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CONTRACT FOR TESTING FOR THE DEVELOPMENT OF A NEW ELECTRIC MOTOR ISOLATION SYSTEM

PART A - INSULATION SYSTEM FOR TRACTION ENGINES, UP TO 1000 V

**number: NAS-RIN-2017-013**

(hereinafter as **“Contract”**)

concluded in accordance with Section 2586 et seq. of Act No. 89/2012 Coll., the **Civil Code**, as amended, between the following contracting parties:

**Customer:**

Company name: **SKODA ELECTRIC a.s.**

Registered office: Plzeň, Tylova str. 1/57, PC 301 28

Mailing address: Plzeň, Průmyslová str. 4, PC 301 28

Company ID: 477 18 579

Tax Registration No: CZ477 18 579

Registered in the Commercial Register: Regional Court in Plzen, Dept. B, File 1313

Authorized Representative: Ing. Jaromír Šilhánek, Chairman of the Board

Dr. Ing. Ladislav Sobotka, Member of the Board

(hereinafter the „**Customer**“)

and

**Contractor:**

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

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

Company ID: ……………………………………………………..………………………………

Tax registration No: ……………………………………………………..………………………………

Registered in the Commercial Register: ……………………………………………………..………………………………

Authorized Representative: ……………………………………………………..………………………………

(hereinafter the „**Contractor**“)

(Contractor and Customer shall be hereinafter jointly referred to as “**Contracting Parties**” and individually as “**Contracting Party**”)

1. **SUBJECT MATTER OF THE CONTRACT**
   1. The Contractor undertakes to carry out the service with professional due care and at their cost and risk and in accordance with the generally binding legal regulations and the Customer’s instructions. For the purpose of the Contract, the Service shall comprise the following:

**performance of tests for the development of a new electric motor isolation system** in accordance with the description and scope of performance as attached as Appendix number 1 to this Contract, being an integral part of it (hereinafter as “**Service**”).

For the purpose of the Contract the Service is divided into following separate parts:

1. part A.1. according to Appendix number 1 of this Contract
2. part A.2. according to Appendix number 1 of this Contract

(hereinafter as “part of the Service” or together as “parts of the Service”).

The Customer and the Contractor jointly declare that the Service has been specified sufficiently and clearly, especially with regard to its scope, appearance and qualitative conditions which must be adhered to in the course of performance.

* 1. The place of performance of the Service shall be a place by the Contractor at address .................................

.......................................................................................................................................................................... (hereinafter as “Place of performance”).

* 1. The Service is carried out for the following purpose: evaluation of thermal and voltage resistance of traction motor electrical isolation systems within the scope pursuant to this Contract.
  2. The Customer undertakes to accept the Service result, as long as it is defect-free, and to pay to the Contractor the agreed-upon price as defined in section 2.1 of this Contract.

## **PRICE FOR THE SERVICE AND PAYMENT CONDITIONS**

* 1. The Contracting parties have agreed that the total price for the Service shall be:

1. CZK ................................... excluding VAT for carring out the Service according to Appendix number 1 of this Contract for part A.1.
2. CZK ................................... excluding VAT for carring out the Service according to Appendix number 1 of this Contract for part A.2.

(hereinafter as “Price”).

This Price is determined according to the intended number of tests, cycles and hours specified in Appendix 1 of this Contract. If the failure of the subject of the test (Service) do not occur in the expected time (in Appendix 1 of this Contract as the "estimated lifetime of the formette") or when the number of cycles is changed or the number of hours is changed for each test cycle, the Price will be charged according to the real number of cycles and real hours. For these purposes, the following rates are set:

1. CZK ........................ excluding VAT / cycle according to Annex 1 of this Contract, part A.1.
2. CZK ........................ excluding VAT / cycle according to Annex 1 of this Contract, part A.2.
   1. The Customer shall become obliged to pay the Price for the separate part of the Service to the Contractor, once this separate part of the Service has been completed without defects and its result handed over without any arrears to the Customer.
   2. The Price pursuant to section 2.1 of this Contract is specified subject to the conditions of this Contract with regard to the scope and volume of activities and materials specified in Appendix number 1. Should this scope and/or the volume of activities and/or materials be exceeded by the Contractor for the sake of proper and complete performance of the Service, they shall be borne by the Contractor subject to the conditions of this Contract. If the scope and/or volume of the activities and/or materials can be reduced, compared with the specifications in Appendix number 1 of this Contract, the Contractor shall be obliged to document this difference (the resulting cost savings) to the Customer in full and reduce the amount invoiced for the Service in accordance with this Contract.
   3. Should the scope and/or volume of activities and/or materials pursuant to section 2.3 of this Contract be reduced by the Contractor, the Contractor is obliged to ensure that said reduction does not affect the proper and timely completion and handover of the Service pursuant to this Contract. Should this reduction take place pursuant to an explicit written request from the Customer, the Contractor must first evaluate whether this change will affect the proper and timely completion and handover of the Service pursuant to this Contract, and if so, the Contractor must inform the Customer in writing within three business days of the receipt of the Customer’s request, otherwise it shall be assumed that the aforementioned reduction of the scope and/or volume shall have no effect on the proper and timely completion and handover of the Service pursuant to this Contract. The reduction referred to in the previous sentence shall take place after bilateral approval from the Contracting parties in the form of an amendment to this Contract pursuant to section 7.5 of this Contract.
   4. Any change in the scope and/or volume of activities and/or materials pursuant to sections 2.3 and 2.4 of this Contract must be documented and submitted to the Customer for approval as a list of actual tasks performed and materials used. This list can be attached to this Contract.
   5. The invoice must contain particulars of a tax document as per the VAT law and referred ref. No. Project: CZ.01.1.02 / 0.0 / 0.0 / 15\_018/0003314.

# PERFORMANCE TIMEFRAME AND PLACE OF HANDOVER

* 1. The Contractor undertakes to:

1. carry out the tests (the Service) in terms listed in Appendix number 1 of this Contract or according to the mutual written agreement of the Contracting Parties;
2. hand over the result of Service (final report summarizing the results achieved) to the Customer in a proper manner, in full scale and in the quality and scope as stipulated in this Contract in terms listed in Appendix number 1 of this Contract or according to the mutual written agreement of the Contracting Parties.
   1. The time allowed for performance pursuant to section 3.1 can be extended in the event of a force majeure event when safe and quality performance of the Service cannot be ensured. The Contractor shall not be deemed to be in default.
   2. Unless otherwise specified by the Customer, the Contractor shall be obliged to commission and hand over to the Customer the completed result of the Service at their cost and risk at address:

ŠKODA ELECTRIC a.s., Průmyslová 4, Plzeň, Czech Republic, according to paragraph 3.1 b) of this Contract (hereinafter also as “Place of handover”).

# SERVICE PERFORMANCE MANAGEMENT

* 1. The following persons are authorised to act on behalf the parties in the respective matters pursuant to section 4.2 of this Contract (or other persons as per written authorisations):
* on behalf of the Customer:
  + Rok Michal, e-mail: michal.rok@skoda.cz
  + Barták Tomáš, e-mail: tomas.bartak@skoda.cz
  + Vlček Martin, e-mail: martin.vlcek@skoda.cz
* on behalf of the Contractor: ………………………………………………………………………………………..

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* 1. Representatives authorised pursuant to section 4.1 of this Contract are authorised to carry out the following:
* on behalf of the Customer, suspend the performance or part thereof;
* on behalf of the Customer, exclude employees of the Contractor who have breached rules and regulations related to the performance of the Service in a serious manner, regarding the protection of the health and property of the Customer, their employees or third persons;
* on behalf of the Customer, inspect the quality of the Service;
* on behalf of the Customer, approve finished Service and its volume;
* on behalf of the Customer, comment on the scope and/or volume of activities and/or material pursuant to section 2.3 and 2.4 of this Contract (the approval shall become valid upon the signature of the amendment pursuant to section 7.5 of this Contract); and
* on behalf of the Contractor, hand over, and, on behalf of the Customer, accept the result of the Service or refuse to do so

only in writing.

* 1. The Contractor is obliged to allow the Customer, their authorised representative or other persons appointed by the Customer to enter the Place of performance, in order to inspect the Contractor’s activities related to the performance of the Service, at any time.
  2. In the case of nonstandard situations / phenomena in the performance of the test (Services) (eg oven failure, behavior of tested insulation systems, etc.), the Contractor is obliged to invite the Customer for consultations on the next procedure without undue delay.

# HANDOVER AND ACCEPTANCE

* 1. The Contracting parties shall draw up a protocol in Czech and/or English regarding the course and result of the handover and acceptance of the Service; it shall contain a list and evaluation of all works, a list of transmitted samples and a overview of defects of the Service or parts thereof. In the conclusion to the protocol, the Customer shall explicitly declare to have accepted the result of the Service (or the reasons for refusing to do so, as the case may be).
  2. The Contractor shall be obliged to hand over to the Customer, along with the result of the Service, all reports and test protocols (of the course and results of the tests) as prescribed in Appendix number 1 of this Contract.

The Contractor undertakes to supply to the Customer, along with the Service, the aforementioned documents as a complete set in printed form (two identical counterparts: one original and one copy) and as an unlocked electronic copy in any of the following formats: *pdf*, *docx*, *xlsx*, *dwg* and *jpg* (based on the nature of the respective document) on a data medium in two identical copies.

* 1. In spite of defects to the Service or any part thereof upon handover, the Customer is entitled (but not obliged) to accept it, in which case the Customer shall declare to have accepted the Service with the respective defects; these defects shall be specified in the protocol and a deadline shall be set for the removal of these defects by the Contractor, no more than within five days of handover. The Contracting parties explicitly agree that this case shall not constitute acceptance of the Service without defects pursuant to other provisions of the Contract. The provisions of sections 5.1 of this Contract apply similarly to the handover and acceptance of the Service after the expiry of the deadline for the removal of the defects.

# WARRANTY AND LIABILITY FOR DEFECTS

* 1. The Contractor shall grant to the Customer a warranty of 12 months.
  2. The Contractor shall be obliged and declares that it shall eliminate the defects within 5 business days from the moment of sending or transfer of the notice of defect.

1. **FINAL PROVISIONS** 
   1. The Contractor acknowledges that the purchase of Service is co-financed by the European Union through the Operational Programme Enterprise and Innovation for Competitiveness. Persons authorized to inspect the grant project (especially grantor, MF, SAO, the European Commission, European Court of Auditors, Financial Authority) are authorized to inspect documents related to the performance of the contract (Service) directly with the Contractor, and that for the time stated of the laws of the Czech Republic of archiving. The Contractor is obligated to permit verification authorized persons to conduct the inspection, pursuant to the preceding sentence, for the inspect of the laws of the Czech Republic to archiving and to provide them with any assistance. The Contractor shall comply with the administration, including the filing of all documents and accounting documents for min. 10 years from the completion of the grant project.
   2. The Contractor is aware that within the meaning of Section 2 e) of Act No. 320/2001 Coll. On Financial Control in Public Administration and on Amendments to Certain Acts (Act on Financial Control) as amended, is obliged to cooperate in the performance of financial control.
   3. The Contract comes into force at the moment it is signed by the authorized representatives of both Contracting Parties.
   4. This Contract contains the entire agreement between the Parties regarding the subject matter hereof, and supersedes all other written or oral agreements made regarding the subject hereof.
   5. Any changes to this Contract may be carried out only on the suggestion of one of the Contracting Parties, exclusively in writing by numbered annexes to this Contract, as agreed and signed by both parties. Written forms of communication such as exchange e-mail or other electronic messages will not be considered binding for this purpose.
   6. Attached to this Contract are the Business terms and conditions (hereinafter as “Terms and Conditions”) as a Appendix number 2 of this Contract. By closing of this Contract Contracting Parties obligatorily agrees with all the rights and obligations contained in these Terms and Conditions. Definitions used in the Terms and Conditions shall also apply to this Contract.
   7. All appendices listed below constitute an integral part of the Contract:

* Appendix number 1 – Scope and description of the Service
* Appendix number 2 – Business terms and conditions.
  1. This Contract is executed in two copies, each with the legal force of an original. The Contractor and the Client shall each receive one copy of this Contract.
  2. Contracting Parties have read the Contract and declare that it was written on the basis of true data and their free will, seriously, definitely, comprehensibly, and that they are aware of any facts preventing the conclusion of this Contract and the fulfillment of obligations deriving from it. In witness of consent to the content of the Contract is carried out by the Contracting Parties attaching their signatures below.

In Plzen dated …………………………….. In ………………….……. dated …………….

………………………………………………... ………………………………………………...

**Customer Contractor**

Ing. Jaromír Šilhánek …………………………………………………

Chairman of the Board …………………………………………………

ŠKODA ELECTRIC a.s. …………………………………………………

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**Customer Contractor**

Dr. Ing. Ladislav Sobotka …………………………………………………

Member of the Board …………………………………………………

ŠKODA ELECTRIC a.s. …………………………………………………

**Appendix number 2 – Business terms and conditions**

1. **Business Conditions Validity**
   1. Subject matter and scope. These business terms and conditions govern the conditions of supply and performance of Work for the company ŠKODA ELECTRIC a.s., based at Plzeň, Tylova 1/57, postal code 301 28, ID: 47718579, registered in Commercial Register kept at the Regional Court in Plzeň, Section B, File 1313.
2. **Definition of Certain Terms**
   1. Civil Code, NOZ. In these Business Conditions, the Civil Code shall mean Act No 89/2012 Coll., Civil Code, as amended.
   2. Customer. In these Business Conditions, Customer shall always mean the company ŠKODA ELECTRIC a.s.
   3. Delivery address of the Customer. ŠKODA ELECTRIC a.s., Průmyslová 4, 30128 Plzeň. The delivery address of the Customer is also referred to below as “**Customer’s premises**”.
   4. Contracting parties. The Contractor and the Customer are also referred to as “**Contracting parties**” or “**Contracting party**”, respectively.
   5. Contract for work. This term refers to a written contract for work and/or a contract for work entered into upon the basis of a purchase order and the acceptance thereof; whereas these BTT are attached to and considered an integral part of the order.
   6. Work. Pursuant to these BTT, “work” shall refer to the activity consisting in the creation or assembly and maintenance of a thing; repair or adjustment of a thing; or any activity having a different outcome which the Contractor undertakes to carry out for the Customer pursuant to the Contract for work, whereas the Customer undertakes to accept the Work and pay the agreed-upon price for the Work.

If, due to the specification of the Work, it is not evident which Work the Contractor shall carry out for the Customer, or if doubts are likely to arise, the Contractor shall be obliged to notify the Customer without an undue delay.

* 1. Time-limits. Unless expressly stated otherwise, the time-limits shall be stated in calendar days.
  2. Delivery. Any Delivery pursuant to these Business Conditions shall mean the delivery through a postal license holder or e-mail or in person. Unless expressly stated otherwise, all notices pursuant to the Contract for Work and these Business Conditions must be delivered by any of the means stated in the first sentence of this provision.

1. **Conditions of Creation of the Work**
2. Quality and workmanship. The Work must be of the highest quality (if the Work can be produced in various quality categories) and it must conform to all technical requirements and technical and safety standards applicable in the Czech Republic for that kind of Work, including to both binding standards and recommended standards, also with regard to the way of use required by Customer. The Work and the components used for their production must be new, unused, undamaged and must be made of quality material. If the Work is delivered on the basis of samples, designs or drawings, they must fully comply with such designs and drawings. In case of contradiction between samples, designs or drawings and the Contract for Work, the Contract for Work shall prevail. The Work must be capable of generating a permanent standard performance in compliance with the properties and the quality stated in the Contract for Work, in unchanged quality and they must be fully fit for the purpose for which they are delivered. The Work must not be encumbered with any legal defects such as a lien and licence limitation.
3. Special Tools and Equipment. If special tools or equipment are necessary for the assembly, regular repairs and maintenance of the Work, Contractor shall be obliged to warn Customer of this fact, including details on the availability and regular cost of such tools or equipment, in writing prior to concluding the Contract for Work. If special tools or equipment are in the exclusive possession of Contractor and they cannot be obtained by Customer in any other way, Contractor undertakes to lend Customer special tools or equipment for the necessary operations at request, but no later than 2 days from the day of request. Transport costs are covered by Customer.
4. Contractor’s competence. The Contractor hereby declares they are duly authorised to carry out the activities necessary to perform the Contract for work and that they are experienced in the fields corresponding to the creation of the Work, or similar works.
5. Creation of the Work. The Contractor is obliged to create the Work at their cost and risk.
6. Customer’s instructions. In the course of the selection of the method of performance and in the course of performance of the Work, the Contractor shall be bound by the Customer’s instructions, contractual obligations and technical documentation. The Contractor is obliged to inform the Customer in writing if the instructions, contractual obligations or technical documentation are found unsuitable.
7. Procurement of things. The Contractor is obliged to procure things necessary for the creation of the Work and which, pursuant to the Contract for work, do not have to be provided by the Customer. If, pursuant to the Contract for work, the Customer is obliged to procure certain things necessary for the creation of the Work, the Customer shall be obliged to provide them to the Contractor within the time period stipulated in the Contract for work. If no such deadline exists, within 14 days of the delivery of the Contractor’s written notice asking for the provision of these things.
8. This paragraph does not apply.
9. Returning things and materials. Upon the completion of the Work or the expiry of the obligation to perform the Contractor shall be obliged to return to the Customer, without an undue delay, all things or materials received from the Customer for the purpose of performance of the Work, if they have not been processed in the course of performance of the Work.
10. Work performance inspection. The Customer is entitled to satisfy themselves that the Contractor is performing the Work in accordance with their obligations.
11. Familiarisation with the conditions of performance of the Work. The Contractor hereby confirms that, prior to the conclusion of the Contract for work, they have made themselves familiar with all documents and conditions of performance of the Work, including the place of performance, and that they are able to create the Work under these conditions in the place of performance in its entirety and for the agreed-upon price. The Contractor undertakes not to increase the price to reflect errors in calculations of items or items which were not included in the original quotation/inquiry.
12. **Price for Work and Payment Conditions**
    1. Price for Work. The Customer is obliged to pay to the Contractor the agreed-upon price for the Work under the conditions stipulated in the Contract for work. Pursuant to the conditions stipulated in the Contract for work and these BTT, the price for the Work has been agreed by the Contracting parties as the maximum fixed price. It shall apply throughout the term of the Contract for work, regardless of inflation and other effects. The Contractor declares that they have included in their calculation all costs incurred with regard to the Work, including packaging, transportation, insurance, provision of documentation, labelling, customs, duties, warehousing etc., as well as the costs of warranty repairs in the event of defects during the warranty period and with regard to deadlines for the remedy of the defects pursuant to the Contract for work. The price for the Work is also deemed to include disassembly and assembly or other related works, as long as they are subject matter of performance of the Contract for Work.
    2. Invoice Issue Moment. Contractor shall be entitled to account for the purchase price and to issue and deliver to Customer the respective invoice solely in the form of a printed written original through the postal licence holder by registered letter or also in person as soon as Customer is obliged to pay the purchase price, not earlier. The obligation to pay the purchase price only occurs after faultless Work has been properly delivered, unless stated otherwise in the Contract for Work.
    3. Certain Invoice Elements. Payment of the purchase price by bank transfer shall only be made by Customer on the basis of an original invoice according to paragraph 4.2 of these Business Conditions. Apart from the elements stated by law for tax documents, the invoice must contain the Contract for Work number and the order number if the order was created by Customer and confirmed by Contractor, TARIC declaration of individual items including classification codes if this is relevant in relation to the delivered Work. A document (if any) proving the proper fulfilment of the conditions specified in the Contract for Work for payment of the purchase price, for example, a completion certificate, delivery note, etc. signed solely by the authorized persons of the Parties, must be attached to the invoice. A list of authorized persons can be stated in the Contract for Work.
    4. Invoice Correction/Completion. If the invoice issued by Contractor does not contain the prescribed elements and/or contains data contrary to the Contract for Work, the Business Conditions and/or generally binding legal regulations and/or contains incorrect data and/or is handed over/delivered to Customer later than 7 days from the date of issue, it shall not be paid by Customer and Customer shall return it to Contractor for completion or correction without being in default with paying the purchase price. Until Contractor delivers the original invoice to Customer, Customer is not in default with fulfilling the obligation to pay the purchase price charged by that invoice.
    5. Purchase Price Maturity. The maturity of the purchase price shall be stated in the Contract for Work. If no maturity of the purchase price is stated in the Contract for Work, Customer shall be obliged to pay the purchase price within 30 days of issue of the proper and complete invoice, but not earlier than 21 days of delivery of the proper and complete invoice. If the invoice is corrected or completed, issue and delivery of the proper and complete invoice is considered issue and delivery of the properly corrected or completed defective invoice. In the case of non-cash payment, the day of paying the purchase price is the day on which the bank debits Customer’s bank account with the purchase price sum.
    6. Notice of Insolvency. Contractor undertakes to notify Customer, without undue delay, of its insolvency or an apparent threat of insolvency or any other fact which would or could affect the due and timely value added tax (hereinafter referred to as “**VAT**”) payment. In the event of suspicious or apparent threat of the Contractor’s insolvency or suspicion of the non-payment of evasion of VAT or the extraction of any tax benefit, Customer shall be entitled to levy such VAT sum of the implemented tax supplied directly to the competent Tax Office, in accordance with Section 109 and Section 109a of Act No 235/2004 Coll., on value added tax. In such case, Customer shall communicate this fact to Contractor without undue delay. Once VAT is credited to the Tax Office’s account, Contractor’s claim towards Customer in the extent of the paid VAT shall be considered as paid regardless of the provisions of the Contract for Work and/or these Business Conditions. Concurrently, Contractor shall notify Customer immediately in writing of whether the payment so made was recorded by its tax administrator.
    7. This paragraph does not apply.
    8. Assignment of Contractor’s Claims. Contractor shall not be entitled to assign its claims towards Customer pursuant to the Contract for Work or these Business Conditions or in relation to them without the written consent of Customer.
    9. Pledging of Contractor’s Claims. Contractor undertakes not to encumber in any way its claims against Customer pursuant to the Contract for Work or these Business Conditions or in relation to them with a lien to the benefit of any third party.
    10. The Contractor undertakes to maintain proper fiscal discipline towards their subcontractors, so as to protect the interests of the Customer.
13. **Work Packaging and Transport**
    1. This paragraph does not apply.
14. **Work Handover and Takeover**
15. Place of Delivery. Unless stipulated otherwise in the Contract for Work, Contractor shall be obliged to deliver the Work to Customer, at its own cost and risk, to the address: ŠKODA ELECTRIC a.s., Průmyslová 4, building 49, Receipt of Goods, 30128 Plzeň-Doudlevce, Czech Republic.
16. Time of Work Delivery. Contractor shall be obliged to deliver the Work to Customer solely on working days and in working hours, i.e. between 06:00 and 14:00, unless otherwise determined in writing by Customer. Unless otherwise agreed in writing by Customer, no arrival after 14:00 shall be checked in on the arrival date.
17. Work-Related Documents. Along with the Work, Contractor shall be obliged to deliver to Customer the documents, attests, certificates, test reports and certificates, etc. expressly stated in the Contract for Work and/or required for the respective Work by the applicable legal regulations. Contractor shall also be obliged to provide Customer with all documents necessary to take over, freely handle, declare and use the Work, in particular, the documents regulating the technical conditions of the installation, operation (user manual) and maintenance of the Work (maintenance manual) and the storage conditions and also a declaration of conformity of the Work or also its components, and a warranty certificate if applicable. Contractor undertakes to provide Customer with the documents according to this provision completely in the Czech and/or English language, in both printed and electronic format (the warranty certificate in printed format only).
18. This paragraph does not apply.
19. Apparent Defects. Customer is entitled not to take over the Work, in particular, in the case of their apparent defect and/or incompleteness and/or non-delivery to Customer of all Work-related documents according to the Contract for Work and/or these Business Conditions and/or apparent damage of the transport package of the Work. If Customer refuses to take over the Work for the reason stated in this paragraph, Customer shall write a reservation regarding the defect and/or damage in the completion certificate or carriage document and Customer is not in default with taking over the Work or paying the purchase price until such defect is removed.
20. Conditional Takeover. Even if there is a defect or there are multiple defects on the Work at the moment of transfer, Customer is entitled, but not obliged, to take over the Work stating that the Work is transferred with defects; Customer specifies these in the record and determines the time-limit for Contractor to remove them no later than 5 business days from transferring the Work, unless otherwise agreed upon by the Parties. The Parties expressly stipulate that in such case it is not transfer of Work without defects in accordance with other provisions of these Business Conditions. The provision of Article 6 of these Business Conditions applies similarly regarding handover and transfer of Work after the time-limit for removal of defects expires. If the defect is not removed within this time-limit, Customer is entitled to withdraw from the Contract for Work.
21. This paragraph does not apply.
22. Moment of Delivery of Work, Work is considered handed over when they are delivered to and accepted by Customer including documents, if the Work is free of defects and arrears and the operator has been trained if operator training is stipulated in the Contract for Work as part of delivery of Work.
23. Additional Delivery of Work-Related Documentation. Customer shall be entitled, within 10 days, to request the sending of copies of all documentation related to the purchased Work in electronic format and Contractor undertakes to provide such documentation free of charge and no later than 30 days of receipt of the request, unless otherwise stated in the Contract for Work.
24. **Warranty and Liability for Defective Work**
    1. Work Warranty. Contractor provides Customer with a warranty for the delivered Work. Contractor guarantees that the Work delivered pursuant to the Contract for Work shall be fit for use for the purpose stipulated in the Contract for Work, otherwise for usual purposes, and that they will retain the properties stated in the Contract for Work and these Business Conditions. If certain properties are not stated in the Contract for Work and these Business Conditions, Contractor guarantees to Customer that the Work delivered pursuant to the Contract for Work shall retain their usual properties during the warranty period. The fitness of the Work to serve the specified purpose is the condition for the Work to be free of defects.
    2. Warranty Period Duration and Commencement. The warranty period shall be extended by the period for which the Work taken over by Customer was not properly functional, with defects and arrears.
    3. Apparent Defects of Work. Customer shall be entitled to notify Contractor of apparent defects within 2 working days from takeover of the Work by Customer, unless otherwise expressly stated in the Contract for Work.
    4. Defective Work. Defective performance shall mean delivery of the Work which cannot be used properly in compliance with the Contract for Work and/or these Business Conditions, with the applicable legislation of the Czech Republic, in particular, when the Work does not meet the applicable technical and safety standards, inspections, the relevant Work-related documents are not delivered.
    5. Discovery of Defects. If Customer discovers any defects in the delivered Work, unless the Contract for Work or these Business Conditions stipulate otherwise, Customer shall draw up a written notice of defect(s).
    6. This paragraph does not apply.
    7. Other Entitlements in Liability for Defects. If Contractor does not eliminate the defect within the time-limit stated in paragraph 7.6 of the Business Conditions, Customer shall be entitled to choose one of the following entitlements:
25. by creating a replacement Work, as long as the subject matter of the Work can return or hand over to the Contractor, considering its nature;
26. to demand a reasonable reduction in the purchase price; or
27. to withdraw from the Contract for Work;

whereupon, the choice among the entitlements b) and c) shall be at Customer’s sole discretion.

1. **Liability for Damages**
   1. This paragraph does not apply.
   2. Contractor shall be obliged to take out liability insurance for damages caused in relation to its business activity and liability insurance for damages caused by defective Work, for a minimum value of Price of the Work.
2. **Contractual Penalties**
   1. Default Delivery. If Contractor fails to fulfil its obligation to timely and/or properly deliver the Work specified in the respective Contract for Work to Customer, Customer shall be entitled to demand that Contractor pay a contractual penalty of 0.5% of the purchase price of the Work with the proper delivery of which Contractor is in default, for each day of default limited to a maximum amount of 10% of the Price.
   2. This paragraph does not apply.
   3. Default with Defects Elimination. Along with the entitlements from liability for defects, Customer shall be entitled to demand that Contractor pay a contractual penalty for default with fulfilling Contractor’s obligations arising from liability for defective Work amounting to 0.5% of the purchase price of the defective Work for each day of default with fulfilling the obligation arising from liability for defects.
   4. Customer’s Default. If Customer is in default with paying the payable purchase price, Customer shall be obliged to pay Contractor a contractual penalty of 0.5% of the outstanding sum for each starting day of default and the statutory default interest.
   5. This paragraph does not apply.
   6. If Contractor fails to fulfil any of its obligations or states incorrect details pursuant to Article 11 and/or 12 of these Business Conditions, Customer shall be entitled to demand that Contractor pay a contractual penalty of CZK 100,000 for each individual breach of these obligations, including repeatedly.
   7. This paragraph does not apply.
   8. This paragraph does not apply.
   9. This paragraph does not apply.
   10. Maturity of Contractual Penalties. All contractual penalties pursuant to the Contract for Work and these Business Conditions shall always be payable within 30 days of delivery of their billing to the other Party. The payment of a contractual penalty shall not affect Contracting Parties right to compensation for damages. The Contracting Parties shall be entitled to assert both rights independent of each other and not contractual penalty shall affect the liability for damages and their claiming, amount and compensation.
3. **Contract for Work Termination**
   1. Withdrawal from Contract for Work. Unless the Contract for Work or these Business Conditions stipulate otherwise, the Parties shall be entitled to withdraw from the Contract for Work in the events in compliance with the legal regulations of the Czech Republic and if they are not able to fulfil their obligations as a consequence of a Force Majeure event which lasts longer than 6 months.
   2. Substantial Breach of Obligations. In particular, the following shall be considered as a Substantial Breach of Obligations stipulated in the Contract for Work or these Business Conditions:
      * 1. Contractor’s default with fulfilling the obligation:
4. to timely and properly deliver the Work to Customer by more than 15 business days;
5. arising from liability for defective Work;
6. bankruptcy proceeding is commenced with the Contractor.
   * + 1. Customer’s default:
7. with paying the purchase price longer than 30 days.
8. stipulated in Sections 3.5, 3.7 and 3.9 of these BTT, under the conditions stipulated in these sections.
   1. This paragraph does not apply.
   2. Persisting Claims and Arrangement. Upon withdrawal, the Contract for Work, part of which shall be these Business Conditions, shall terminate. However, the following shall survive upon withdrawal or other form of termination of the Contract for Work:
9. entitlements/claims ensuing from liability for defective Work;
10. provisions pertaining to warranties and liability for defects;
11. provisions pursuant to Articles 11 and 12 of these Business Conditions;
12. entitlements for compensation for damages ensuing from a breach of the Contract for Work;
13. other entitlements/claims as stipulated in the relevant legal regulations.
    1. Settlement between Parties. In the event of a withdrawal from the Contract for Work, the Parties shall be obliged to settle their claims in the manner and within the time-limits specified by mutual written agreement between Customer and Contractor. The manner of settlement and the time-limits stipulated by Customer and Contractor shall be binding on the Parties.
14. **Rights to Industrial or Other Intellectual Property**
    1. Contractor undertakes to make sure that no provisions of the Contract for Work or their application unlawfully interfere with any third party industrial or intellectual property legally protected by the laws of any state.
    2. Contractor hereby expressly declares that it is fully authorized to apply the industrial and intellectual property rights to the Work and undertakes to ensure undisturbed use of the Work by Customer and the transfer of the Work by Customer to third parties.
    3. Contractor declares that the Work shall belong to Customer from the date of their full payment and with an exclusive and unlimited right of use to the broadest extent possible in compliance with the relevant laws regulating the relevant type of industrial or intellectual property. The right to use the Work shall be time- and territory-unlimited, shall be transferred free of charge, shall be transferable and include the right to sublicense it, and shall be assignable without the need for the industrial or intellectual property originator’s or owner’s consent. The Contractor agrees that the Customer may use the subject matter of the Work for other purposes arising from the Contract for Work. Any remuneration for the provision of these rights shall be included in the purchase price of the Work.
    4. This paragraph does not apply.
    5. Contractor also undertakes to make sure that no damages are inflicted on Customer or any other person as a consequence of any possible breach of the obligations stated in this Article by Contractor or as a consequence of any of Contractor’s declarations being false. Contractor expressly undertakes to provide Customer with compensation for all direct attributable damages caused as a result of a breach of these obligations or the declarations being false and all direct attributable damages incurred on Customer as a consequence of the assertion of third party rights towards Customer.
    6. The provisions of this Article shall remain valid even after the termination of any contract between Customer and Contractor.
15. **Know-how, Trade Secret**
    1. Customer’s Technical and Other Documentation. All technical and other documentation delivered by Customer to Contractor in relation to the Work for the purpose of fulfilling the Contract for Work shall remain Customer’s sole property. The subjects of Customer’s sole ownership shall be all technical solutions and other solutions and procedures depicted by the technical documentation, whereupon Customer shall not grant Contractor, in relation to the stated know-how, any licence or intellectual property rights, etc. Contractor shall not be entitled to make such documentation public or disclose it to any third party or use it to the benefit of any third party. Contractor shall be entitled to use such documentation only in relation to the Work for the purpose of fulfilling the Contract for Work. This obligation shall not apply to administrative or other supervision authorities or bodies if these perform legal inspection or other supervision in compliance with the relevant laws. After the fulfilment of the Contract for Work or its termination in any other way, Contractor shall be obliged to return this documentation to Customer and destroy all copies made to fulfil the Contract for Work. This shall not apply to routinely made archival backup copies and archival copies for the purpose of evidencing the content. Any such information shall be subject to an unlimited confidentiality obligation.
    2. Contractor undertakes not to make public or disclose to any third party to the benefit of any third party any other technical and other documentation which is not stated in paragraph 12.1 of these Business Conditions (in particular, the documentation developed by Contractor for the purpose of fulfilling the Contract for Work and which has been developed, funded or co-funded by Customer). Contractor shall be entitled to use this documentation only in relation to the Work for the purpose of fulfilling the Contract for Work.
    3. Confidentiality Obligation. All information and documents provided by the Contracting Parties are considered confidential and a trade secret with the exception of information and documents the contents of which is publicly known. The Contracting Parties undertake not to inform any third parties on the existence and contents of any contract concluded between Customer and Contractor. Without the disclosing party´s prior written consent, the receiving party must not provide or make available for third parties any information or documents which relate to Contract for Work. The prior express consent is not necessary in the event of the provision of information and documents by Contractor to its subcontractors in relation to the fulfilment of such Contract, but Contractor shall be entitled to provide information and document in this way for its subcontractors only to the necessary extent for the proper fulfilment of the subject of the Contract for Work. Contractor shall be obliged to make sure that the subcontractors according to the previous sentence handle all information and documents provided by Contractor according to this paragraph as information and documents regarded as confidential and trade secrets with the exception of the information and documents the contents of which is publicly known. However, Contractor is liable to Customer for the result of the acts of its subcontractors as if it acted on its own. Contractor shall be obliged to sent Customer a list of subcontractors who have been provided with the information and/or documents according to this paragraph, no later than on transfer of the Work.
    4. Processing of Photographs. In the event that Customer gives Contractor consent with acquiring a photo documentation in relation to the fulfilment of the Contract for Work in which Customer’s employees or subcontractors might be photographed, Contractor undertake to subsequently modify all acquired photographs in such a way that the faces of the photographed persons and their possible name badges are covered and thus the photographed persons cannot be identified. Contractor undertakes to destroy, without undue delay, all photo documentation acquired in compliance with this provision after the fulfilment of the Contract for Work and settlement of the mutual obligations of the Parties.
    5. Goodwill. The Parties undertake to ensure the goodwill of the other Party and they undertake to avoid any activities which might damage the goodwill of the other Party.
    6. The provisions of this Article remain valid even after the termination of any contract between Customer and Contractor.
16. **Other Provisions**
    1. Risk of Damage. The risk of loss or other damage in the Work is transferred to Customer as soon as Customer takes over the Work through a certificate.
    2. Changed Circumstances. Contractor shall assume the risk of changed circumstances in accordance with Section 1765 and Section 1766, Civil Code.
    3. Limitation Period. Unless otherwise stipulated in the Contract for Work, the limitation period applicable to both Parties shall be 2 years.
    4. This paragraph does not apply.
    5. Movement of People on Customer’s Premises. Contractor is expressly forbidden to wilfully move without accompaniment by Customer’s authorized person outside the defined and safe areas, in particular, it is forbidden to move in production areas, to acquire photographs or other materials without Customer’s prior express consent.
    6. Force Majeure. In the event of Force Majeure, the time-limits stated for fulfilling the obligations stipulated in the Contract for Work or these Business Conditions shall be extended by the period for which the particular Force Majeure event persists. Contractor shall be obliged to notify Customer in writing of the occurrence and termination of Force Majeure without undue delay. Contractor shall be obliged to notify Customer without undue delay also of the occurrence and termination of Force Majeure on the part of its subcontractors. Force Majeure shall mean, in particular, events such as an earthquake, floods, extensive fire, war.
    7. Governing Law. The rights and obligations of the Parties including the Contract for Work and its validity and effect shall be governed by the laws of the Czech Republic.
    8. Severability Clause. If any provision of the Contract for Work or these Business Conditions is or becomes invalid or ineffective, the validity and effect of the other provisions of the Contract for Work and these Business Conditions shall not be affected. In such case, the Parties undertake to agree to replace the invalid or ineffective provision with a new provision the purpose of which corresponds to that envisaged by the original provision to the fullest extent possible.
    9. Waiver of Rights. If any of the Parties omits or excuses any non-fulfilment, breach or non-observance of any obligations pursuant to the Contract for Work and/or these Business Conditions, then such conduct shall not establish a waiver of such obligation with regard to its persisting or subsequent non-fulfilment, breach or non-observance and no such omission or excuse of obligations shall be considered effective, unless expressed in writing for each individual case.
    10. This paragraph does not apply.