**CONTRACT FOR WORK**

pursuant to section 2586 et seq. of Act no. 89/2012 Coll., Civil Code, as amended (hereinafter ″Civil Code“)

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| Reg. no. of the Contract – Customer:  |       |
| Reg. no. of the Contract – Contractor:  |       |

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| --- | --- |
| **Customer:** | **Centrum výzkumu Řež s.r.o.** |
| Registered office: | Halving 130, 250 68 Husinec-Řež |
| Company registration:  | Municipal Court in Prague, section C, entry no. 89598  |
| Authorised representatives: | Ing. Milan Patrík, MBA, Chief ExecutiveIng. Ján Milčák, Chief Executive |
| Contact persons for business affairs: | Mgr. Marek Šrámeke-mail/telephone:marek.sramek@cvrez.cz / 606 475 052 |
| Contact persons for technical affairs: | Ing. Jan Hornych, Ph. D e-mail/telephone: jan.hornych@cvrez.cz / 606 807 816 |
| Bank details: | 19-6073040297/0100 |
| Ident. no.: | 267 22 445 |
| VAT ident. no.: | CZ267 22 445 |

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| --- | --- |
| **Contractor:** |  |
| Registered office: |       |
| Registration:  |       |
| Authorised representatives: |       |
| Contact persons for business affairs: |       |
| Contact persons for technical affairs: |       |
| Bank details: |       |
| Ident. no.: |       |
| VAT ident. no.: |       |

The Customer and the Contractor, individually referred to as the ″Party" and jointly as the ″Parties," have concluded this framework agreement (hereinafter ″Contract“):

# SUBJECT MATTER OF THE CONTRACT

## The subject matter of the Contract is Contractor´s obligation to complete the Work (manufacturing and delivery of heat exchanger – recuperator, hereinafter referred to as the "Recuperator“) for experimental CO2 loop, on the terms and conditions specified herein (jointly also referred to as the „Work“).

## Detailed specification of the Work is included in Appendix no. 1 of the Contract.

## The Contractor undertakes to complete the Work on the terms and conditions provided herein, properly, in due time, at own costs and responsibility The Work shall be carried out with due professional care and in compliance with all generally applicable provisions, this Contract and relevant technical and quality standards, as provided in Appendix no. 1.

## The Customer undertakes to take over the completed Work from the Contractor and pay the price as agreed in compliance with the terms and conditions specified herein.

## Any and all modifications of the Work can only be performed by the Contractor upon prior consent by the Customer in writing. The modifications of the Work performed by the Contractor without prior consent by the Customer in writing will not be paid by the Customer.

# PRICE OF THE WORK

## The total price for performance of the Work (hereinafter „Price“) shall be understood as final, fixed amount and cannot be increased. The Price has been set in Czech crowns and amounts to  **CZK without VAT.**

## The Price includes all costs associated with performance of the Work and it shall not be subject to development of prices and exchange rate.

## The Price can only be changed/increased:

1. in case of amendment of generally binding provisions on VAT (in this event, VAT shall be charged at the rate as applicable at the date of invoicing),
2. in case of changes to the Work pursuant to Art. 1.5 herein, required by the Customer.

## Unless otherwise specifically agreed, all prices in this Contract shall be without value added tax (VAT), which will be charged by the Contractor pursuant to the provisions applicable at the date of invoicing.

# TERMS OF PAYMENT

## The Price of the Work shall be paid in four partial amounts:

1. Achievement of milestone M1 (completed preparation of the Recuperator design, incl. draft assembly procedure) 20 % of the total Price of Work as specified in Art. 2.1
2. Achievement of milestone M2 (storage and preparation of the material required for manufacture of the Recuperator) – 30 % of the total Price of Work as specified in Art. 2.1.
3. Achievement of milestone M3 (sheets chemically etched) – 30 % of the total Price of Work as specified in art 2.1.
4. Achievement of milestone M4 (delivery of the Recuperator) and milestone M5 (passport of the Recuperator) – 20 % of the total Price of Work as specified in Art. 2.1.

## The payments as above shall be made upon relevant tax document (i. e. invoice) issued by the Contractor, by cashless money transfer to Contractor´s bank account specified on page 1 of this Contract and also in the invoice.

## Due date of the invoices issued by the Contractor shall be 30 calendar days after the day following on delivery of Customer´s invoice by e-mail to faktury@cvrez.cz.

## The Contractor shall be obliged to issue the invoice by 15 days after the date of taxable performance at the latest. Every invoice shall have all prerequisites of a correct taxation and accounting document. A document evidencing achievement of the relevant milestone by the Contractor (e. g. photo documentation or report on performance of the Work, list of completed works, list of purchased materials and copy of the handover/takeover protocol of the relevant section of the Work pursuant to Art. 4.1 a), b), c), d) or e), signed by Customer´s authorised representative who has accepted the performance shall be included to each invoice. Registration number of the Contract must also be indicated in the invoice.

## The invoices not containing all prerequisites above or not complying with this Contract shall be returned to the Contractor for correction. In this event, the Customer is not in default with its payment, and the term of payment starts again on the of delivery of the correct/new invoice.

## Financial obligation (debt) of the Customer is considered as fulfilled at the date of deducting due amount from Customer´s bank account. All bank expenses and costs of the Customer associated with making its payments of the contractual price shall be paid by the Customer; other bank expenses and fees associated with performance of this Contract shall be borne by the Contractor and included in the contractual price.

## If the Contractor has been declared "unreliable tax pay" in a manner allowing remote access at the moment of contractual performance, the Customer, being recipient of taxable performance and guaranteeing payment of relevant taxes, can pay due tax amounts instead of the Contractor, with proportional reduction of its payment to the Contractor in accordance with this Contract. This fact must be communicated to the Contractor in advance. This payment of taxes will reduce Customer´s overall financial liability to the Contractor and the Contractor shall not be entitled to ask this payment from the Customer.

# TIME AND PLACE OF PERFORMANCE OF THE WORK

## The Contractor undertakes to carry out the Work in quality and upon the terms and conditions specified herein as follows:

1. Achievement of milestone M1 (completed preparation of the Recuperator design, incl. draft assembly procedure) – by 12 December 2022
2. Achievement of milestone M2 (storage and preparation of the material required for manufacture of the Recuperator) – by 12 December 2022
3. Achievement of milestone M3 (sheets chemically etched) – by 15 May 2023
4. Achievement of milestone M4 (delivery of the Recuperator) ) – by 30 June 2023
5. Achievement of milestone M5 (delivery of the assembly procedure of the Recuperator) – by 30 June 2023

## Handover of the Work will be proportionally postponed, if:

1. the Work will be discontinued upon instruction from the Customer in writing,
2. the Work will be discontinued by the Contractor due to Force Majeure as defined in section 2913 subsection 2 of the Civil Code. The Parties shall inform each other about the circumstances of Force Majeure and dealing with this situation without undue delay, otherwise, they are not allowed to invoke Force Majeure.

## The term of completion of the Work shall be extended depending on duration of the obstacles or Contractor´s delay in performance of its obligations as agreed herein, considering the time required for resumption of the works, provided the Contractor has taken all necessary steps for limitation/avoiding delay and after mutual agreement of the Parties in writing.

## Peformance of the work is following:

* The place of achievement of milestone M1 shall be the plant of the Contractor,
* The place of achievement of milestone M2 shall be the plant of the Contractor,
* The place of achievement of milestone M3 shall be the plant of the Contractor,
* The place of achievement of milestones M4 and M5 is Power Plant Mělník, 277 03 Horní Počáply, Czech Republic (the area in front of the entrance to machine room of block no. 2).

# HANDOVER AND TAKEOVER OF THE WORK

## The Customer shall be invited to acceptance of the Work carried out in milestones M1, M2 and M3 by the Contractor 10 working days before the relevant date at the latest.

## At least 20 working days before the deadline for meeting the M4 milestone, the Contractor shall invite the Customer to perform an inspection of the recuperator. This inspection will take place at the Contractor's plant. At least 5 working days before the date of this inspection, the Contractor will send the Customer the documentation (in Czech, Slovak or English) of the recuperator (e.g. protocols on the performed entrance tests, passport of the recuperator, etc.).

## The Customer shall be invited to acceptance of the Work carried out in milestones M4 and M5 by the Contractor 10 working days before the relevant date at the latest.

## Failures and arrears discovered at the acceptance procedure shall be recorded and corrected by the Contractor by five working days after the date of the first acceptance at the latest, save as agreed otherwise by the Parties.

## The Work and also its individual milestones are accepted after removal of all defects and arrears (if any). The acceptance will be confirmed by the Customer by signing the acceptance protocol.

## The ownership of the Work incl. risk of damage to the Work shall be transferred to the Customer after signing the handover/takeover protocol of milestones M4 and M5.

# OCCUPATIONAL HEALTH & SAFETY

## The Contractor undertakes:

1. to observe all relevant safety, hygienic, fire, environmental and other provisions as well as provisions related to occupational health & safety,
2. to assure own occupational health & safety and activity surveillance, as defined in applicable provisions,
3. to provide its employees and itself with personal protective equipment in accordance with individual professions, activities and risks.

## In cooperation with the Contractor, the Customer shall become familiar with all risks associated with the place of performance of milestones M4 and M5, inform its operators accordingly and define the procedures to avoid accidents and adverse health effects.

## The Contractor shall advise the Customer on all circumstance that could involve risk of death and /or adverse health effects for Customer´s operators and other persons during the activities at the place of performance of milestones M4 a M5.

## The Contractor is aware of its liability for damage caused by any device used in performance of its obligations and its inability to decline this liability.

# RIGHTS AND OBLIGATIONS OF THE PARTIES

## The Contractor shall be liable for full, continuing and timely information of the Customer about Contractor´s performance of the Work.

## The Customer is entitled to check the performance of the Work in the place of performance of the Work according to point 4.4, through its operators or any other person authorised by the Customer in writing.

## The Contractor shall organise inspection day to monitor compliance with milestones M1, M2 and M3, in cooperation with the Customer.

## The Contractor shall inform the Customer about any facts that could affect Contractor´s ability to meet its obligations as specified herein without undue delay, however, this information does not relieve the Contractor from its obligation to fulfil its obligations as set forth herein.

## The Contractor is obliged and undertakes to observe Customer´s instructions in the course of performance of this Contract, without prejudice to Contractor´s obligation to point out inappropriateness of Customer´s instruction, as defined in section 2594 subsection 1 of the Civil Code.

## The Contractor undertakes to observe confidentiality of all facts in connection with the performance of this Contract that have been communicated by the Customer in the course of contractual performance. This obligation shall survive after termination of the Contract and include all Contractor´s employees and associated persons.

## The Contractor hereby declares to have concluded liability insurance (minimum 20,000,000 CZK) covering all activities within the scope of this Contract and undertakes to maintain this insurance throughout the effective time of this Contract. Upon Customer´s request, the Customer shall provide evidence of this liability insurance for all activities carried out within the scope of this Contract and also documents of payment of the insurance. These documents shall be provided by the Customer without undue delay.

## If the damage exceeds the sum insured, the Contractor undertakes to pay the difference to the Customer.

## The Contractor shall familiarize itself with all information, data and other documents provided by the Customer and constituting this Contract and/or associated therewith. If any of them are insufficient, incomplete or inaccurate to the extent that could affect appropriate performance of the Work, the Contractor shall be liable for obtaining exact data and missing information. Essential information and data provided by the Customer must always be verified by the Contractor. The Contractor is not entitled to any additional compensation and/or extension of the deadlines resulting from incorrect interpretation of any documents for performance of the Work.

## The Customer undertakes to use only new (not previously used and overhauled) parts and materials for completion of the Work. The Contractor shall not use materials known as harmful or incompatible with hygienic and environmental provisions and also materials and parts that do not have required certification pursuant to relevant provisions for completion the Work. Should the Contractor fail to comply with this obligations, it shall provide for correction without undue delay, upon request by the Customer in writing. All costs of remedy shall be borne by the Contractor. The same shall apply to the cases, where installation of previously used and overhauled parts/materials that were known as harmful or incompatible with hygienic and environmental provisions as at the day of handover/acceptance will be discovered by the Customer after expiration of the warranty period. The Contractor shall be liable for compliance with these obligations.

## The Contractor undertakes to observe Customer´s instructions during performance of this Contract, without prejudice to Contractor´s obligation pursuant to section 2594 subsection 1 of the Civil Code, i.e. drawing Customer´s attention to inappropriateness of its instructions. The Contractor shall be liable for compliance with these obligations.

# DECLARATIONS OF THE PARTIES

## The Contractor declares to have been fully familiarised with the contents and nature of the subject matter of this Contract and to be qualified for due and timely performance of the Work pursuant to this Contract. The Contractor also declares to be familiar with all technical, quality and other conditions necessary for flawless performance of the Contract and to have all necessary capabilities and specific knowledge required for due performance of this Contract.

## The Contractor shall use all its technical knowledge, skills, experience and implement due care for completion of the Work pursuant to the Contract, incl. its appendices and observing the requirements and instructions issued by the Customer.

## The Contractor declares to have been fully familiarised with the documentation provided by the Customer. The Contractor shall not require any modification of contractual provisions during performance of the Contract and undertakes to complete the Work in accordance with submitted documentation as well as generally binding legal provisions and the instructions obtained from the Customer.

# FAILURES OF THE WORK AND CONTRACTUAL PENALTIES

## The warranty period for quality of the entire Work provided by the Contractor shall be 24 months, starting upon signing the acceptance protocol by the Customer and the Contractor confirming achievement of milestone M4 according to point 4.1 d) and achievement of milestone M5 according to point 4.1e). If the deadlines for achievement of milestones M4 and M5 are different, the warranty period for quality starts at the date of achievement of the latter milestone.

## The warranty does not cover the defects attributable to the Customer, any third party or Force Majeure. The Contractor must provide relevant evidence.

## The claims must be made by the Customer after discovering without undue delay.

## The claims (if any) shall be made in writing, before the end of the warranty period. Any claimed defect shall be appropriately marked by the Customer, stating all symptoms of the defect. The Customer shall allow the Contractor to inspect the claimed defect in the time as agreed, upon prior communication. The Contractor shall give its comments on the claim in writing by 5 working days after sending the claim by the Customer, unless otherwise specified. In case of any justified claim, the Contractor shall commence with remedy of the failure by 5 working days at the latest. The Contractor undertakes to remedy the failure discovered in the warranty period within 60 working days after the start of the remedy work.

## If any failure has not been removed within the time specified in Art. 9.4, the Customer can remedy the failure by itself or have it remedied by any person, at Contractor´s expense, without prejudice to other Customer´s rights provided herein. The Contractor shall pay reasonable and documented costs of the repair carried out by the Customer within 30 days after receiving the invoice from the Customer. In case of failure to pay these costs, the Customer is entitled to set off the debt against any of its payments due to the Contractor.

## The Contractor and the Customer will sign a protocol confirming remedy of the failure. The warranty period will be extended proportionally to the time between notification of the failure and its remedy.

## The original warranty period shall also apply to all replaced or new parts of the Work. It will start on the day following on putting the relevant section of the Work into operation.

## In case of failure to pay the invoice in time, the Contractor shall pay default interest amounting to 0.03% of the outstanding sum for each commenced default day.

## In case of failure to comply with the deadlines set in Art. 4.1 a), 4.1 b), 4.1 c), 4.1 d) or 4.1 e) herein, the Contractor shall pay contractual penalty amounting to 0.2% of the price specified in Art. 3.1 for each deadline and each commenced default day to the Customer.

## In case of Contractor´s failure to comply with the deadlines set in Art. 5.1, 5.2, 5.3,. 9.4, 9.5 or 9.12 herein, the Customer is entitled to contractual penalty amounting to 3000 CZK for each deadline and each commenced default day.

## In case of Contractor´s failure to observe the obligations set forth in Art. 6, Art. 7.1, Art. 7.3 or Art. 7.4 herein, the Customer is entitled to contractual penalty amounting to 3000 CZK for each individual failure.

## All contractual penalties shall be paid by 15 days after delivery of the notice to the Party in default. Payment of the contractual penalty is without prejudice to Contractor´s obligation to compensation of damage resulting from violation of the relevant contractual obligation.

## The Customer is entitled to ask full compensation of damage, in addition to contractual penalty as agreed.

# TERMINATION OF THE CONTRACT

## The relationship established by this Contract can be terminated by fulfilment of all obligations, agreement of the Parties or unilateral withdrawal from this Contract.

## The Customer can withdraw from the Contract, particularly, in the following cases:

1. violation of contractual obligations by the Contractor; substantial violation shall be, particularly, failure to observe milestones M1, and M2, M3, M4 or M5 by more than 60 days,
2. the Contractor has filed the petition of insolvency in term of its business pursuant to relevant insolvency legislation as amended, the Contractor has been declared insolvent in the proceeding opened upon petition filed by Contractor´s creditors, the petition of insolvency has been declined due to lacking property for compensation of the costs of proceeding or the receivership pursuant to specific legal provisions has been established,
3. Contractor´s trade licence required for completion of the Work has been withdrawn by the relevant Trade Office, or
4. the Contractor has transferred its rights and obligations as specified herein to any person without prior consent given by the Customer,
5. the Contractor fails to comply with its obligations in Art. 7.7. herein ,
6. failure to obtain co-financing (in full or in part) for the Contract from the relevant authority.

## The Contractor can withdraw from the Contract in case of substantial violation of Customer´s obligations as specified herein; substantial violation shall be Customer´ s default in payment the price of the Work as defined in Art. 3.1 a), b) or c) by more than 60 days.

## The withdrawal must be made in writing. In case of withdrawal, the obligation established by this Contract shall be cancelled from the beginning. The effects of withdrawal shall start after delivery of the notice of withdrawal to the other Party, without prejudice to damage compensation resulting from violation of contractual obligations, payment of contractual penalties and default interests (if any), agreement on disputes and governing law. Similarly, these provision shall also apply to premature termination of the Contract in any other way.

## The withdrawal shall become effective after delivery of the notice to the other Party, without prejudice to withdrawing Party´s right to compensation of damage, caused by the other Party.

# AMENDMENTS AND MODIFICATIONS OF THE CONTRACT

## All amendments and modifications of the Contract must be made in writing and numbered. The amendments shall be duly marked and signed by the Parties. Oral amendments shall not be considered.

# FINAL PROVISIONS

## This Contract shall enter into force and become effective at the day of its closing.

## Customer´s and Contractor´s obligations and/or rights cannot be transferred to any other person without explicit consent of the other Party in writing. This provision does not apply to legal successors of the Parties.

## The Contractor shall provide necessary information and documentation of its activity within the scope of this Contract to relevant national inspection authorities.

## The legal relationship established by this Contract shall be governed by Act no. 89/2012 Coll. (Civil Code) and the Czech law. All disputes arising from this Contract shall be decided by relevant Czech courts.

## The conditions/documents not specifically agreed herein, including Business Terms and Conditions of the Contractor, are irrelevant.

## Appendix no. 1 – Technical Specification constitutes integral part of this Contract.

## If executed in paper-based format, this Contract will have two original counterparts, each Party retaining one counterpart.

## If executed with electronic signature, this Contract will be a single electronic document.

## The Parties have read this Contract before signing and understand its provisions, in witness whereof they have appended their signatures.

**For the Customer: For the Contractor:**

Place and date: Place and date:

Řež …….

..……………………………………. ………………………………….

 Ing. Ján Milčák

 Chief Executive

 Centrum výzkumu Řež s.r.o.

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 Ing. Milan Patrík, MBA

 Chief Executive

 Centrum výzkumu Řež s.r.o.