day of delay with the removal, up to a maximum of 5% of the price of the Work.
- 7.4. Any contractual penalty agreed under the applicable provisions of the Contract for Work and/or GTCEW shall not waive the Client's right to compensation for damage caused by a breach of the obligation to which the contractual penalty applies.
- 7.5. The total amount of damage and contractual penalties to be paid by the Contractor to the Client under the Contract for Work shall not exceed 20% of the price of the Work; this limit shall not apply to damage caused intentionally or due to gross negligence by the Contractor, its employees or Subcontractors, to the Contractor's costs for the removal of defects or unfinished works in the Work prior to its acceptance by the Client, the costs of repair, modification or replacement of defective parts of the Work after the acceptance of the Work by the Client, the costs of and indemnity for violating any industrial and intellectual property rights, the payment of contractual penalties and compensation for damage caused by a breach of the Safety Standard, and compensation arising from insurance provided by the Contractor under the Contract for Work.

**7.6. Force Majeure**

- 7.6.1. Neither Party shall be liable for any failure to fulfil its obligations under this Contract if such failure or delay was caused by an extraordinary, unforeseeable and insurmountable obstacle which arose independently of the will of the obligated Party and prevented it from fulfilling its obligation (hereinafter "**Force Majeure**"). However, no obstacles arising from personal circumstances of the obligated Party or occurring at a time when the wrongdoer was in default regarding the fulfilment of the contractual obligation and no obstacles which the obligated Party is required to overcome release them from their duty to fulfil the obligation.
- 7.6.2. For the purposes of this Contract, and provided the conditions set out in the preceding paragraph are met, Force Majeure shall include, in particular:
- a. natural disasters, fires, earthquakes, landslides, floods, high water, storms or other atmospheric disturbances and phenomena of a considerable extent, or
  - b. wars, rebellions, riots, civil unrest or strikes, or
  - c. decisions or normative acts of public authorities, regulations, restrictions, prohibitions or other interventions of the state, state authorities or local government, or
  - d. explosions or other major damage or defects of relevant production or distribution facilities,
  - e. an epidemic, pandemic or other spread of a contagious disease or diseases which will give rise to measures or restrictions announced or imposed by state administration bodies.

- 7.6.3. The Party that has breached, is breaching, or, in view of all known circumstances, anticipates that it will breach its obligation under the Contract as a result of an event of Force Majeure shall be obliged to immediately inform the other Party of such breach or event and to exert all possible effort to avert such event or its consequences and to eliminate them.

**7.7. Contractor's Insurance**

The Contractor undertakes to conclude and maintain in force and effect for the entire duration of the Contractor's obligations under the Contract for Work a liability insurance for damage incurred by the Client or third parties as a result of death or injury or for damage to their property caused in connection with the execution of the Work due to the Contractor's activities. Liability insurance shall also cover the obligation to provide compensation for damage or injury caused by a defective product or defective work, and the obligation to provide compensation for damage or injury caused to a thing the Contractor has accepted to perform the ordered activity. The total insurance indemnity limit for these individual insurances shall be at least twice

the price of the Work. Before the commencement of the relevant activity, the Contractor shall be obliged to provide the Client with an insurance certificate (insurance certificate or a copy of the insurance contract) as evidence that the required insurance is fully valid and effective.

**VIII. WARRANTY FOR WORK**

- 8.1. The Contractor undertakes and ensures that the entire Work shall be completed in a high quality and professional manner, in accordance with good engineering and construction practice, that it shall comply with all valid permits, approvals, legal regulations and standards, and the terms of this Contract and its Annexes.
- 8.2. The Contractor agrees and warrants that all supplied or manufactured equipment, its components and accessories, and all other materials and facilities, equipment and works constituting the subject of the Work or part thereof shall be new (unless otherwise approved in writing by the Client) and unobjectionable in terms of the technical solution, provided materials and professional workmanship.
- 8.3. The Work shall be deemed defective if
- a. it has not been executed in the agreed quantity, quality or design, or, if the quality or design has not been agreed, in a quality or design suitable for the purpose apparent from the Contract, otherwise for the usual purpose; or
  - b. it does not have the properties that the Parties agreed in this Contract or, in the absence of such agreement, the properties that the Contractor or manufacturer described or the Client expected given the nature of the subject of the Work and based on advertising by the Contractor or manufacturer; or
  - c. it is not suitable for the purpose that is specified in this Contract and when the purpose is not explicitly stated, for a purpose that the Contractor lists for the use thereof or for which the subject of the Work of the same type is normally used; or
  - d. it does not meet the quality or design of the agreed sample or model, if quality or design was determined in accordance with the agreed sample or model; or
  - e. it has not been delivered in the agreed quantity, dimensions or weight; or
  - f. it has not been delivered in the agreed packaging; unless it has been agreed how the subject of the Work is to be packed, then packed according to customs; if packaging is not customary, in the manner necessary for the preservation of the subject of the Work and its protection; or
  - g. it fails to satisfy the requirements of the relevant legislation.
- 8.4. The Contractor undertakes that the subject of the Work shall be fit for use for the agreed or otherwise usual purpose during the warranty period and that it shall retain the agreed or otherwise usual properties.
- 8.5. The Contractor shall provide a warranty for the Work of twenty-four (24) months in respect of the technological part of the Work and sixty (60) months in respect of construction, assembly and design works commencing on the day immediately following the delivery of the executed Work by the Contractor to the Client, the date of signature of the Acceptance Certificate.
- 8.6. If the Contractor or the manufacturer provides a warranty period for any part of the Work that is longer than the period specified in Art. 8.5, then the warranty period granted by the Contractor or the manufacturer shall apply to that part of the Work; however, the warranty period shall always be at least the warranty period specified in Art. 8.5.
- 8.7. If the Client finds any defect in the material or performed works, professional workmanship or technical solution or any other defect covered by the warranty, the Contractor shall, immediately upon a written notice by the Client, initiate a remedial action and, with due care, carry out and complete the remedy of such defect or deficiency in such manner that, at the written discretion of the Client (contained in the Client's notification of the defects), the Contractor shall:
- a. newly design, produce and replace the defective part of the Work; or
  - b. repair or modify such defective part of the Work so that it complies with the documentation; or
  - c. provide the Client with a discount from the contractual price, which shall correspond to the difference between the value of the Work without defects and the value of the defective Work, or shall be determined as the sum of costs necessary to remove the defect of the subject of the Work, whereby the method of determining the amount of the discount from the price of the Work shall be at the discretion of the Client.
- 8.8. The Contractor shall endeavour to ensure that the defects and deficiencies of the Work are removed with minimal interference into the operation or maintenance of the Work. The relevant defect must

- be removed within 48 hours after its discovery or notification, unless agreed otherwise between the Parties given the nature of the defect or deficiency of the Work.
- 8.9. If the Contractor fails to promptly initiate the remedy of the discovered defect or complete with the necessary due care the appropriate new design, repair, replacement, or new test, the Client shall be entitled to carry out these activities or ensure the implementation of these activities at the expense of the Contractor.
- 8.10. The exercise of the right under defective performance does not affect the right of the Client to the compensation for damage caused by defective performance of the subject of the Contract.

**IX. OWNERSHIP RIGHTS, INTELLECTUAL PROPERTY RIGHTS AND CONFIDENTIALITY OF INFORMATION**

- 9.1. The ownership right to individual parts of the Work and any other materials and equipment or works that constitute part of the Work shall pass to the Client upon their payment by the Client or upon their unloading at the construction site or at the place of execution of the subject of the Work, or upon their incorporation into the Work, whichever comes first, and all of the above matters shall not be subject to any liens, encumbrances or any other third party rights.
- 9.2. The Contractor declares that the Work and documentation shall not have any patent or other legal defects, shall be patent-defect-free and shall not infringe the rights of third parties, in particular the right to protection of industrial property and intellectual property, and that the Client may use it without limitation for the purposes of the Contract for Work and treat it as its own. The Contractor undertakes to pay the Client all the costs and damage incurred by the Client if a third party claims legal defects against the Client and the Contractor undertakes to provide the Client with all the support in dealing with such matters at its own expense.
- 9.3. If, in the course of fulfilling the Contractor's obligations under the Contract for Work, a thing subject to intellectual property rights is created, the Client shall acquire the right to unlimited use of such a thing subject to intellectual property for the purposes of the Contract for Work, especially for the purpose of construction and operation of the Work. For this purpose, the Contractor shall grant the Client a licence, unlimited in terms of time and territory, to use the thing subject to intellectual property rights as defined in the previous sentence.
- 9.4. The Contractor undertakes to adequately and sufficiently modify the potential third party rights, especially those of the Contractor's employees resulting from the creation of a thing subject to intellectual property rights pursuant to the preceding paragraph, in particular by providing the employees with appropriate remuneration in accordance with the relevant legislation.
- 9.5. For the avoidance of any doubt, the Parties agree that the price of the Work shall also include all fees, indemnities or licence payments to the Contractor, Contractor's employees or any third parties that may claim them against the Client in connection with the creation of a thing subject to intellectual property rights, and the Contractor undertakes that if such claims are asserted against the Client, it shall assume or fully satisfy them in such a way that the Client incurs no loss, damage, etc.
- 9.6. If any process or use of any part of equipment, material or any part thereof provided by the Contractor under the Contract for Work is restricted or prohibited by a court order for violation of industrial, commercial, trade-mark, copyright or other proprietary rights by such process or use, then the Contractor shall, at its own expense, indemnify the Client and hold the Client harmless against any such claim and, if necessary, secure the necessary licences for the use of the equipment, material or process that causes the above mentioned violation.
- 9.7. The Parties mutually undertake not to disclose, make available or otherwise allow access to any third party nor use for itself or for someone else contrary to the purpose of the Contract for Work any information that is competitively significant, identifiable, measurable and not normally inaccessible in the relevant business circles and made available to them by the other Party (hereinafter the "**Disclosing Party**"), directly or indirectly, in tangible or intangible form, or information obtained in connection with the fulfilment of obligations under the Contract for Work (hereinafter the "**Confidentiality Obligation**").
- 9.8. In the event of a breach of the Confidentiality Obligation, the Party breaching the Confidentiality Obligation undertakes to pay the other Party a contractual penalty in the amount of CZK 100,000 for each breach. The agreed contractual penalty shall be without prejudice to the right of the aggrieved Party to claim damages resulting from the breach of the obligation to which the contractual penalty applies.

- 9.9. The Confidentiality Obligation shall not apply to information
- which the Party obtained before the date of the Contract for Work without breaching any legal obligation;
  - which the Disclosing Party had itself granted to a third party or published prior to the date of the Contract for Work or during the term thereof;
  - which became generally available before the date of the Contract for Work or during the term thereof without breaching the Confidentiality Obligation by any of the Parties;
  - which is specifically designated in writing as information to which the Confidentiality Obligation does not apply by the Disclosing Party when providing it or making it available; and
  - the disclosure of which is necessary for the performance of the Work, but only to disclose such information to approved Subcontractors of the Contractor and provided that such Subcontractors shall be obliged to protect the information at least to the same extent as the Contractor.

**X. FINAL AND COMMON PROVISIONS**

- 10.1. The Contractor declares and agrees that it does not allow illegal work to be performed for it and no illegal work will be performed by it as per the relevant provisions of Act No. 435/2004 Sb., on Employment, as amended (hereinafter the "**Employment Act**") so that all work performed by natural persons for the Contractor is and will be performed within an employment relationship.
- 10.2. In the event that a natural person-foreigner performs work for the Contractor, the Contractor undertakes and declares that this work shall not be performed for the Contractor in violation of the issued work permit or without this permit, if required by the Employment Act, or in violation of the issued employee card or without it or in conflict with the card of an internally transferred employee or a blue card issued pursuant to the Act on the Residence of Foreigners in the Czech Republic or without any of these cards, or without a valid residence permit in the Czech Republic, if it is required pursuant to the Act on the Residence of Foreigners in the Czech Republic.
- 10.3. The violation of Art. 10.1 and 10.2 shall be deemed a material breach of the Contract by the Contractor and the Client shall be entitled to withdraw from the Contract.
- 10.4. If any penalties, fines or deductions are imposed by the competent public authorities on the Client as a result of violation of Art. 10.1 and 10.1 above or the Client shall have to pay such a penalty, fine or deduction based on its liability under the relevant provisions of the Employment Act or the Client shall be obliged to pay any such amounts to a third party because of liability arising under the relevant provisions of the Employment Act (hereinafter the "**Deduction**"), the Contractor agrees to pay the Client the amount of such a penalty, fine or deduction without delay, but not later than 15 days from the Client's request and also pay any and all other damage which the Client incurs in connection with the breach of the Contractor's obligation.
- 10.5. If a limitation of liability for damages of the Contractor has been agreed by the Contract for Work, this limitation shall not apply to the payment of penalties, fines, levies or damages pursuant to Art. 10.4.
- 10.6. Termination of Contract for Work**
- 10.6.1. The Contract for Work may be terminated by due performance of the contractual obligations of the Parties, by written agreement of the Parties, or by withdrawal from the Contract for Work under the conditions stipulated by applicable law and/or by the Contract for Work.
- 10.6.2. The Client shall be entitled to withdraw from the Contract for Work if the Contractor commits a material breach of its contractual obligations, which shall be considered in particular to be:
- a breach of the Contractor's obligation to reflect the Client's comments in the documentation properly and in due time;
  - the Contractor's delay in performing the Work by the deadlines set out in the Contract for Work for more than 21 days;
  - a breach of other obligations of the Contractor under the Contract of Work that leads undoubtedly and demonstrably to a defective or delayed performance;
  - termination or suspension of the execution of the Work in breach of the terms of the Contract for Work;
  - a situation where the Contractor becomes insolvent or is threatened by insolvency within the meaning of Act No. 182/2006 Sb., the Insolvency Act, as amended;
  - a situation where the Contractor has used for the execution of the Work a Subcontractor that is not in the list of Subcontractors or has not been agreed in writing by the Client during the performance of the Contract for Work; or
  - a situation where the Contractor fails to achieve any or more of the guaranteed values; or

- h. a breach of obligations under Art. 5.6., 5.7, 10.1. and 10.2 of the GTCEW.
- 10.6.3. In the event of a material breach of the Contract for Work, the Client shall be obliged to notify the Contractor in writing of this breach and to require the Contractor to remedy the situation within a reasonable additional period to be specified by the Client, such a period being at least 14 days.
- 10.6.4. The Contractor shall be entitled to withdraw from the Contract for Work if the Client commits a material breach of its contractual obligations, which shall be considered in particular to be:
- delay with the payment of any financial obligation under the Contract for Work for more than 21 days;
  - delay in performing any other obligation of the Client under the Contract for Work that substantially affects the performance of the Contractor's obligations and the execution of the Work for more than 21 days;
- 10.6.5. In the event of a material breach of the Contract for Work, the Contractor shall be obliged to notify the Client in writing of this breach and to require the Client to remedy the situation within a reasonable additional period to be specified by the Contractor, such a period being at least 14 days.
- 10.6.6. Withdrawal from the Contract for Work shall become effective upon the delivery of a written notice of withdrawal to the other Party. Withdrawal from the Contract for Work terminates all rights and obligations of the Parties under the Contract for Work, with the exception of the right to compensation for damage, contractual penalties, default interest, the Parties' agreements on resolving disputes arising from or in connection with the Contract for Work, choice of governing law, security and other provisions which, by their very nature, survive the Contract for Work. Unless the Parties expressly agree otherwise in writing, they shall be obliged to return to each other the performance made under the Contract for Work, in the case of cash payments including interest at 0.02% per day of the amount of the returned funds since its payment.
- 10.7. The legal relationship established by the Contract for Work shall be governed by the laws of the Czech Republic, namely by Act No. 89/2012 Sb., the Civil Code, as amended (also referred to in these GTCEW as the "CC" ).
- 10.8. In the event of a dispute concerning the performance or interpretation of the Contract for Work, the Parties undertake to resolve such a dispute amicably in order to reach an out-of-court settlement of the dispute. If the dispute is not resolved amicably, either Party may submit the dispute to the relevant court with territorial jurisdiction determined by the seat of the Client.
- 10.9. The Contract for Work may be amended or supplemented only by numbered written amendments signed by both Parties.
- 10.10. The Parties shall exclude acceptance of an offer with an addition or deviation and insist on achieving full agreement on the entire contents of a written amendment and its particulars.
- 10.11. All announcements and communications shall be made in writing in Czech and shall be deemed to have been delivered:
- if they are delivered in person at the time of their receipt by an authorised person acting in the name or on behalf of the addressee; or
  - if they are delivered using the postal service provider on the third working day after dispatch, but if they were sent to an address in another State, then on the fifteenth working day after dispatch.
- Any Party may at any time change its mailing address by sending a written notice to the other Party.
- 10.12. The Contractor shall assume the risk of change in circumstances within the meaning of Section 1765(2) of the CC and the provisions of Section 2620(2) of the CC.
- 10.13. The Parties agree to exclude the application of Sections 1798 to 1801 of the CC.
- 10.14. The Contractor may not, in whole or in part, assign or otherwise cause the transfer or assignment of any of its rights or any of its obligations under the Contract for Work, create any rights of third parties to them, without the prior written consent of the Client.
- 10.15. The Client shall be entitled to set off its receivables arising from the Contract for Work against the receivables of the Contractor arising from the Contract for Work by a unilateral expression of its will (unilateral set-off). Any receivable of the Contractor arising from the Contract for Work against the Client can only be offset based on the prior written consent of the Client. For the avoidance of doubt, the Parties agree that monetary receivables denominated in different currencies shall only be eligible if such currencies are freely convertible, and the CNB exchange rate valid on the day when the receivables became eligible for set-off is decisive for the eligible amount of such receivables.
- 10.16. The Client as the personal data controller shall inform the other Party whose personal data are processed about the manner and extent of the controller's processing of personal data, including the extent of the rights of data subjects related to the processing of their personal data. Information about the processing of personal data is available at [www.preol.cz](http://www.preol.cz).
- 10.17. The Parties declare and confirm by their signatures that neither of them feels or considers itself to be the weaker party in comparison with the other Party and that they had the opportunity to familiarise themselves with the text and content of the Contract for Work and these GTCEW, that they understand it and want to be bound by it and sufficiently discussed the Contract before signing it.
- 10.18. Any other conditions of the Contractor regarding the execution of the Work shall not apply to the contractual relationship established by the Contract for Work.
- 10.19. In the event of epidemic or pandemic conditions affecting the Client's Premises, the Client shall reserve the right to set or modify the rules of movement of entities on the Client's Premises, in particular to limit entrances to the Premises and set other security measures, such as the use of certain protective equipment. The Contractor undertakes to respect these rules and restrictions if to be acquainted with them, in writing, by email or via the website [www.lovochemie.cz](http://www.lovochemie.cz).
- 10.20. The Contractor undertakes to comply with the **CODE OF CONDUCT FOR BUSINESS PARTNERS OF AGROFERT GROUP**, which is available on the Client's website <https://www.preol.cz/o-nas/informace-pro-kontraktory> and which the Contractor acquainted themselves with, and to regularly follow any changes or updates.