

General Terms & Conditions of I&C Energo a.s., valid from 01 January 2020 for the execution of work and/or delivery of services (purchase)

1. GENERAL PROVISIONS

- 1.1 These General Terms & Conditions (hereinafter referred to as the “GTCs”) shall be interpreted within the meaning of Section 1751 of Act No. 89/2012 Coll., the Civil Code, as amended, (“**Civil Code**”) and shall apply to contractual relationships during the execution of work between I&C Energo a.s., Pražská 684/49, 674 01 Třebíč, incorporated in the Commercial Register kept by the Regional Court in Brno, Part B, File 4153 (hereinafter the “**Customer**”) and the contractor (hereinafter the “**Contractor**”).
- 1.2 The subject of the contractual relationship is the Contractor’s obligation to execute, at its expense and risk, the work for the Customer and the Customer’s obligation to accept this work, provided that the work meets the agreed conditions and parameters, and to pay to the Contractor the price in accordance with the applicable contract/purchase order.
- 1.3 These GTCs shall be binding upon the Customer and the Contractor and shall form an integral part the respective contract/purchase order. The Parties exclude the application of the Contractor’s terms and conditions for this contract, unless expressly accepted by the Customer. For the avoidance of doubt, if the Contractor's general terms and conditions apply besides these GTCs, these GTCs of the Customer shall prevail in case of any discrepancy.
- 1.4 Any deviation from the GTCs shall only become effective if agreed upon in writing in the respective contract/purchase order. The provisions of the respective contract/purchase order shall prevail over the GTCs. The rights and obligations of the Parties not specified in the respective contract/purchase order shall be governed by the valid legislation of the Czech Republic.

2. CONTRACTUAL RELATIONSHIP

- 2.1 The work (execution of work and services) (hereinafter the “**Work**”) shall be executed on the basis of a contractual relationship concluded between the Customer and the Contractor as the result of:
 - conclusion of a written contract between the Customer and the Contractor (i.e. its signing by both Parties);
 - written confirmation of the Customer’s written purchase order by the Contractor.
- 2.2 The Work shall be specified in the respective contract/purchase order. Unless additional conditions are agreed in the respective contract/purchase order, the Contractor shall perform the Work to such an extent and quality as to ensure that the Work serves the purpose determined by the Customer or the purpose for which the Work is usually used.
- 2.3 When negotiating the individual contracts/purchase orders, the Contractor is expected to be familiar with and to agree to these GTCs.
- 2.4 These GTCs shall become part of the contract/purchase order no later than at the time of conclusion of the respective contract or confirmation of the purchase order by the Contractor. The Contractor’s reply to the purchase order in accordance with Section 1740(3) of the Civil Code with an amendment or a deviation shall not constitute acceptance of a proposal for a contract, even if it does not change the conditions of the purchase order materially.

3. OBLIGATIONS OF THE CONTRACTOR

- 3.1 The Contractor shall execute the Work with utmost care and efforts in accordance with the requirements, conditions, parameters, specifications and other documents, data and information contained in the respective contract/purchase order and in accordance with the Customer’s instructions. The Contractor shall be entitled to hire a subcontractor for Work execution subject only to the Customer’s prior written consent. In that case, however, the Contractor shall be liable to the

Customer for the execution of the Work or its part to the same extent as if the Contractor executed the Work or its part by itself. The Customer reserves the right not to grant its consent to the hiring of a subcontractor, including without reason.

- 3.2 If the scope of the Work also includes the delivery of related documentation (e.g. installation log, inspection log, technical documentation etc.) (hereinafter “**Work Documentation**”), the Contractor shall deliver to the Customer the complete Work Documentation together with the Work. Otherwise, the Work shall be deemed as defective and the Customer shall not be obliged to accept the Work and to pay the price for the Work and make other deliverables under the respective contract/purchase order.
- 3.3 All deliveries and activities outside the scope of the Work as defined in the respective contract/purchase order shall only be provided by the Contractor as additional deliveries/additional work subject to written agreement with the Customer.
- 3.4 The Contractor’s obligations shall include the provision of all materials, rights of use and licence rights as necessary to achieve completeness and operability and to ensure smooth, reliable and safe operation of the Work.
- 3.5 Work execution shall also include the performance of all work and services, removal, installation, commissioning, testing and completion of the Work and its handover to the Customer. Throughout Work execution, the Contractor shall maintain inspection logs and reports on equipment tests and supervise over Work execution, and shall be responsible for obtaining and delivering the required inspection reports, logs, permits under public law and other permissions, confirmations, attestations, approvals and certificates necessary for the execution and proper operation of the Work to the extent and under the conditions specified in the respective contract/purchase order. If no such documents are expressly specified in the contact/purchase order, the Contractor shall deliver to the Customer all the documents necessary for the acceptance, free handling, customs clearance, use and operation of the Work, in particular documents dealing with the technical conditions of installation, operation and maintenance of the Work. At the Customer's request, the Contractor shall submit to the Customer certificates for the Work required by legislation and the Contractor’s country.
- 3.6 The Contractor shall ensure, at its expense, the disposal of all waste produced in connection with Work execution in accordance with the applicable legislation, provide for and ensure administration and transport to and from the place of Work execution, guarding and storage of all materials, items, components, etc. necessary for Work execution. The Contractor is obliged to comply with all the related legislation.
- 3.7 The Contractor shall provide all services and deliver all materials which are not explicitly specified in the respective contract/purchase order but can be expected to be necessary for the proper function and execution of the Work because of the nature and extent of the Work under the respective contract/purchase order and the Contractor’s obligation to execute the Work with the required care. The Contractor shall get familiar with all information, data and other documents that form part of the respective contract/purchase order or have been provided or disclosed by the Customer to the Contractor in connection with the respective contract/purchase order. If any information, data, or values provided by the Customer are insufficient or incomplete to allow Work execution, it is the Contractor's responsibility to detail and/or obtain the missing information and/or data.
- 3.8 The Contractor shall have no right to receive any additional payment or to extend the terms of execution under the respective contract/purchase order because of any incorrect interpretation or misunderstanding concerning the place of execution, information, data or other documents provided by the Customer under the respective contract/purchase order.
- 3.9 The Customer and the Contractor agree that the provisions of applicable technical standards identified as ČSN shall be considered as binding upon the Contractor for Work execution. Failure to satisfy these provisions shall be understood as material breach of these GTCs or of the respective contract/purchase order. The Contractor shall perform all tests prescribed by ČSN standards in connection with the subject of the respective contract/purchase order. The success of these tests

shall be documented by the Contractor in the form required by ČSN standards. Unless specified otherwise in the contract/purchase order.

- 3.10 Any products or materials delivered by the Contractor as part of Work execution shall be new and unused and shall meet the requirements and parameters resulting from the respective legislation (e.g. for quality, quantity, size, weight), be free of defects, and comply with technical, sanitary and safety standards and legislation. Unless specified otherwise in the contract/purchase order.
- 3.11 The Contractor shall comply with the Customer's internal rules with which they have been demonstrably familiarized and shall ensure that all its employees, subcontractors and other workers engaged in the deliveries within Work execution under the respective contract/purchase order also comply with them. In addition, the Contractor shall ensure compliance with and fulfilment of other obligations set out by legal and other regulations in the areas of cybersecurity (i.e. in particular obligations stipulated in Act No. 181/2014 Coll., on cybersecurity and amending certain related laws, as amended), occupational health and safety (OHS), fire prevention (FP), environmental protection (EP) and protection of people and property (PPP), and observe the specified orders and restrictions resulting from the above. Any identified breach of these obligations shall be registered in writing using a separate record or in the applicable records, usually an Installation Log (see clause 3.16 of these GTCs) or the site log.
- 3.12 If the Work includes work on the property (conventional and hydro power plants) of ČEZ, a. s., Reg. No. 45274649, with its registered office at Duhová 2/1444, 14053 Prague 4 (hereinafter "**ČEZ, a. s.**"), the Contractor undertakes to comply, without reservation and unconditionally, with the provisions of document "Code of Conduct in ČEZ, a. s., KE" (hereinafter the "**Code of Conduct**"), reg. No. ČEZ_SD_0039, as amended, which is only published on the following website: <http://www.cez.cz/cs/o-spolecnosti/cez/pro-dodavatele>.
- 3.13 If the place of execution under the respective contract/purchase order is the nuclear power plant site, the Contractor undertakes to comply with the regulations applicable to compliance with nuclear safety (i.e. in particular the obligations stipulated in Act No. 263/2016 Coll., Atomic Act, as amended), OHS, fire prevention, environmental safety, cybersecurity and other rules specified in the „Binding Documentation for Suppliers of ČEZ, a. s.” (hereinafter "**Binding Documentation**") with which they are demonstrably familiarized by the Customer or which are provided to them by the Customer.
- 3.14 The Contractor shall be responsible for compliance with the specified Code of Conduct and the Binding Documentation by all its employees, subcontractors and other workers engaged in activities or deliveries for the Contractor under the respective contract/purchase order. When negotiating the individual contracts/purchase orders, the Contractor is expected to be familiar with and to agree to the Code of Conduct and the Binding Documentation. Any identified breach of the Code of Conduct and/or the Binding Documentation shall be recorded by the Customer as a separate written record or in the applicable records, usually the Installation Log (see 3.16 of these GTCs or the site log). Failure to satisfy these provisions shall be understood as material breach of these GTCs or of the respective contract/purchase order.
- 3.15 If the Contractor uses equipment, tools, scaffolding, dedicated equipment, etc., provided by the Customer based on the respective contract/purchase order or in connection with it, the Contractor shall use them in compliance with the generally binding regulations and at their own risk, and shall be held responsible for any damage caused by such use.
- 3.16 As of the date of takeover of the place of execution, the Contractor shall keep an installation log which shall be entitled with the Contractor's and the Customer's identification data at the beginning, including the respective contract/purchase order number (hereinafter the "**Installation Log**"). The Installation Log shall contain all facts decisive for or associated with Work execution under the respective contract/purchase order, particularly chronological data on the progress of work, quality, data necessary for the assessment of work by public authorities and records related to compliance with the Code of Conduct and the Binding Documentation and with the participation of subcontractors in Work execution. In addition, temporary representation of authorized persons shall

also be recorded in the Installation Log. The Installation Log shall be permanently available in the place of execution during working hours. The obligation to keep the Installation Log shall continue until the day of handover and takeover of the Work. In addition to the work supervisor, records in the Installation Log can also be made by the Customer's employee authorized to represent the Customer in technical matters under the respective contract/purchase order or in charge of inspections or by a public regulatory body or other competent public authorities. These persons and bodies are entitled to review the Installation Log and enter any potential reservations or comments concerning Work execution confirm them by signing; they are also entitled to keep a carbon copy or photocopy of the Installation Log or any of its parts, signed by the Contractor, including any possible annexes.

- 3.17 The Contractor shall be entirely responsible for the manner in which the Work is being executed in accordance with the respective contract/purchase order. The Contractor shall be entirely responsible for its employees or persons executing the Work in accordance with the Contractor's instructions, on behalf of the Contractor, being paid or otherwise compensated, during working hours or as otherwise fixed or agreed with the Contractor, in the place determined by the Contractor in accordance with the place of execution under the respective contract/purchase order, at the Contractor's expense and responsibility. No contractual relationship of any kind shall exist between the Customer and the Contractor's employees.
- 3.18 If the Contractor employs foreign nationals to execute the Work, the Contractor shall inform the Customer thereof without undue delay. In case that any costs are incurred by the Customer because the Contractor employs foreign nationals (in particularly if fines are imposed by the tax revenue office, employment bureau or any other public authority), the Contractor shall immediately reimburse the Customer's costs in full.
- 3.19 The Contractor undertakes to arrange, in their name and at their expense, and maintain, for the entire duration of the contractual relationship between the Parties, liability insurance against damage caused by their activities, including possible damage caused by the Contractor's employees. With a reference to potential risks, the Customer is entitled to call on the Contractor, in connection with the conclusion of the contract/purchase order, to increase the insurance coverage as well as to carry out other adjustments to the insurance conditions so that the Customer as well as the main customer are sufficiently covered with respect to the nature of the Work, and the Contractor shall accept the call from the Customer as soon as possible.
- 3.20 The Contractor undertakes to submit to the Customer, at any time upon request, copies of their insurance policies and, where applicable, also copies of the policies of subcontractors which cover their liability for damage caused by their activities during Work execution. The Contractor shall ensure the specified conditions from its subcontractors. Breach of these obligations shall be considered as material breach of these GTCs.

4. PLACE OF EXECUTION

- 4.1 The place of execution shall refer to the place specified for Work execution, including equipment/facilities installed in the place of execution (or construction site).
- 4.2 Prior to the commencement of Work execution, the Customer shall allow the Customer on their request to inspect the place for Work execution or otherwise provide the Customer with the necessary cooperation to establish the conditions for Work execution.
- 4.3 The Customer shall determine access roads for the Contractor to access the place of execution and shall provide connection points for energy and media for the purpose of Work execution, if arranged so in the contract/purchase order. The Customer shall also identify in writing areas that require special measures to be implemented to ensure fire prevention, hygiene and protection against environmental impacts.

- 4.4 The place of execution shall be handed over and taken over between the Customer and the Contractor based on a written handover report, signed by both the Parties, or based on an entry in the Installation Log. During the handover of the place of execution the Contractor shall verify whether the place of execution is free of obstacles and defects that prevent the commencement of Work execution. The boundaries of the place of execution determined by the Customer shall be binding upon the Contractor and the Contractor is required to provide for its proper marking.
- 4.5 The Contractor shall keep the place of execution taken over clean and tidy and, at their own expense, shall dispose of all waste (including waste collection, sorting and keeping the prescribed files) and impurities generated in connection with Work execution. These activities are included in the price of the Work. The Contractor shall be responsible for any damage including environmental damage that occur during Work execution.
- 4.6 The Contractor shall enable the Customer or their authorized representatives to carry out inspections of the specific workplace (place of execution) for the purpose of verification of the Contractor's compliance with statutory and contractual obligations, especially compliance with OHS, fire prevention and waste management principles, etc.
- 4.7 The Contractor undertakes to inform the Customer without undue delay of any accident or job-related injury of the Contractor's or subcontractor's employees, fire, accidents with a negative impact on the environment as well as any other accidents, facts and conditions of a similar nature.

5. TITLE AND RISK OF DAMAGE TO THE WORK

- 5.1 The title to any deliveries within the framework of the Work, i.e. deliveries of materials, equipment and tangible outcomes of the provided services and work, shall be transferred from the Contractor to the Customer at the time of delivery of the materials, equipment and other deliverables to the place of execution, performance, provision or handover of services, or their payment by the Customer, whichever occurs first. The Contractor shall be responsible for ensuring that all these deliveries are not encumbered with third-party rights. The transfer of title shall not affect the Contractor's obligation to take proper care of these deliveries.
- 5.2 Irrespective of the above mentioned transfer of title, the Contractor shall be responsible for the protection of all deliveries within the framework of the Work mentioned in the previous paragraph as well as for the risk of their loss or damage until Work handover and takeover.
- 5.3 Upon the handover of the place of execution and the equipment needed for Work execution, if such handover of the equipment needed for Work execution is arranged in the contract/purchase order, to the Contractor, the Contractor shall assume the risk of loss or damage to the deliveries within the framework of the Work under the previous paragraph as well as to the facilities on which the Work is executed. In addition, the Contractor shall be responsible for damage to the Work (or its part) or the respective equipment also for the period of time for which the Work (or its part) or the equipment is handed over to the Contractor for the purpose of defect removal, until the faultless Work (or its part) or equipment is handed over back to the Customer. With regard to other equipment in the place of execution which is not handed over for Work execution, the Contractor shall take measures to prevent damage to or unauthorized handling of such equipment.
- 5.4 The Contractor shall be responsible for any damage to the Work or its part until the date of final handover and takeover of the Work by the Customer and shall compensate, at their expense, any damage to the Work or its part that occurs for any cause during such period of time. In addition, the Contractor shall bear the risk of damage to any equipment subject to the Work or its part caused for reasons on the part of the Contractor or its subcontractors in the course of any activities on the Work.

6. COMPENSATION OF LOSS

- 6.1 The Contractor shall compensate the Customer for loss caused by the Contractor or its subcontractors to the Customer in connection with any breach of obligation stipulated in these GTCs, the respective contract/purchase order, applicable legislation, or compensation for any other loss that occurs in connection with Work execution. The compensation of loss incurred by the Customer shall include actual damage, lost profit and compensation of non-tangible loss (for details see 10.7 and 10.8 hereof). The Customer's right to compensation of loss under this paragraph shall not be affected by the payment of a contractual penalty by the Contractor.

7. WORK EXECUTION AND COMPLETION

- 7.1 The Customer or its authorised representative shall be entitled to verify the quality of the Work and the Contractor's compliance with obligations under these GTCs, the respective contract/ purchase order and the applicable legal and technical regulations and standards at any time in the course of Work execution. The Customer's authorized representative shall be entitled to instruct the Contractor's employees to discontinue Work execution if the Contractor's responsible representative is not available and occupational safety, life or health of the persons involved is put at risk. The presence of the Customer's authorized representative shall not relieve the Contractor of their responsibility for the proper course of Work execution and for deficiencies to the Work, including all work and/or deliveries within the framework of the Work.
- 7.2 In case that employees of both the Customer and the Contractor perform their tasks at one workplace, the Customer and the Contractor agree that pursuant to Section 101(3) of Act No. 262/2006 Coll., the Labour Code, as amended, the Customer shall coordinate occupational health and safety measures and procedures for their assurance until the place of execution (workplace) is taken over by the Contractor. Prior to the commencement of Work execution, the Customer and the Contractor shall mutually communicate to each other information on risks resulting from their activities. The Contractor is not allowed to commence Work execution without this information exchange.
- 7.3 If any work and activities exposing natural persons to increased life or health risks, as defined in Annex 5 to Government Decree No. 591/2006 Coll., on the detailed minimum requirements for occupational health and safety at construction sites, as amended, are performed in the place of execution (workplace) as well as when the Contractor, while executing the Work, fulfils the criteria of Section 15(1) of Act No. 309/2006 Coll., on the assurance of other conditions for occupational health and safety, as amended, the Contractor shall ensure that a plan for occupational health and safety is prepared prior to the commencement of work. If design documentation is prepared separately for Work execution and it already includes an OHS plan, the Customer undertakes to inform the Contractor that the plan has already been prepared.
- 7.4 This paragraph shall only apply to activities carried out on equipment of ČEZ, a. s. In case the conditions under the previous paragraph are fulfilled, the Contractor undertakes to provide the Customer with information on the extent and method of work performance using a questionnaire (the form is available on the website www.cez.cz), no later than within 10 days of the signing of the respective contract/confirmation of the respective purchase order. The original copy of the completed questionnaire shall be sent by the Contractor to the Customer, to the attention of a person authorized to represent the Customer in technical and implementation matters. In addition, the Contractor undertakes to provide the Customer with all the cooperation necessary to fulfil the obligations under Act No. 309/2006 Coll., on the assurance of other conditions for occupational health and safety, as amended, and Act No. 263/2016 Coll., Atomic Act, as amended.
- 7.5 The Parties expressly exclude the application of Section 2627(1) and (2) of the Civil Code. If, during Work execution, the Contractor identifies hidden obstacles relating to the place of Work execution which prevent executing the Work in the agreed manner, the Contractor shall notify the Customer thereof without undue delay and shall propose a change in the Work. Within 3 days of the date of notice of the inability to execute the Work in the agreed manner, the Customer shall inform the

Contractor of the manner in which the Customer wishes to execute the Work and the Contractor shall be bound by such information.

- 7.6 For the purpose of handover of the Work or its part, as the case may be, after the completion of such Work or part, the Contractor shall draw up with the Customer a Work handover and takeover report (hereinafter the “**Handover Report**”, or the final payment certificate (relating to the Work part based on the respective purchase order) (hereinafter the “**Final Payment Certificate**”). The Handover Report or the Final Payment Certificate shall state that:
- a) the Work or its respective part, as the case may be, has been taken over without reservations;
 - b) the Work or its part, as the case may be, has been taken over with such reservations that do not prevent the takeover and that, by themselves or in association with others, do not prevent the use of the Work (in particular in accordance with the agreed parameters and the applicable legal and technical regulations and standards) and do not make such use more complicated or restricted – in such case the Work or its part shall be deemed taken over, and the Parties shall agree on the time and method of settlement or removal of such reservations at the same time. Otherwise, the Contractor is obliged to settle or remove the reservations within the time specified in paragraph 9.6. After the settlement or removal of all the reservations the Parties shall sign a report on the settlement or removal of such reservations (hereinafter the “**Reservation Settlement Report**”; or
 - c) the Work or its part, as the case may be, has not been taken over – in such case the Parties shall state in the Handover Report or in the Final Payment Certificate the reservations preventing the takeover, including fulfilment or non-fulfilment of the criteria for the takeover of the Work. In such case the Work or its part shall not be deemed taken over. In such case the Parties shall agree on the time and method of settlement or removal of the reservations and, following the settlement or removal, the Contractor and the Customer shall draw up a new Handover Report or Final Payment Certificate.
- 7.7 When signing the Handover Report or the Final Payment Certificate, the Contractor shall hand over to the Customer all Work Documentation (relating to the Work or its part) available to the Contractor or necessary for using the Work or exercising a claim due to a defect of the Work.
- 7.8 After the due handover of the Work as referred to in paragraph 7.6(a) or, as the case may be, after the settlement or removal of reservations under paragraph 7.6(b) or after ending the contract (purchase order) in another manner, whichever occurs earlier, the Contractor shall, without undue delay, remove all of the Contractor’s installation machinery and materials that are not useful any more from the place of execution (workplace), shall clean the place of execution (workplace) properly, i.e. in particular it shall remove all waste generated by the Contractor’s activities and shall demonstrably hand over the place of execution (workplace) back to the Customer.
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- 7.9 The warranty period for the Work starts on the date following the signing of the Handover Report or the Final Payment Certificate by the Customer under the previous paragraph; if the Work is set to be commissioned, the warranty shall start on the commissioning date.
- 7.10 For the avoidance of doubt, no provision of these GTCs shall in any case relieve the Contractor from its responsibility for monitoring Work execution, tests of the Work, quality, warranty or any other obligations under the respective contract/purchase order. Unless otherwise provided in the respective contract/purchase order, the tests that serve to the Contractor to demonstrate compliance of the Work with the respective contract/purchase order and/or legislation and technical regulations and standards shall be carried out in the presence of the Customer and the Contractor shall bear all the related costs, even in case of tests repeated as the result of failure to demonstrate the Work parameters specified in the respective contract/purchase order, legislation and technical regulations and standards, or all these costs of the Contractor shall be fully included in the contractual price of the Work or its part.

8. PRICES, PAYMENT TERMS

- 8.1 The price of the Work shall be paid on the basis of an invoice (tax document) issued by the Contractor. The price of the Work shall be paid by the Customer upon the due execution of the Work or its respective part, i.e. after the settlement or removal of all reservations, as confirmed in the Handover Report or the Final Payment Certificate, and upon receipt of the following documents from the Contractor:
- invoice issued by the Contractor after the handover and takeover of the Work or its part;
 - Handover Report or Final Payment Certificate signed by authorized representatives of both Parties, demonstrating proper execution of the Work or its part.
- 8.2 The date of signing by both Parties of the Handover Report or the Final Payment Certificate shall be the taxation date.
- 8.3 Every invoice shall be issued by the Contractor no earlier than on the taxation date, but no later than within 15 days of the taxation date, and it shall contain all the requirements for a tax document in accordance with all the legislation applicable on the date of issue of the invoice, in particular with Act No. 563/1991 Coll., on accounting, as amended, Act No. 235/2004 Coll., on the value added tax, as amended, and Section 435 of the Civil Code.
- 8.4 The invoice (tax document) shall contain in particular the following information:
- the Customer's contract/purchase order number;
 - invoice designation and number;
 - tax registration numbers of the Contractor and the Customer;
 - names and registered offices of the Contractor and the Customer, where the Customer's name and registered office shall be as follows:
I&C Energo a.s., Pražská 684/49, 674 01 Třebíč;
 - the Contractor's bank details;
 - date of issue of the invoice;
 - scope, subject and taxation date of the Delivery;
 - maturity date of the invoice in accordance with the contract/purchase order;
 - if the Contractor is a VAT payer, every invoice (tax document) issued by the Seller shall include the price without VAT, the VAT rate in %, the amount of the VAT, the amount of the price including VAT for every item of goods or materials delivered by the Contractor in connection with Work execution and the price total;
 - signature and stamp of the Contractor.
- 8.5 The invoice shall be submitted together with a copy of the Handover Report or the Final Payment Certificate for the given Work or its part, confirmed or signed by the Customer's representative. If an invoice is not issued in accordance with these GTCs or the contract/purchase order for reasons on the part of the Contractor and, as a consequence, the Customer incurs loss (e.g. cannot claim VAT deduction), the Contractor shall compensate the Customer for this loss in full.
- 8.6 If hourly rates are charged in the invoice, a table containing a list of names of the employees with their respective hours worked each day shall form an integral annex to the Handover Report or the Final Payment Certificate. The Handover Report or the Final Payment Certificate shall include the total hours worked per type of activity and per hourly rate.
- 8.7 The Contractor shall send the invoices to the Customer's registered office: **I&C Energo a.s., Pražská 684/49, 674 01 Třebíč.**
- 8.8 Unless otherwise explicitly stated, the Contractor is not entitled to issue invoices combining payments for two or more Works or their parts.
- 8.9 The Contractor shall issue the invoice in the total amount of the price for the Work or its part, as the case may be, and the price of the Work or its part shall be payable within 60 days from the date of delivery of the invoice to the Customer. The Customer is entitled to withhold, from any amount

invoiced by the Contractor, an amount equal to 10% of such invoiced amount (hereinafter the **“Retention Money”**). The Customer is obliged to release the Retention Money to the Contractor within 60 days from a) the day of expiry of the warranty period, or b) the day when all claims of the Customer associated with defects of the Work or its part, as the case may be, covered by the warranty have been duly settled, whichever occurs later.

- 8.10 Where the Work or its part, as the case may be, is taken over with reservations under paragraph 7.6(b), the Customer is entitled to withhold retainage in the amount of 10% of the price of the Work or its part, as the case may be (hereinafter the **“Retainage”**). The Retainage shall be paid to the Contractor within 30 days from the day of signing the Reservation Settlement Report by both the Parties.
- 8.11 In case of doubt concerning the maturity of an invoice, the invoice shall be deemed to be served to the Customer no later than on the fifth working day after its demonstrable posting by the Contractor with a postal service provider in the form of a recommended letter, with return receipt requested. If that day is not a working day, the maturity date shall be the next working day. The Customer is entitled to return an invoice to the Contractor before its maturity date if the invoice does not meet the requirements indicated in this Article 8 or if it shows other deficiencies in terms of legislative compliance or content. When returning the invoice, the Customer shall inform the Contractor of the reasons for returning the invoice. Depending on the nature of the deficiency, the Contractor shall correct the invoice or issue a new invoice, including its annexes. The original maturity term of the invoice shall cease to run upon the justified return of the invoice within the term specified above. The new invoice maturity shall start on the date of delivery of the amended, corrected or newly issued invoice meeting the appropriate requirements as well as the conditions of the respective contract/purchase order to the Customer.
- 8.12 The invoice shall be issued exclusively as an A4-format, single-sided printout on standard office paper with the approximate weight of 80 g/m², copiable in black-and-white without any loss of information content, legible, with 5 pages at the maximum.
- 8.13 Payment shall refer to wireless transfer of money to the Contractor's bank account indicated in the contract/purchase order. The Contractor's bank account shall be kept with a domestic provider of banking services and shall be published in a manner allowing remote access in accordance with Section 96(2) of Act No. 235/2004 Coll., on the value added tax, as amended. A different method of payment (e.g. setting off, instalment schedule, bill of exchange, etc.) shall only be possible if approved by the Customer in writing. The Customer shall be entitled to set off any of its receivables against the Contractor's receivables, even without the Seller's consent. The Parties agree that the Contractor's bank details and account number may only be changed by a written amendment to the respective contract or by a written notification demonstrably delivered by the Contractor to the Customer no later than together with the respective invoice or advance certificate. This notification shall be original and shall be signed by persons authorized to sign contracts or by the Contractor's statutory body. Any change of the bank account shall comply with the requirements above, i.e. it shall be a bank account kept by a domestic provider of banking services and the account shall be published in a manner that allows remote access. The Customer shall have no liability for payments made to the Contractor's bank account if that account is specified incorrectly in the contract/purchase order.
- 8.14 The Customer shall not be deemed in default with payment of the invoice if the amount is debited to the Customer's account to the credit of the Contractor's account on the last day of invoice maturity at the latest.
- 8.15 The Contractor may arrange conditions for the use of electronic invoices with the Customer.
- 8.16 The Contractor is not entitled to assign receivables resulting from the fulfilment of the respective contract/purchase order or in connection with it without the Customer's prior written consent. If this obligation is breached by the Contractor, the Contractor shall pay to the Customer a contractual penalty amounting to 20% of the nominal value of the assigned receivable. The Customer's right to

compensation of loss shall not be affected by the payment of the contractual penalty in accordance with the previous sentence. The Contractor shall not assign any rights or obligations arising from the contractual relationship with the Customer or the contract itself without the Customer's consent.

- 8.17 The Customer is entitled to pay the value added tax for the Contractor directly to the Contractor's tax controller to ensure special VAT guarantee pursuant to Section 109a of Act No. 235/2004 Coll., on the value added tax, as amended. The Customer shall inform the Contractor thereof in writing. Such payment of the tax shall decrease the Contractor's receivable from the Customer by the respective amount of the tax and the Contractor shall not be entitled to require the payment of this amount from the Customer.

9. WARRANTY

- 9.1 The Contractor shall provide a warranty to the Customer that the Work and every part of it are free of any defects, both material and legal. The Work and its parts as well as the work carried out, delivered spare parts and materials used shall have the properties agreed in the contract or determined in the purchase order as well as the properties specified in the respective legislation or technical standards. If the properties of the Work cannot be determined in this manner, the Contractor undertakes to ensure that the Work has ordinary properties and is eligible for use for its ordinary purposes.
- 9.2 The Work or its part shall be deemed as defective if it is not delivered by the Contractor without backlog, in the quality, quantity or other aspects not complying with the outcome specified in the respective contract/purchase order, its purpose of use, and/or if it lacks the properties explicitly specified in the respective contract/purchase order or in generally binding legal or technical regulations and standards. Defect shall also refer to defects in documents necessary for using the Work as well as legal defects, i.e. in particular any rights in favour of third parties attached to the Work or the fact that execution of the contract/purchase order or the method of execution infringe upon third-party rights, i.e. in particular industrial or intellectual property rights. Defects to the Work shall also refer to defects to Work Documentation.
- 9.3 The Contractor shall provide a warranty for the Work or each of its parts in the duration of 60 months from the date of handover to the Customer; if the Work is set to be commissioned, the warranty shall start from the date of commissioning of the Work, unless the contract/purchase order specifies a different warranty period.
- 9.4 The Contractor's warranty shall not apply to ordinary wear and tear, failures caused by the Customer's fault while using the Work or due to failure to meet instructions applicable to the Work demonstrably provided to the Customer, which the Contractor undertakes to follow.
- 9.5 The notification of defect (including description of how the defect is manifested) shall be sent to the Contractor in writing, without any delay, when the defect is identified. In case of doubt, the notification of defect shall be deemed as served to the Contractor on the third day after its demonstrable posting at the latest. The notification shall include a description of the defect and shall mention the options described below.
- 9.6 If the Work or its part is found to be defective, including defects obvious at the time of Work handover, the Customer shall be entitled to:
- removal of the defect by providing a new, faultless deliverable or by delivering the missing deliverable without undue delay after the notification, but no later than within 10 days of delivery of the notification to the Contractor, unless agreed otherwise by the Parties with respect to the nature of the defect;
 - removal of the legal defect without undue delay after the delivery of the notification, no later than within 10 days of delivery of the notification of defect to the Contractor, unless agreed otherwise by the Parties with respect to the nature of the defect;

- removal of the defect by repair of the deliverable, if the defect concerned can be removed. The Contractor shall remove the defect without undue delay, no later than within 10 days of delivery of the notification of defect to the Contractor, unless agreed otherwise by the Parties with respect to the nature of the defect;
 - a reasonable discount on the price of the Work; or
 - withdraw from the contract/purchase order if the nature of the defect constitutes a material breach of the contract/purchase contract.
- 9.7 The terms referred to in the previous paragraph 9.6 shall start on the day of delivery of the notification of defect to the Contractor; notifications sent via email or fax shall be regarded as delivered on the day and at the time of dispatch. The Contractor shall start removing the defect to the Work no later than within 48 hours of notification of the defect by the Customer, unless agreed otherwise with the Customer.
- 9.8 If the Contractor does not remove the defects to the Work within the terms mentioned in paragraph 9.6 above, the Customer shall be entitled to remove the defect at their discretion either on their own or through third parties at the Contractor's cost, without any prejudice to the Customer's rights arising from the warranty. The Contractor shall compensate the Customer for any demonstrable costs incurred by the Customer in relation to the removal of the defect within 14 days of receipt of the Customer's respective invoice.
- 9.9 The Customer shall enable the Contractor to access the Work to verify the notified defect and subsequently to remove it.
- 9.10 The Contractor shall remove a defect to the Work properly notified to the Contractor in accordance with these GTCs or satisfy another claim selected by the Customer in accordance with paragraph 9.6 of hereof free of charge, at the Contractor's expense and risk.
- 9.11 Removal of the defect or satisfaction of another claim selected by the Customer in accordance with paragraph 9.6 of these GTCs shall have no effect on the Customer's right to a contractual penalty and compensation of damage.
- 9.12 The warranty period shall be extended by the period of time from the notification of defect to the Contractor until the full removal of the claimed defect or until the provision of a different deliverable under paragraph 9.5 hereof. The Contractor and the Customer shall draw up a written handover report on the acceptance of the removal of the claimed defect.
- 9.13 The delivery of a new deliverable without defect or a missing deliverable within the framework of the Customer's rights arising from the defects, including liability for defects to the new deliverable, shall be fully subject to the new provisions of the respective contract/purchase order and these GTCs.
- 9.14 The Customer shall release the Retention Money to the Contractor within the term referred to in paragraph 8.9.

10. PENALTIES

- 10.1 In case of the Contractor's default in meeting any deadline or in meeting any other of the Contractor's obligations based on the respective contract/purchase order, where such breach is not subject to any other contractual penalty, the Customer shall be entitled to claim a contractual penalty amounting to 0.5 % of the price of the Work or its respective part, for each day of the Contractor's default. If the Customer and the Contractor agree on the delivery of the Work in individual stages, the default for each agreed deadline of the partial deliverable shall be separate.
- 10.2 Breach by the Contractor, their employees, their subcontractors and their subcontractors' employees of the Code of Conduct, Binding Documentation or other internal regulations of the Customer with which the Contractor has been demonstrably familiarized shall be subject to a contractual penalty whose amount is specified in the Code of Conduct or Binding Documentation. If no amounts of the

contractual penalties for the above breaches are specified, the Contractor is obliged to pay to the Customer a contractual penalty of CZK 2,000 for each individual case of breach.

- 10.3 In case that the Contractor breaches the obligation to observe good housekeeping in the place of execution (workplace) and does not rectify the situation even subject to the Customer's call written in the Installation Log within the specified period of time, the Contractor shall pay to the Customer a contractual penalty of CZK 1,000 for each day in default for each breach of this obligation.
- 10.4 The contractual penalty in case of the Contractor's default in removing each notified individual defect to the Work for each day in default shall be 0.5% of the price of the Work or part of the Work defined in the respective contract/purchase order to which the defect applies, for each individual defect, up to the maximum amount of 30% of the total price of the Work.
- 10.5 If the total amount of contractual penalties under the contract/purchase order exceeds 30% of the price of the Work, the Customer shall be entitled to withdraw from the contract/purchase order. This provision shall be without prejudice to the Customer's right to compensation of loss from the Contractor and the Contractor's duty to fulfil their obligations arising from the failure to meet contractual duties.
- 10.6 If a faultless invoice or advance certificate is not paid by the maturity date in accordance with the respective contract/purchase order, the Contractor shall be entitled to charge a default interest amounting to 0.03% of the amount outstanding for each day in default.
- 10.7 Payment of the contractual penalty shall be without prejudice to the Customer's right to compensation of loss. The Customer is entitled to claim compensation of loss incurred by it due to the Contractor's breach of obligations even where the breach of obligations is associated with contractual penalty. The Contractor shall be responsible for any loss incurred by the Customer, the Customer's customers or other persons in connection with the breach of their obligations arising from the contract/purchase order, these GTCs or stipulated by legislation. Compensation of loss incurred by the Customer shall include actual damage (i.e. especially all costs incurred by the Customer in connection with the Contractor's breach of obligations, all costs incurred in connection with defects to the Work, including all costs associated with the shutdown of the final Work in which the defective Work is incorporated), lost profit and compensation of non-material damage. The compensation of loss incurred by the Contractor shall only include actual damage. The right to the contractual penalty shall be conditional on any formal actions by the Customer.
- 10.8 The Customer's total liability for breaching the contract/purchase order shall be limited by the maximum amount of 100% of the price of the Work.
- 10.9 The Parties agree that in the course of Work execution the amount of contract penalties shall not exceed 30% of the total price of the Work.
- 10.10 The Parties agree that if the Contractor is declared bankrupt by a court during the warranty period for the execution of the Work or its part, the Customer is entitled to a contractual penalty amounting to the value of the agreed Retention Money/Retainage available to the Customer at the time of declaration of the Contractor's bankruptcy. The Customer shall set off the claim to the contractual penalty against the claim to the Retention Money/Retainage on any grounds.

11. SUSPENSION OF EXECUTION AND WITHDRAWAL FROM THE CONTRACT

- 11.1 The Customer shall be entitled to ask the Contractor at any time to suspend temporarily all activities related to Work execution. If the Customer notifies the Contractor of their request in writing, the Contractor shall suspend the performance of all activities relating to Work execution from the date on which this request is delivered to them and to secure the subject of the Work in progress against any potential damage. The Customer shall also be entitled to inform the Contractor in writing that the Contractor should resume Work execution and at the same time shall reimburse all demonstrable and reasonable costs incurred by the Contractor in connection with the suspension of Work execution.

- 11.2 Unless the contract/purchase order specifies otherwise, the Customer shall be entitled to withdraw from the contract/purchase order, especially if the Contractor breaches materially their obligations specified in the contract/purchase order and/or these GTCs. Material breach of obligations specified in the contract/purchase order and/or these GTCs shall refer, *inter alia*, to the Contractor's default in meeting their obligations:
- to meet the milestones specified for Work execution duly and in time;
 - to complete the Work duly and in time and hand it over to the Customer; or
 - arising from their liability for defects to the Work;
- and also the following reasons:
- if the Contractor fails to meet the required quality and specifications of the Work;
 - if the Contractor hires a subcontractor to execute the Work or its part without the Customer's prior written consent;
 - if the Contractor's activities repeatedly result in threats to ambient buildings or the lives of people;
 - delayed commencement of Work execution by the Contractor for more than 2 days;
 - The Contractor shall carry out work without the contract/purchase order and without the respective discussion, approval and permission of change by the Customer;
 - repeated immaterial breach of the Contractor's obligations, provided that the Customer notified the Contractor of this fact and the Contractor failed to provide remedy within the sufficiently provided term; or
 - if the Contractor enters into liquidation or in case of the Contractor's bankruptcy, which refers, for the purpose of these GTCs, to the coming into force of a bankruptcy decision in accordance with Act No. 182/2006 Coll., on bankruptcy and methods of its settlement (Insolvency Act), as amended, or the coming into force of a decision to reject the insolvency petition due to lack of assets of the Contractor.
- 11.3 The Customer shall also be entitled to withdrawal from the contract/purchase order if the main contract concluded between a higher-level customer and the Customer, which includes the subject of the contract/purchase order, ceases to exist for any reason. The compensation for withdrawal from the concluded contract/purchase order shall equal the amount attributable to the work already demonstrably performed by the Contractor, activities or other Work execution if the Contractor cannot use their results elsewhere, and compensation of demonstrable costs incurred by the Contractor reasonably on Work execution until the withdrawal from the contract/purchase order.
- 11.4 The withdrawal shall be made in writing and shall be delivered to the other party. The withdrawal shall come into effect on the date on which the notice of withdrawal is delivered to the other party.
- 11.5 The withdrawal shall be without prejudice to the right to payment of contractual penalties, compensation of loss, protection of trade secret, preservation of confidentiality of information, warranty and defect liability provisions, provisions on the choice of law and dispute resolution and, where applicable, other provisions of the respective contract/purchase order where this is specified in the contract/purchase order.
- 11.6 In case of withdrawal from the contract, the Parties shall settle their obligations on a mutual basis.
- 11.7 If the withdrawal is due to reasons on the part of the Customer applicable before the commencement of execution, the Customer shall pay to the Contractor the reasonable and demonstrable actual costs incurred in connection with the execution of the subject of the contract, up to the maximum of 20% of the total price of the Work, unless stipulated otherwise in the respective contract/purchase order.
- 11.8 The Parties expressly exclude the application of Section 2591 of the Civil Code, and in case the Customer does not provide the Contractor with the needed cooperation, the Contractor shall provide for an alternate deliverable. The Contractor is entitled to withdraw from the contract in case that despite a written call by the Contractor and provision of an adequate period of time for the provision of cooperation, the Work cannot be executed at all due to the Customer's failure to act.

12. FORCE MAJEURE

- 12.1 Neither the Customer nor the Contractor shall be considered as being in default in performing their respective contractual obligations arising from the respective contract/purchase order if such default results from events of force majeure and such events disable or have a material negative effect on the performance of obligations under the respective contract/purchase order, but only for the duration of the events of force majeure or their consequences and only in relation to the obligation or obligations directly and immediately affected by the events of force majeure.
- 12.2 Events of force majeure refer to events that occur after the conclusion of the respective contract or the confirmation of the purchase order independently of the will of the Parties and due to extraordinary events unforeseeable and insurmountable by the Parties, and with an immediate impact on the execution of the respective contract/purchase order. Such events can, *inter alia*, include in particular natural disasters, wars, general strikes, society-wide and economic changes, and possibly measures imposed by competent administrative authorities on the territory of the Czech Republic.
- 12.3 Events of force majeure shall not include delayed deliveries from subcontractors, loss of production or lack of energy, unless also caused by events of force majeure, obstacles arising from the personal circumstances of the Parties or at a time when the party is in default in meeting the agreed obligation, or obstacles which the party is obliged to overcome in accordance with the contract/purchase order.
- 12.4 Any delays in execution due to force majeure shall not be deemed as failure to meet contractual obligations and shall not give rise to any sanctions under the respective contract. The term for the performance of contractual obligations shall be extended for each party, but only in relation to obligations directly and immediately affected by the events of force majeure and only for the duration of the events of force majeure or their consequences.
- 12.5 The party that refers to events of force majeure shall immediately, but no later than within five (5) days, inform the other party of the nature of such events in writing. The affected party shall inform the other party of the end of the events of force majeure in the same manner. The party referring to the events of force majeure shall produce, upon request, proof of the events of force majeure to the other party or enable the other party to verify the existence of such events in person.
- 12.6 If the events of force majeure last for a period of time longer than three (3) months, the Customer and the Contractor shall be entitled to withdraw from the respective contract/purchase order.

13. RESOLUTION OF DISPUTES

- 13.1 The Customer and the Contractor shall exert all their efforts to resolve and settle all disputes arising out of or in connection with the contract/purchase order in an amicable way.
- 13.2 Disputes that cannot be settled amicably within 30 days of notification to the other party shall be finally resolved by Czech courts, with the court with jurisdiction over the Customer's registered office being always locally competent.
- 13.3 Unless the Customer specifies otherwise, referring a dispute for resolution in accordance with this Article 13 shall not entitle the Contractor to suspend/stop the performance of their obligations under the respective contract/purchase order.

14. FINAL PROVISIONS

- 14.1 Legal relationships not expressly arranged in the respective contract/purchase order and these GTCs shall be governed by the Civil Code, in particular by provisions contained in Section 2586 et seq. of the contract for work.
- 14.2 The Customer may one-sidedly change these GTCs to a reasonable extent. New GTCs shall always be published on the Customer's website. The Customer shall notify the Contractor thereof in writing at

the address of the Contractor's registered office. Within 3 days of delivery of the notification, the Contractor is entitled to terminate the contract/purchase order with a two-month notice period, which shall start on the first day of the month following the month in which the notice of termination is served to the Customer. If the contract/purchase order is concluded for a period of time shorter than the notice period indicated above, the contract/purchase order shall be terminated on the last day of the term for which the contact/purchase order is concluded.

- 14.3 The Contractor is familiar with the text of these GTCs and therefore, by mutual agreement of the Parties, application of Section 1753 of the Civil Code is excluded.
- 14.4 In accordance with Section 1765 of the Civil Code, the Contractor shall assume the risk of change of circumstances. Prior to concluding the contract/confirming the purchase order, the Parties considered in full the economic and actual situation and are fully aware of the circumstances of the contract/purchase order as well as circumstances that may occur after concluding the contract/confirming the purchase order.
- 14.5 The Parties agree that they exclude the application of Sections 557, 1752, 1798 to 1800, 2103, 2104, 2110, 2111 and 2112 of the Civil Code to the contract (purchase order).
- 14.6 The Parties expressly represent that the deliverables that constitute the subject of the contract/purchase order comply with their interests and that during their negotiations on the conclusion of the contract/confirmation of the purchase order they informed each other, in accordance with Section 1728 of the Civil Code, of all actual and legal circumstances they knew or must have known so they could be assured of the possibility to validly conclude the contract or confirm the purchase order.
- 14.7 The contract/purchase order shall not result in legal consequences arising from the habits and established practice of the Parties in accordance with Section 545 of the Civil Code. Possible business practice concerning the agreed or follow-up deliverables shall not have priority over the contractual arrangements and legislative provisions, even if such provisions have no enforcing effects.
- 14.8 If the Contractor meets their obligations arising from the respective contract/purchase order through a subcontractor, the Contractor shall make the subcontractor familiar with these GTCs.

These General Terms and Conditions come into effect on 01 January 2020 and replace the General Terms and Conditions issued earlier.