

# RECONSTRUCTION OF THE BUILDING ŠÁRECKÁ 1540/7, PRAHA 6 - DEJVICE

## WORK CONTRACT

### Contracting Parties

**Client: the** Embassy of the Republic of India  
Headquarters: Milady Horákové 60/93, Prague 7

ID:  
TIN:  
OR:  
Deputy:  
bank:  
account no:

(hereinafter referred to as the "**Client**")

a

### **Contractor:**

Headquarters:  
ID:  
TIN:  
OR:  
Deputy:  
bank:  
account no:

(hereinafter referred to as "**Contractor**")

pursuant to Section 2586 et seq. of Act No. 89/2012 Coll., the Civil Code, as amended, conclude a contract for work in the following wording:

### **I. Preamble**

1.1. Intention of the parties: the Client is interested in having the construction specified in this contract carried out for itself. The Contractor is interested in carrying out this construction for the Client.

1.2. Basic building data:

Name of the building: Reconstruction of Šárecká 1540/7, Prague 6 - Dejvice  
Place of construction: Šárecká 1540/7, Prague 6

Character of the building: Reconstruction, building modifications of the existing building  
Construction investor: Embassy of the Republic of India (client)

1.3. Documents: the following documents (hereinafter referred to as "**Documents**"), among others, have been prepared/issued in relation to the Construction prior to the conclusion of this Agreement:

- **Implementation documentation, which is used for the selection of the contractor, as the procurement documentation**, which forms Annex 1 to this contract (hereinafter referred to as the "Procurement Documentation");  
The Tender documentation includes, among other things:
  - Accompanying message:
  - Summary Technical Report:
  - Situation drawings:
  - Documentation of objects and technical and engineering equipment:

1.4. General consultancy. A.K.F. Property Management, a.s. is responsible for preparation of the project including ensuring of other project participant like architects, designers and construction research based on standalone consultancy contract dated 25. April of 2022.

#### SO 01 - residence

- D.1.1. Architectural and building solutions:
- D.1.2. Structural design:
  - KUPROS s.r.o.
  - Vlkova 23, 130 00 Prague 3
  - ID 27113957
  - Ing. Jan Weigel, authorized engineer for statics and dynamics of buildings, ČKAIT 0012977, branch IS00
  - Ing. Tomáš Konopka
  - 739 055 181, konopka@kupros-sro.cz
- D.1.3. Fire safety solution - was prepared as part of the documentation for the building permit
- D.1.4.1. Health and gas:
  - Sanitech, s.r.o.
  - K Hájům 1309/34, 155 00 Prague 5
  - ID 25104896
  - Miroslav Novotný, authorized technician for building environment technology, specialization health technology, ČKAIT 0003349, field TE02, TT00
  - Martin Novotný
  - 723 277 778, sanitech@email.cz
- D.1.4.3:
  - KPS-VZT spol. s r.o.
  - Štúrova 1153/32, 100 00 Prague 10
  - ID 27175928
  - Ing. Martin Pulec, authorized technician for building environment technology, specialised in heating and ventilation, ČKAIT 0007191, field TE01
  - Ing. Ondřej Šafář
  - 281 002 926, safar@kps-vzt.cz
- D.1.4.4. Heating:
  - Ing. Jan Kreisinger, authorized technician for building environment technology, specialised in heating and ventilation, ČKAIT 0008641, field TE01
  - ID 71326995
  - Dobré Pole 73, 281 06 Vitice
  - 774 714 222, jan.kreisinger@email.cz

- D.1.4.7. Wiring:
  - PENOV s.r.o.
  - Slunečná 2002, 252 28 Černošice
  - ID 05370990
  - Petr Novotný, authorized technician for building environment technology, spec. Electrotechnical Equipment, ČKAIT 0010488, specialty TE03
  - 774 749 709, pe.novo@seznam.cz
- D.1.6. Dendrological survey and felling of trees - was prepared as part of the documentation for the building permit
- D.2.1. Lift technology
  - KONE a.s.
  - Evropská 423/178, 160 00 Prague 6
  - Ing. Jiří Socha, sales representative NBS
  - 725 544 653, jiri.socha@kone.com
  - D.O. Traffic part - was prepared as part of the documentation for the building permit

#### SO 02 - fencing

- D.1.1. Architectural and building solutions:
- D.1.2. Structural design:
  - KUPROS s.r.o.
  - Vlkova 23, 130 00 Prague 3
  - ID 27113957
  - Ing. Jan Weigel, authorized engineer for statics and dynamics of buildings, ČKAIT 0012977, branch IS00
  - Ing. Tomáš Konopka
  - 739 055 181, konopka@kupros-sro.cz
- Cost of construction:
  - Ing. Vladimír Března, authorized engineer for civil engineering, ČKAIT 0500530, branch IP00  
Věšín - Buková 106, Rožmitál pod Třemšínem  
720 381 703, vladimir.brezna.14@seznam.cz
- **Building Permit** ..... (hereinafter referred to as the "Building Permit");
- **Documentation certified by the building authority** (hereinafter referred to as "Documentation for building permit");
- **Contractor's Bid** - which forms Annex 3 to this Agreement (hereinafter referred to as the "Contractor's Bid"); the Contractor's Bid includes, but is not limited to:
  - **Estimated Bill of Quantities - Construction Section** (hereinafter referred to as the "Estimated Bill of Quantities");
  - **Schedule for the execution of the Work** (hereinafter referred to as the "Schedule of Work");

The Submittals specify the requirements for the method of construction, form an integral part of this Agreement and the Contractor is obliged to rely on the Submittals, their components, annexes (even if these components and annexes are not explicitly mentioned above) and the documentation referred to in the Submittals, unless otherwise stated in this Agreement. The contract does not include the schedule of quantities, which is part of the Bidding Documents. The Priced Bill of Quantities is relevant for the purposes of this Contract only to the extent specified in Article VI of this

Contract. In the event of any conflict between the Design Documents and all project documentation as set forth in the Bidding Documents, the text of the Design Documents shall prevail.

1.5. Persons authorised to represent the Parties:

Credentials of the client:

For the purposes of the performance of this Agreement, the Customer authorises the following persons to represent the Customer:

- a) **Representative in contractual matters:**
  
- b) **Representatives in technical matters:**
  - ..... (hereinafter referred to as "**Technical Supervision**");
  - **OSH Coordinator** - .....

Contractor's credentials:

For the purposes of the performance of this contract, the Contractor authorises the following persons to represent the Contractor:

- a) **Representative in contractual matters:**  
....., tel:..... email:.....
- b) **Representative in technical matters:**
  - Construction management  
....., tel:..... email:.....
  - Construction preparation  
....., tel:..... email:.....

1.6. Contractor's declaration: the Contractor declares that he has had the opportunity to familiarize himself with the Documentation that he has not prepared himself, with the construction site and the conditions prevailing on it and in its surroundings before signing this contract, and that he has prepared the Documentation with professional care. The Contractor further declares that it has all necessary business authorisations for the purpose of performing the subject matter of this Agreement.

1.7. Terminology and nomenclature: This Agreement is drafted in Czech and English. In reading and understanding the Contract, the English version shall take precedence over the Czech version. In the performance of the Work, the English terminology shall be used in the communication between the Parties in order of importance:

- From the English version of the tender documentation
- From the terminology given in Annex 5, if the contractor has prepared
- From FIDIC (Red Book)
- By agreement of the parties

## II. Subject of the contract

2.1. In accordance with the terms and conditions set out in this contract and its annexes, the Contractor undertakes to construct for the Client the construction "Reconstruction of the building Šárecká 1540/7, Prague 6 - Dejvice", as specified in the basic manner in paragraph 1.2 of this contract and specified in more detail in the Documents and other parts of this contract (hereinafter referred to as "the **construction**" or "the **work**"), including the provision of related performance so that the

conditions for the use of the construction applicable at the time are met by the date of handover of the construction.

- 2.2. The client undertakes to take over the construction and to pay the contractor the agreed remuneration for the duly and timely handed over construction and for all related services.

### **III. Definition of construction and related performance**

- 3.1. Compliance of the Construction with the Submittals: the Construction shall be constructed in accordance with the Contract Documents, the Design Documents, and the other Submittals and conditions for construction as set forth in this Contract, the Submittals, and in accordance with technical, legal, and other regulations.
- 3.2. The actual building will be constructed on the land SO 01 - residence: located on the plot No. 3129 in the cadastral district. Dejvice. SO 02 - fencing: located on plots No. 3129 and 3130 in the Dejvice district. Dejvice and others as specified in the Building Permit, all in the cadastral area of Dejvice.
- 3.3. Completeness of performance: within the scope of performance of the subject matter of this contract and within the scope of the remuneration agreed by this contract, the contractor shall ensure all activities and fulfilment of all conditions necessary for the commencement, execution, completion and commissioning of the construction, including, inter alia, securing the issuance of the approval of the building permit, within the meaning of Act 283/2021 Coll., the Building Act, as amended, either on its own behalf or, if this is not possible, on behalf of the client on the basis of a power of attorney it has had issued for this purpose. In the event that, according to the legal regulations in force at the time of the handover of the construction, an approval decision (as follows from the draft new Construction Act under discussion by the Parliament of the Czech Republic) or other individual administrative act is required for the authorisation to use the construction, the conditions for the use of the construction will be deemed to be fulfilled if the issue of such decision or other individual administrative act is secured (approval, approval decision or other administrative act required for the authorisation to use the completed construction hereinafter referred to as "**approval**").
- 3.4. Alteration of the subject matter of the work (construction): alteration of the work is any change in the scope, nature, performance and standard of any part of the work, i.e. addition of works and supplies, changes in the process of works, changes in the materials, equipment and facilities used or removal of certain works and supplies from the work and their assignment by the client to another entity.
- 3.5. Changes requested by the client: The Client shall be entitled to request changes to the construction at any time during the performance of this Agreement, including but not limited to the requirements of the future operator of the construction. Without undue delay after receiving the request, the Contractor shall provide the Client with a written specification of the impact of the requested change on the price of the Work, the performance dates and the quality of the Work, or other information relevant to the Client's decision to change the subject matter of the Work. If the Client instructs the Contractor to make changes on the basis of the information provided by the Contractor, the change, together with its impact on the price of the Work and the Schedule of Work, shall be recorded in a change sheet.

- 3.6. Changes proposed by the contractor: The Contractor shall be entitled to propose a change to the construction at any time during the performance of this contract if it considers that such change may lead to time or price optimization (cheaper) of the construction, while maintaining the required quality and compliance with the construction requirements, or to an increase in the quality of the work or its individual components. The change will be made on the basis of an agreement between the client and the contractor, the terms of which will be recorded in a change sheet. Unless otherwise agreed between the parties in the event of price optimisation, the share of the costs saved shall be shared between the parties in a 1:1 ratio.
- 3.7. Necessary changes: the Contractor is obliged to inform the Client of the need to change the work without which the work could not be completed, including the effects of the change on the price of the work and the Schedule of Works, without undue delay after becoming aware of the need for such change. If the need for the change is due to a reason on the Contractor's side (e.g. incompleteness of the Estimated Schedule of Dimensions or incorrect procedure of the Contractor in performing the works), the Contractor shall not be entitled to increase the price of the Works or change the Schedule of Works in connection with such change.
- 3.8. Change sheets: the Technical Supervisor is authorised to sign the change sheets on behalf of the Client and the Technical Representative on behalf of the Contractor. To the extent resulting from the change sheet, the signing of the change sheet shall result in a change to the contract. In the event that the changes under discussion, together with the changes approved by the change sheets signed so far, should in their totality lead to an increase in the price of the work of more than 10% of the price specified in paragraph 6.1 of this contract, it is necessary that the change sheet exceeding this limit be signed by persons authorised to represent the parties in contractual matters. The same procedure shall be followed for any further price increase. Approval by the contracting representatives in accordance with this paragraph of the contract is also required if the changes approved by the variation sheets, taken together, result in an extension of the handover date of more than six weeks.

#### IV. Timetable for the construction

- 4.1. Commencement of Construction: the Contractor shall commence the Construction on [ ] (hereinafter referred to as the "**Commencement Date**"). No later than this date, the Client shall hand over the Site to the Contractor.
- 4.2. Handing over of the construction: the Contractor is obliged to complete the construction and hand it over to the Client no later than [ ] (hereinafter referred to as the "**handing over date**"). The construction is considered to be completed, for which the approval has been issued. The surfaces, electronic systems including MaR (measuring and control systems) are functional and the landscaping is completed.
- 4.3. Schedule of works: The Contractor shall carry out the construction according to the Schedule of works. The Schedule of Works shall include the milestones specified below, the completion of which by the Contractor shall always be confirmed by a mutually signed inspection report.  
Basic nodal points of construction:  
a) [ ] Complete execution of the final static securing of the building after demolition of the structures

- b) [-] execution of rough wiring of BTI, water, electrical
- c) [-] Performing all plastering, remediation and restoration works
- d) [-] Repair of the facade and all tiles
- e) [-] Acquisition of legal force of the approval for the entire work
- f) [-] Signing of the protocol of handover and acceptance of the work with any minor defects and shortcomings that do not prevent use and the dates of their removal.

- 4.4. Interruptions at the Client's request: the Contractor is obliged to interrupt the execution of the work or any part of the work at the Client's request for the period specified in the request, not exceeding two months. In the event of the Client's request to interrupt the work, the Contractor shall without undue delay specify to the Client the measures to be taken due to the interruption, the effect of the interruption on the Schedule of Works and specify the costs associated with the interruption, which, if the conditions of the interruption are agreed, shall be borne by the Client. In the event that the Client (who is represented in this matter by the Contract Representative) agrees to the conditions of the interruption, the Contractor shall immediately suspend the works on the understanding that the approval of the conditions of the interruption shall be accompanied by an amendment to the Contract, in particular the postponement of the dates in accordance with the conditions of the interruption. This change shall be recorded in a change sheet in accordance with paragraph 3.4 of this contract.
- 4.5. Interruption due to obstacles: the Contractor is entitled to interrupt the work if he finds obstacles during the execution of the work that prevent it from being carried out in the agreed manner. The Contractor shall immediately notify the Employer in writing of any interruption of the work, together with a report on the expected duration, its causes, duration and proposed measures to ensure the most efficient and effective way of removing it. Interruption of work due to defective performance or breach of duty by the Contractor shall not cause any extension of any of the deadlines to which the Contractor is contractually bound.
- 4.6. Limitation of the scope of the work due to the contractor's delay: in the event of the contractor's delay in performing part of the work for reasons on the contractor's side for more than 30 days, the client is entitled to exclude the parts of the work with which the contractor is in delay from the contractor's scope of performance and thus unilaterally limit the scope of performance under the contract. The Client is also entitled to arrange for another person to carry out the part of the work so excluded. In such a case, the Contractor is obliged to provide this person (without any right to remuneration or compensation for the related costs or lost time) with all the necessary assistance in the performance of the part of the construction entrusted by the Client. The price for the work so limited as to continue to be carried out by the Contractor shall be reduced accordingly, and in the manner provided for the pricing of extra and lesser work under this Contract.
- 4.7. Extension of Time: The deadline for handing over the work and the deadline for completion of the individual nodal points and other milestones resulting from the Schedule of Works shall be extended accordingly in the following cases:
- a) if obstacles arise during the execution of the work on the Client's side. In such a case, the extension of the time for the execution of the work shall be determined by the duration of the obstacle or the failure to fulfil the Client's obligations agreed in this contract, taking into account the time necessary for the resumption of the work, provided that the Contractor has taken all necessary measures to reduce or prevent the delay;

- b) if the contractor's work is interrupted for reasons corresponding to circumstances excluding liability (i.e. force majeure) within the meaning of Section 2913(2) of the Civil Code. The contractor is obliged to inform the client immediately of the occurrence of such a circumstance and to agree on a way to resolve it, otherwise force majeure cannot be invoked;
- c) if additional work beyond the Schedule of Works will be required to meet legal obligations, if such work could not have been anticipated by exercising due diligence (e.g. archaeological or heritage surveys);
- d) in the case of changes agreed by change sheets, to the extent resulting from the change sheets; for the avoidance of doubt, the change sheet must include the impact of the change on the deadline; if the impact on the deadline is not stated, the change cannot be requested subsequently.
- e) if the execution of the work is interrupted at the Client's request in accordance with paragraph 4.4 of this Agreement and under the conditions specified therein.

## **V. Construction of the building**

- 5.1. The contractor undertakes to carry out the construction on his own behalf, at his own risk and with professional care.

The contractor is obliged in particular to:

- a) to carry out the works in a proper manner in accordance with this Agreement and in accordance with the applicable standards and regulations, the relevant decision on the location of the construction, the Building Permit and other relevant decisions of administrative and judicial authorities;
- b) to proceed in accordance with the Project Documentation and additional instructions of the Client;
- c) keep a construction log;
- d) not to violate or damage the property of third parties.

- 5.2. Handover of the construction site: The client is obliged to hand over the construction site to the contractor for the purpose of construction no later than the deadline for commencement of construction. The parties shall draw up a report on the acceptance of the construction site. The Client has given the Contractor the opportunity to become thoroughly familiar with the state of the site and the conditions prevailing on the site prior to the signing of this Contract and the Contractor has taken the findings into account when learning the price of the Work, drawing up the Estimated Bill of Quantities and the Schedule of Works. On handover of the site, the Contractor shall check that the site conforms to the Project Documentation and the technological conditions necessary for the construction of the Works and shall indicate any apparent changes that may affect the Contractor's progress and the price of the Works in the handover report. Objections raised at a later date concerning such changes shall be disregarded. For the avoidance of doubt, the parties state that objections relating to facts which the contractor could have become aware of before signing this contract and taken into account when calculating the price of the work, drawing up the Estimated Bill of Quantities and the Schedule of Works shall also be disregarded



- 5.3. Client's instructions: the Contractor shall respect the Client's requirements during the construction. If there are any risks associated with the fulfilment of the Client's requirements (conflict with binding construction requirements or other functional risks, including risks to user comfort, structural, aesthetic, time, legal, etc.), the Contractor is obliged to draw attention to these risks and propose alternative solutions as necessary.
- 5.4. Instructions of the Technical Supervisor, instructions of the OSH Coordinator: the Contractor is obliged to ensure that all persons involved in the construction (Contractor's employees, Contractor's subcontractors, employees of Contractor's subcontractors) or other persons moving on the construction site follow the instructions of the Technical Supervisor and the OSH Coordinator, provide them with the necessary cooperation and comply with their instructions. The Contractor shall ensure that these persons comply with the information on health and safety risks on the construction site and familiarise themselves with the OHS plan to which they will adhere.
- 5.5. Liability for damages, prohibition of advertising: the contractor is liable for damages caused by his breach of duty. The contractor shall be responsible for ensuring that the site and adjacent land is not contaminated by oil or other hazardous substances as a result of his activities. In the event of a breach, the contractor undertakes to restore the contaminated sites to their original state and to pay any penalties imposed by the supervisory authorities. The contractor is not entitled to use the construction site for advertising purposes and thus, inter alia, to place advertising and promotional materials on it. Approved signage indicating information about the construction, the builder and the contractor is not considered advertising.
- 5.6. Compliance with standards: technical standards of ČSN are binding for the construction.
- 5.7. Performance by third parties: the Contractor is obliged to perform the work personally. However, the Contractor may, subject to the conditions set out below, delegate part of the work to another person and use third parties to subcontract the construction. In the case of the execution of the works by another person and in relation to third party subcontracts, the Contractor shall be liable as if it were performing the works itself, irrespective of the method of selection of the Contractor, i.e. irrespective of whether the subcontractor was selected under the Joint Tender (as this term is specified in clause 5.8 of this Contract) or independently by the Contractor.
- 5.8. Subcontractors: if the contractor is interested in using a subcontractor for any part of the work, the contractor is obliged to inform the client about this and to inform the client from the beginning about the selection process of the subcontractor and the conditions for ensuring the required high quality of the work. The Client shall be entitled, at its discretion, to enter into a selection procedure for subcontractors alongside the Contractor, to request an adjustment of the terms of such selection procedure and to exercise a veto right in the selection of a particular subcontractor (hereinafter referred to as the "**Joint Selection Procedure**"). In the event of the selection of a subcontractor in the Joint Tender, the price of the Work shall be adjusted by means of a variation letter so that the price of the original supply (the price of the subcontracted work as shown in the Estimated Schedule of Costs) is deducted from the price of the Work and the trade mark-up and the subcontractor's supply price tendered in the tender are added to the price of the Work. The price thus determined may be changed only on the basis of a change requested unilaterally by the client. In the event that the Client does not exercise the right to Joint Tendering, then it shall be deemed to accept the subcontractor selected by the Contractor, provided that the price of the subcontract shall not affect the price of the Work under this Contract. The Contractor and the Employer have agreed at the same time prior to the conclusion of this Contract that the work shall be tendered under the Joint Tender:
- not specified

- 5.9. Trade mark-up. The mark-up applicable to supplies to subcontractors selected in the Joint Tender shall be [-] % of the tendered price of such supply. The mark-up may not be applied to subcontracts other than those selected in the Joint Tender.
- 5.10. Exclusion of persons from performance: The Employer shall be entitled to issue instructions requiring the exclusion of any natural or legal person involved in the Contractor's performance under this Contract (regardless of the nature of their legal relationship to the Contractor), if such action is prompted by concerns that such person's continued participation in the construction could cause potential damage to either the Employer or any other person involved in the construction or in any way jeopardize the proper performance of the Contractor's obligations under this Contract (such concerns include, for example, such as inadequate quality of work, technological indiscipline, labour law offences, work safety offences). The Client is also entitled to request a list of all persons (natural persons) involved in the Contractor's performance under this Contract (e.g. the Contractor's employees and its subcontractors).
- 5.11. Client's cooperation: the Client is obliged to provide the Contractor with the necessary cooperation. The Contractor is obliged to specify to the Client all the documents which are necessary for the construction and which are to be provided by the Client at least 14 days in advance.
- 5.12. Inspection of the Contractor's performance: the Client, in person or through the Technical Supervisor or other authorised representative, as well as representatives of ..... bank (which is the Client's financing bank), are entitled to inspect whether the construction is being carried out in accordance with the Schedule of Works and whether the construction work complies with the conditions set out in this Contract.
- 5.13. Copyright: In the event that an author's work within the meaning of Act No.121/2000 Coll., Copyright Act, as amended, is created in the performance of the Contractor's obligations under this Agreement, the Contractor grants the Client the broadest possible authorisation to exercise the proprietary copyright to this work. Depending on the nature of the work, the contractor either assigns to the client the rights to exercise the property rights in the employee's work or grants the client a licence to use the work, or if this is not possible, a sub-licence. The licence granted is unlimited in quantity, territory and manner of use, and granted for the entire duration of the proprietary copyright. The contractor also warrants that the client shall be entitled to modify and otherwise interfere with such work at his discretion. The Contractor shall obtain permission from the author(s) of the work to grant the Client the rights under this paragraph.

## VI. Price of performance

- 6.1. Price of performance: the Parties agree that the price of the performance provided by the Contractor to the Client on the basis of this contract is [-],-CZK (in words: [-]) + VAT. The price is determined as a fixed price and may be changed only in the event of a change in the scope of work or in other cases expressly provided for in this contract.
- 6.2. Completeness of Price: the price for performance under the preceding paragraph 6.1 of this Agreement has been determined based on a review of all relevant conditions for construction and all Treasures for the execution of this Agreement. The price of performance has thus been determined to be complete, including all direct and indirect costs incurred by the Contractor in carrying out the

Works (including the removal of the existing Works, the cost of all materials including their transport and storage, the provision of a quality guarantee, insurance, the disposal of all waste, the spreading of soil and topsoil in accordance with the landscaping design and the deposit of surplus rock in the required manner and including securing the issue of planning consent and compliance with all conditions for its issue), its handover to the Client and the performance of the Contractor's other obligations under this Contract.

- 6.3. Fixed Price: the price is agreed as a fixed price within the meaning of Section 2620 of the Civil Code and neither party may request a change in the price of the construction if there is a need for additional work, costs or additional effort to complete the construction and to fulfil all the contractor's obligations under this contract. For the avoidance of doubt, the parties state that the price of the Work shall not be affected if different quantities of units of work, materials, items, and other items and dimensions are required for proper performance, or if the price of individual items is higher than as shown in the Estimated Schedule of Dimensions or the Schedule of Dimensions included in the Bidding Documents.

The price shall also include possible changes in the prices of all the Contractor's input costs, including possible changes in currency exchange rates and any other influences occurring after the conclusion of this Contract.

- 6.4. The Estimated Bill of Quantities: the Estimated Bill of Quantities was the basis for determining the fixed price of the Work, with the understanding that the price includes all costs associated with the performance of the Work, i.e. all direct and indirect costs necessary for its proper performance, including those not expressly mentioned in this Contract and in the Estimated Bill of Quantities. The extent of the dimensions (details of the quantity of units of work, materials or other items) indicated in the Estimated Bill of Quantities or, on the contrary, the absence of certain items shall therefore have no effect on the price of performance agreed in paragraph 6.1 of this contract.
- 6.5. Valuation of Multiple Works and Minor Works: the itemised prices given in the Estimated Schedule of Dimensions shall be the basis for the valuation of any multiple works (works beyond the scope of the Works, as resulting from the Project Documentation, other Documents and the provisions of this Contract) or minor works. In the event that the unit prices of certain items are not shown on the Estimated Schedule of Dimensions, prices in proportion to the total price of the Work shall be used. Proportional prices for the purposes of this Contract shall mean the average between the price level of the guideline (customary) prices (URS Prague) and the price level of the prices in the Estimated Schedule.
- 6.6. Change of price: the price of performance may be changed only as a result of changes to the work agreed in accordance with this contract and confirmed by change sheets signed in accordance with the procedure set out in this contract or as a result of other matters expressly provided for in this contract.

## **VII. Payment terms**

- 7.1. The Contractor is entitled to payment of the price of the work under the conditions set out below. The price of the work shall be paid to the Contractor in the form of advances, payment of part of the price of the work and release of the retainage.

- 7.2. Monthly billing: the Client will pay the Contractor monthly advances on the price of the work, determined on the basis of the construction progress. The amount of the monthly advance shall be set at 90% (ninety percent) of the increase in the construction in progress for the month for which the advance is paid (excluding VAT). The amount of the monthly advance may be reduced in accordance with the procedure set out in paragraph 7.7 of this Contract.

Advance invoices to which the contractor is entitled shall be payable within 15 days of their delivery to the client. Each invoice shall be accompanied by a description of the work in percentage of completion, or of the individual construction units, prepared by the contractor and confirmed by the client (Technical Supervisor), including a verbal description and photographs where appropriate.

- 7.3. Final Settlement: after the signing of the handover report, on the basis of which the entire construction including all its components will be handed over, the contractor shall submit a final settlement in which he shall set off against the price of performance according to paragraph 6.1 of this contract all advances paid and contractual penalties or other claims of the client against the contractor to which the client is entitled as of the date of the final settlement, unless these claims have already been paid by the contractor at the client's request. The final amount stated in the Client's agreed statement of account shall be the remaining part of the price of the performance, of which an amount corresponding to 5% (in words: five percent) of the price according to paragraph 6.1 of this contract shall be designated as retention and the remaining amount (hereinafter referred to as the "**Additional Payment**") shall be paid on the basis of the final invoice. The final invoice shall be accompanied by a handover report signed by both parties. The Client shall comment on the final invoice without undue delay after receipt.
- 7.4. Final Invoice: After the Client has approved the final invoice, the Contractor is entitled to issue a final invoice taking into account advance payments, offsets of contractual penalties and other claims of the Client against the Contractor and on the basis of which the Client shall pay the Contractor the Additional Payment (excluding VAT) less any offsetting contractual penalties or other claims of the Client against the Contractor. The final invoice shall be due at least 15 days after receipt by the Client.
- 7.5. Payment of retainer: The remaining 5 % (in words: five percent) of the price of the work according to paragraph 6.1 of this contract shall be an interest-free retainer guaranteeing the Client that defects will be rectified by the Contractor during the warranty period.

The right to payment of half of the retention fee (excluding VAT) shall accrue to the contractor two months after the handover of the work, but not before all defects notified by the client to the contractor at any time within one month after the handover of the work have been duly rectified.

The right to payment of the remaining half of the retention fee (excluding VAT) shall accrue to the contractor 60 months after the handover of the work, but at the earliest by the proper elimination of all defects notified by the client to the contractor within 60 months of the handover of the work.

The contractor shall also be entitled to payment of the retention if he provides the client with a bank guarantee issued by a bank and approved in advance by the client, which shall have the content approved in advance by the client.

- 7.6. Invoices and advance invoices will be sent by email to ....., and will be sent in one paper copy to the Client by registered mail to the address specified in the header of this Agreement, unless the Client requests a different method of delivery.

- 7.7. Reduction of the advance payment, set-off: The Client is entitled to unilaterally reduce the amount of the monthly advance payment by reducing the advance payment by the amount corresponding to the amount of any contractual penalties payable to the Client against the Contractor under this Contract or by the amount of any other claim payable by the Client against the Contractor. Each of these claims may be divided into several parts for the purpose of reducing the advance payment, each of which may be made in respect of different monthly advances.

The Client shall be entitled to unilaterally set off any contractual penalties payable by the Contractor or any other claims payable by the Contractor against the price of the Work as invoiced in the final invoice. The fact that the Employer has not availed itself of the option to reduce any advance payment by the amount of the liquidated damages or other claim against the Contractor shall not affect the Employer's right to set off such liquidated damages or other claim against the Surcharge or retainage or to satisfy it against the bank guarantee.

- 7.8. VAT: The parties acknowledge that in relation to the performance under this contract and the obligation to pay VAT, the so-called reverse charge applies and that VAT is declared by the client, who also pays VAT.

#### **VIII. Handover and acceptance of construction**

- 8.1. The contractor undertakes to hand over the duly completed construction to the client within the time limit set by the contract. The construction is considered to be handed over at the moment of handing over all its components (handing over is also a prerequisite for the issuance of the approval). In the event of a delay by the contractor in handing over the construction, the client is entitled to instruct the contractor on the time priority of the individual works necessary for handing over the work.
- 8.2. A handover report signed by both parties will be drawn up on the acceptance of the duly completed construction, in which a 30-day period will be set for the removal of defects listed in the handover report, unless the parties agree otherwise.

#### **IX. Ownership right to the construction under construction, risk of damage to the property**

- 9.1. The construction will be carried out on the client's land, therefore the owner of the construction is the client from the beginning. The owner of the materials or equipment not (yet) installed in the construction is the contractor or his subcontractors.
- 9.2. The contractor bears the risk of damage to the construction under construction. The risk of damage passes from the contractor to the client upon acceptance of the duly completed (i.e. also approved) construction. The contractor shall also bear the risk of damage to parts of the construction/equipment supplied by the client until the acceptance of the duly completed construction.

#### **X. Quality guarantee, liability for defects, window service**

- 10.1. Quality guarantee: the contractor is responsible for the fact that the construction has and will retain the characteristics specified by the legal regulations, the provisions of binding technical standards and this contract, is complete and free of defects during the guarantee period.
- 10.2. Warranty period: the contractor provides a quality guarantee for the work, with the warranty period being set at **1 Year** from the proper handover of the entire work. The Contractor shall guarantee the waterproofing properties of the white bath, the waterproofing of the car park ceilings, the waterproofing function of the roof structure and other waterproof structures (terraces and other underground structures not covered by the white bath) for a period of **10 years**. For technological supplies (equipment) delivered/performed by the contractor's subcontractors, the contractor shall provide a quality guarantee corresponding to the warranty periods of the subcontractors and manufacturers of these supplies, but at least **36 months**. Annex 4 to the Contract contains a complete list of products and equipment for which a shorter quality guarantee than the construction quality guarantee is provided.
- 10.3. Warranty period: the warranty period begins on the date of acceptance of the work or on the date specified in the handover and acceptance report. If for any reason a part of the work is handed over, the guarantee period shall run from the handing over of that part.
- 10.4. Exercise of warranty and defect rights: defects that become apparent during the warranty period may be asserted by the customer at any time during the warranty period (not only immediately after he has become aware of them; the provisions of Section 2618 of the Civil Code do not apply). Upon notification of defects (it is sufficient to send an email to: .....), the contractor is obliged to attend a local inspection within 3 days of receipt of the notification and at the agreed time. The contractor is obliged to comment on the results of the on-site investigation (whether or not the guarantee has been accepted) within 2 days, provided that the contractor is obliged to remedy the accepted defects within 20 days of the date of the on-site investigation, unless the parties agree otherwise. The manner of dealing with defects claimed by the contractor from the client is, in the alternative, governed by the provisions of the Civil Code, with the proviso that, regardless of whether the defective performance is a material or immaterial breach of contract, the client is always entitled to choose the manner in which the defect is to be dealt with, i.e. whether it requires (a) the removal of the defect by the delivery of a new item without defect or the delivery of a missing item, (b) the removal of the defect by the repair of the item, or (c) a reasonable price reduction. In the event that the Client chooses the option of repairing the item, the Contractor shall, at the Client's request, inform the Client of the specific Contractor's employees or subcontractors who are to carry out the repair and the Client shall be entitled to require their replacement if (in its discretion) it does not have confidence in them. Other claims for defective performance which the Client may assert under the Civil Code are not affected.
- 10.5. Scope of the contractor's liability: the contractor is liable for defects in the completed construction at the time of its handover to the client and for defects arising during the warranty period. However, the Contractor shall not be liable for defects caused by the Client or third parties through improper use of the construction or breach of the warranty and usage conditions, provided that the documentation specifying the warranty and usage conditions has been demonstrably handed over to the Client by the Contractor prior to the commencement of use of the construction.
- 10.6. Window service: the work also includes free window service for a period of 5 years from the handover of the construction.

## XI. Insurance

- 11.1. Contractor's insurance: the Contractor is obliged to be insured for the activities carried out by him under this contract against damage caused to the property or equipment on the construction site on which he bears the risk of damage, as well as against damage caused by his activities to third parties. The Contractor's insurance shall include both insurance for construction and installation risks up to 50% of the price of the work as specified in clause 6.1 of this contract and insurance for liability for damage caused by the Contractor's activities (both insurance for damage to life and health, damage to property and insurance for other property damage), to the extent agreed in advance by the Client. The contractor shall provide proof of these facts by an insurance policy, which he shall deliver to the client by .....
- 11.2. The Contractor undertakes to maintain this insurance in force and effect throughout the construction period until the expiry of the limitation period for the rights covered by the insurance. The Contractor shall arrange for the insurance claim for construction and installation risks to be paid to ... as the Client's financing bank on the date of signing the insurance contract.

## **XII. Confidential information**

- 12.1. The Contractor undertakes to maintain confidentiality of the terms of cooperation agreed in this contract and its annexes and of all facts which he has learned or will learn about the Client in connection with this contract or the construction work and which are not publicly available. The Contractor undertakes to maintain confidentiality also with regard to facts that the Client designates as classified and confidential. The Contractor is also obliged to maintain confidentiality with regard to facts of such a nature that they may cause the Client harm if disclosed, regardless of whether they are personal, commercial or other information (hereinafter collectively referred to as "**confidential information**").
- 12.2. The Contractor is not entitled to disclose confidential information to any third party without the prior consent of the Clients. The Contractor shall also not use this information contrary to its purpose for its own purposes. The Contractor undertakes to ensure the confidentiality of confidential information by its employees or persons involved in the construction or performance of this Contract. The obligation of confidentiality to the above extent shall continue indefinitely, unless otherwise agreed by the parties.

## **XIII. Termination of contract**

- 13.1. This contract cannot be unilaterally terminated.
- 13.2. The Customer may unilaterally withdraw from this Agreement (in whole or in part)
- a. if the contractor, for reasons attributable to the contractor, is more than 30 days late in handing over the construction, or in carrying out a construction milestone; or
  - b. if the contractor breaches its obligations under the contract and fails to remedy the breach even within an additional 30-day grace period starting from the date of receipt of the client's request for remedy; or
  - c. if the contractor is more than 30 days late in rectifying defects in the construction; or
  - d. if the building has a defect which cannot be removed and which prevents the building from being properly used as a thing without defect. The client has the same right in the case of removable defects if, because of the recurrence of the defect

- after repair or because of a greater number of defects, the building cannot be properly used by the users; or
- e. in other cases, provided for by the applicable legislation.

- 13.3. The Contractor may unilaterally withdraw from this contract if the Client is in default of payment of the construction price for more than 60 days after receipt of the additional payment request. Similarly, the contractor is entitled to unilaterally withdraw from this contract if the client is in default of acceptance of the work for more than 60 days after receipt of the additional acceptance notice.
- 13.4. The Parties acknowledge that termination of the contract by withdrawal does not change the Client's ownership right to the construction under construction and the Client remains the owner of the construction under construction even after termination of the contract by withdrawal and the Parties shall settle according to the principles for settlement of unjustified enrichment set out in the Civil Code.
- 13.5. In the event of termination of the contract by withdrawal, the contractor is obliged to take all necessary steps to prevent damage to the construction in progress and to immediately prepare the documentation, the construction and the construction site for handover to the client so that the handover can take place no later than 3 days after termination of the contract by withdrawal.

#### **XIV. Contractual penalties**

- 14.1. In case the Contractor is in delay with the proper handing over of the work within the deadline for completion of the work, he shall pay the Client a contractual penalty of 0.05% (in words: half a percent) of the price of performance according to paragraph 6.1. of this contract for each day of delay.
- 14.2. In case the Contractor is in delay with the nodal points of the work according to the approved Schedule of Works, which is an annex to the contract, the Contractor shall pay the Client a contractual penalty of 0.05% (in words: half a per cent) of the price of performance according to paragraph 6.1. of this contract for each commenced day of delay in fulfilling each of the nodal points.

In the event that the Contractor duly delivers the Work by the Handover Date, the Client's entitlement to liquidated damages under this Paragraph 14.2 of this Agreement shall cease. In the event that the contractual penalties have already been paid at the time of their termination on the basis of the Employer's call pursuant to Paragraph 14.10 of this Agreement, the Contractor shall be entitled to increase the Supplementary Payment calculated on the basis of the final invoice by the amount of such paid contractual penalties.

- 14.3. In the event that the Contractor fails to clear the construction site properly and on time (i.e. no later than the date of handover of the construction to the Client, unless an earlier date is specified in the Documents or unless otherwise agreed between the Contracting Parties), except for the agreed part of the construction site necessary for the removal of any defects and incompleteness, the Contractor shall pay the Client a contractual penalty of CZK 5,000 for each day of delay.
- 14.4. If the contractor is in delay with the removal of individual defects within the deadlines specified in the handover protocol or otherwise agreed, he shall pay the client a contractual penalty of CZK 5,000 (five thousand Czech crowns) for each defect and each day of delay separately until their actual removal; however, the contractual penalty cannot exceed the value of the defective part of the work after the defect has been removed.



- 14.5. In case the contractor is in delay with the removal of defects claimed within the warranty period, a contractual penalty of CZK 5,000 (five thousand Czech crowns) is agreed for each defect and for each day of delay with the removal of the claimed defect; however, the contractual penalty cannot exceed the value of the defective part of the work after the removal of the defect.
- 14.6. In the event that the Contractor defaults on the agreements or deadlines set or agreed upon in the inspection days or resulting from entries in the construction log or other written records of the parties, or defaults on the rules ensuring proper management and execution of the work, or defaults on the maintenance of cleanliness and order on the construction site (work site), maintenance of the surrounding roads, technical measures to prevent their occurrence, compliance with the instructions of the guard service (if provided by the Client), compliance with fire supervision and occupational safety obligations (e.g. The Client is entitled to a contractual penalty of 4.000,- CZK (in words: four thousand Czech crowns) for each day of delay in the fulfilment of the respective obligation, starting from the first day of delay, for each case of violation separately, and the Client shall be entitled to ensure substitute fulfilment of the violated obligation at the Contractor's expense with a 50% surcharge. Substitute performance shall not relieve the Contractor of any liability for damages caused thereby or in connection therewith.
- 14.7. In the event that the contractor violates the prohibition to use the construction site (workplace) and its facilities as well as related areas for advertising purposes, the contractual penalty is CZK 50,000 (in words: fifty thousand Czech crowns) for each case of placing an advertisement.
- 14.8. In the event that the Contractor is in delay in fulfilling the obligation to provide the Client with the cooperation (in relation to which a corresponding deadline for fulfilment will be set) or in fulfilling other obligations (other than the obligations specified above in this Article), a contractual penalty of CZK 5,000 per day of delay is agreed separately for each case of delay.
- 14.9. The accrual of a claim for liquidated damages under one provision of this Article shall not preclude a concurrent claim for liquidated damages under another provision of this Article or the Contract.
- 14.10. The Client has the right to decide whether to apply the contractual penalty by sending the contractor a quantification of the contractual penalty with a request for payment within 10 days of receipt of the request or whether to offset the contractual penalty against the Additional Payment, retention payments or whether to satisfy its claim for the contractual penalty from the bank guarantee. In the case of penalties to which the Client becomes entitled before the final invoice is issued, the Contractor shall be entitled to reduce the amount of any claimable penalty by the amount of the individual monthly advances and subsequently set off the penalty against the Surcharge on the basis of the final invoice (unless the Client's entitlement to such penalties is extinguished).
- 14.11. The parties agree that the contractual penalties do not count towards compensation for damages, i.e. that the contractor is obliged to pay compensation for damages in addition to the contractual penalty if the client is entitled to them in full. Payment of the contractual penalty is therefore without prejudice to the client's entitlement to compensation. Similarly, the payment of the contractual penalty is without prejudice to the client's right to withdraw from the contract. For the avoidance of doubt, the parties agree that the amount of any financial penalties imposed on the Client in connection with the Contractor's activities under this Agreement or the amount of any damages for which the Client is required to pay in connection with the Contractor's performance under this Agreement shall be deemed to be damages within the meaning of this paragraph.

- 14.12. The parties are entitled to claim payment of the agreed contractual penalty as well as damages at any time, regardless of any withdrawal from the contract by either party.
- 14.13. In the event that the Client is in default in payment of the price for the construction, or part thereof, and the Contractor is not in default in the performance of its obligations under the Contract, the Client shall be obliged to pay the Contractor default interest of 0.05% (in words: half a percent) of the amount due for each day of delay.

## **XV. Final provisions**

- 15.1. Any changes to this Agreement may only be made by written amendments which shall become an integral part of this Agreement. This shall be without prejudice to the possibilities for amending the contract/changing the work as agreed in this contract; acts which fulfil the conditions laid down for amending the contract/changing the work shall be considered as valid amendments to the contract/changing the work.
- 15.2. The relations between the Parties shall be governed by this Agreement, the Civil Code and the legal system of the Czech Republic.
- 15.3. If for any reason any provision of this Agreement shall become invalid or unenforceable, the invalidity or unenforceability of such provision shall not affect the validity and effectiveness of the remaining provisions of the Agreement unless it appears from the nature of such provision or its content that the invalid or unenforceable provision cannot be severed from the remainder of the Agreement. If any provision of this Agreement becomes invalid or unenforceable, the Parties shall enter into negotiations to re-arrange their relationship so as to preserve the original intent of this Agreement.
- 15.4. Letters concerning the termination of this contract shall be delivered to the contractor and the client at the registered office address specified in this contract or at another delivery address specified by the respective contracting party in the notice of change of contact details. If no one is present at that address who is authorised to receive the document on behalf of the contracting party, and if the contracting party is not present at that address and no other address is known to the other contracting party, the document shall be deposited with an invitation to the addressee to collect the document. If the addressee does not collect the document within 3 days or, in the case of a document delivered by hand (with delivery note), within 10 days of its deposit, the last day of the period shall be deemed to be the date of delivery, even if the addressee has not been informed of the deposit. Other documents may also be served by electronic mail to the electronic addresses specified in this Agreement.
- 15.5. Documents delivered by electronic mail shall be deemed to have been delivered unless delivery is proved earlier, on the next working day after they are sent. In the case of an urgent matter or a significant matter for the construction, such documents shall be deemed to have been delivered to the Client no earlier than the next working day after the Client receives a telephone/SMS message of the sent document as specified in the following sentence.  
In the case of an urgent matter, an important matter for the construction work or in the event that the contractor has not received a response from the client within a reasonable time, the contractor is obliged to inform the client (Technical Supervision) by telephone/text message about the sending of the document by e-mail.

15.6. The Agreement shall be governed by the law of the Czech Republic. All negotiations and documents must be conducted in English.

15.7. The contract is drawn up in 2 copies, each party to the contract receiving one copy signed by both parties, including the following annexes, which form an integral part of the contract:

- Annex No. 1- Tender documentation, which includes the Building Permit
- Annex No. 2 - Documentation for the execution of the construction (DPS);
- Annex No. 3 - Contractor's Bid; (prepared by the Contractor);
- Annex No. 4 - Warranty limitations (prepared by the Contractor);
- Annex No. 5 - Terminology used in the communication of the Parties (prepared by contractor if necessary).
- Annex No. 6 - REQUEST FOR PROPOSAL (RFP)
- Annex No. 7 - LOI issued by the client

15.8. This Agreement shall come into force and effect upon its signing by both parties.

#### **XVI. Confidentiality**

16.1. This Agreement, all communications and information obtained by Contractor from the Client relating to this Agreement, and all information developed by the Contractor under this Agreement are confidential. Except as provided by law or with prior written consent of the authorized representative of the Client, the Contractor shall neither divulge to nor discuss with any third party either the work and service provided hereunder, or any communication or information in connection with such services or work.

16.2. Contractor shall not publish or cause to disseminate through any press / media release, public statement or marketing or selling effort any information which relates to this Agreement without the prior written approval of the Client. Unless this information is disclosed to subcontractors participating in the performance of this contract or other professionals such as attorneys or tax advisor. Such participating parties should be committed to confidentiality to the same extent as the Contractor.

#### **XVII. Code of integrity**

17.1. The Contractor shall have to observe the highest standard of ethics and should not indulge in any of the prohibited practices, either directly or indirectly, at any stage during the procurement process or during execution of resultant contracts.

17.2. No official of a procuring entity or the Contractor shall act in contravention of the codes which includes making offer, solicitation or acceptance of bribe, reward or gift or any material benefit, either directly or indirectly, in exchange for an unfair advantage in the procurement process.

17.3. The Consultant shall also have to avoid the following prohibited practices such as (a) Corrupt practice, (b) Fraudulent practice, (c) Anti-competitive practice, (d) Coercive practice, (e) Conflict of interest and (f) Obstructive practice.

**XVIII. Arbitration**

18.1. In the event of any dispute or difference arising at any time between the parties relating to the construction; meaning or effect of this AGREEMENT or any other cause or any content of the rights and liabilities of the parties or other matters specified herein or with reference to anything arising out of or incidental to this Agreement or otherwise in relation to the terms; whether during the continuance of this Agreement or thereafter, such disputes or differences shall be endeavored to be solved by mutual negotiations.

18.2. If, however, such negotiations are infructuous, Arbitration shall be carried out as per provisions of UNCITRAL (United Nations Commission on International Trade Laws). The venue of arbitration shall be Prague, Czech Republic.

18.3. Any reference to arbitration shall not relieve either party from the due performance of its obligations under this Agreement.

**XIX. Force Majeure**

19.1. In the event that either party is prevented wholly or in part, by any force majeure cause, as defined hereinafter from performing or accepting performance by the other party, this party should give without delay a written notice to the other party and the parties will either agree to a fresh completion date by condoning the period of delay arising out of such non-performance or may by mutual consent, treat the contract as terminated. However, if the force majeure conditions persist for an unreasonably long time, the party not under force majeure conditions may, by giving a notice to the other party, terminate the contract. In either case of termination, both parties will have no claim for compensation against each other, but shall receive their dues as prevailing on the date of commencement of force majeure conditions. Force Majeure is herein defined as:

- a) Any cause which is beyond the reasonable control of the Consultant or Employer.
- b) Natural phenomena including but not limited to weather conditions, fire, explosion, flood, drought, earthquake and epidemic.
- c) Acts of any Governmental authority, domestic or foreign, including but not limited to war declared or undeclared, priorities, guarantees, endangers, licensing controls or production or distribution restrictions;
- d) Disruption in communication;
- e) Strikes and lockouts;
- f) Sabotage, riot, civil commotion, invasion and insurrection.

In Prague on \_\_\_\_\_

In Prague on \_\_\_\_\_

**Customer**

**Contractor**

\_\_\_\_\_

\_\_\_\_\_