

Employer
SAKO BRNO A.S.

Project
Modernization of WtE Plant SAKO Brno

Date
July 2024

PART III, APPENDIX B4

REQUIREMENTS FOR NOTIFICATIONS, VARIATIONS AND DEVIATIONS



PART III, APPENDIX B4 REQUIREMENTS FOR NOTIFICATIONS, VARIATIONS AND DEVIATIONS

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| B4b | Request for a Variation order from Contractor |
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1. INTRODUCTION AND PURPOSE

This procedure describes the guidelines for handling of modifications and deviations to ensure consistent and satisfactory treatment of any variations.

Any modification to or deviation from the Contract shall be implemented on the basis of these guidelines and the particular forms and schedules included in Annex B4a-B4d must be used.

2. NOTICES

Notices shall be issued by the Contractor informing the Employer about conditions that are not in accordance with the Contract which may affect the Contractor's ability to meet current deadlines and/or lead to extra expense or increased charges in order for the Employer to initiate corrective action.

2.1 Notice from Contractor

A notice from the Contractor shall be issued using a specific form for this purpose (attached in Annex B4a).

The Contractor shall notify the Employer about conditions that are not in accordance with the Contract and which may be of significance for his ability to fulfil the terms of the Contract. The purpose of such notification is to give the Employer the opportunity to take corrective action to remove the significance, or at least to minimise this. Separate notifications shall be sent for different occurrences.

2.2 Completion of form

The Contractor shall state as precisely as possible the conditions that are in conflict with the Contract.

The notice shall specify relevant information in terms of location, drawing and Contract references etc. in conformity with the section and heading numbering in the Contract, as far as this is possible.

The Contractor shall set a deadline for corrective action.

The Contractor shall state the possible consequences if this corrective action is not taken within the given deadline, including impact on progress and costs.

If an attachment is used for one or more items, the number of pages in the attachment shall be stated on the form and all pages in the attachment shall be marked with data on the notification to which it belongs. If there is no attachment to the notification, this shall be indicated on the form with 'None'.

Completed forms with attachments shall be sent to the Employer for processing. Forms shall be sent without a covering letter.

2.3 Registration/follow-up

The Contractor shall keep a log of notifications affecting his works including subcontracted works. The log shall be attached to the monthly report.

The Employer will establish a central log in which all notifications and their status will be recorded.

3. MODIFICATIONS TO THE CONTRACT

Variation orders will be issued on the request of the Contractor or if the Employer wishes to modify the Contract Object in accordance with the art. 27 of the Contract.

3.1 Request for a variation order

A request for a variation order from the Contractor shall be issued using a specific form for this purpose (attached in Annex B4b).

If the request concerns several contracts or transferred subcontracts, a separate 'Request for a variation order' shall be issued for each contract.

The request for a variation order shall specify relevant information in terms of location, drawing and Contract references in conformity with the section and heading numbering in the Contract, as far as this is possible.

The request for a Variation order shall include a description of the variations and estimations on cost and impact on programme.

3.2 Variation order Submission

When the Employer accepts a request for a variation order, a variation order will be issued (attached in annex B4c). The completed Variation order will be sent to the Contractor. The Contractor will sign and return one copy to the Employer.

The variation order has the status of a purchase order and belongs in contractual terms to the Contract which is stated by contract number on the form. If not specified otherwise, all conditions and provisions of the Contract will apply in full, including previously ordered variations and additions. All subsequent reference to the variation order shall be made with the variation order number.

The variation order number consists of the contract number + project identification + serial no.

3.3 Registration/follow-up

The Contractor shall keep a log of requests for variation order affecting his works including subcontracted Works. The log shall be attached to the monthly report.

The Employer will establish a central register where all requests for variation orders and their status will be recorded.

4. DEVIATIONS

Deviations are works not completed in accordance with the Contract provisions or works where the Contractor proposes to implement an alternative solution in completing the Contract Object as part of the Contract than stipulated in the Contract. Deviations are recorded using a specific form to be filled in by the Contractor for this purpose (attached in Annex B4d).

4.1 Deviation Report

A deviation report is used where the Contractor has carried out contract work in conflict with the Contract and the cause is a circumstance for which he himself is responsible. The deviation report therefore means that the Contractor acknowledges responsibility for the fault.

The deviation may involve any contractual requirement, including quality requirements for the final product, for production methods, for health, safety and environment, or the external environment, for administration, operation, and maintenance, for documentation etc.

4.2 Deviation Request

A deviation request shall be used where the Contractor wishes to propose an alternative solution to the Contract.

A deviation request is thus an application to carry out work in non-compliance with the Contract requirements. A deviation request can lead to a variation order.

4.3 Completion of the form

The Contractor indicates on the form whether the form is a deviation report or a deviation request.

In a deviation report, the Contractor shall state the specific area of work that has been incorrectly carried out. In addition, the Contractor shall describe his own proposal for corrective action. All consequences of the corrective action, including consequences for progress, shall be described.

In a request for deviation the proposal shall cover all consequences on costs and progress originating from the deviation, both for the Contractor's own work and that of others.

If an attachment is used for one or more items, the number of pages in the attachment shall be stated on the form and all pages in the attachment shall be marked with data on the deviation to which it belongs. If there is no attachment to the notification, this shall be indicated on the form with 'None'.

Completed forms with attachments shall be sent to the Employer for processing. Forms shall be sent without a covering letter.

4.4 Registration/follow-up

The Contractor shall keep a log of deviation reports and requests affecting his works including subcontracted works. The log shall be enclosed with the monthly report.

The Employer will establish a central log in which all deviation reports and applications and their status will be recorded.

NOTIFICATION FROM CONTRACTOR

Application area: The form 'Notification' shall be used when the Contractor wishes to inform the Employer about contractual conditions that may affect the Contractor's ability to meet current deadlines and/or lead to extra expense or increased charges, so that the Employer can initiate corrective action. An attachment shall be used if required for additional statements/documentation.

Limitation for use in relation to use of the form 'Request for a Variation order': If the Contractor wishes to set requirements for deadline extension and/or additional charges because it is clear that the Employer's conditions will have a significant effect

on the Contractor's ability to meet current deadlines and/or lead to extra expense or increased charges, the Contractor shall only use the form 'Request for a Variation order'.

Limitation in use in relation to use of the form 'Deviation report/application': If the Contractor has carried out contract work in conflict with the contract and the cause is a circumstance for which the Contractor is responsible, the Contractor shall only use the form 'Deviation report/application'. This form shall also be used if the Contractor wishes to propose an alternative solution.

| To Employer/ Employer's representative: | From Contractor: | Code string:(Contract No-Serial No) - | | | | | | | | | | | |
|---|-------------------------|---|---|---------|---|----------------|---------|----------|--------------|--|--|--|--|
| 1. Contractor's description of conditions (state specific Contract condition breached): | | | | | <input type="checkbox"/> Attachment: | | | | | | | | |
| 2. Contractor's evaluation of consequences: | | | | | <input type="checkbox"/> Attachment: | | | | | | | | |
| 3. Contractor's deadline for Employer's corrective action | | | 4. Contractor's signature <div style="display: flex; justify-content: space-between;"> _____ _____ </div> <div style="display: flex; justify-content: space-between;"> Date Contractor's signature </div> | | | | | | | | | | |
| 5. Employer's response | | | <input type="checkbox"/> Attachment: | | | | | | | | | | |
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| For info: | | | | | | | | | | | | | |
| <div style="display: flex; justify-content: space-between;"> _____ _____ </div> <div style="display: flex; justify-content: space-between;"> Date Employer's signature </div> | | | | | | | | | | | | | |
| Distribution regarding return to Contractor: | | | | | | | | | | | | | |

REQUEST FOR A VARIATION ORDER FROM CONTRACTOR

Application area: The form 'Request for a Variation order' shall be used in the following situations:

- 1) Additional work required by the Employer in the form of drawings, specifications, supplements or anything else that the Contractor believes is not part of the obligations in accordance with the Contract.
- 2) The Employer requires the Contractor to work in accordance with a different progress schedule than that to which he obligated in the Contract.
1. Changed conditions for which the Employer is responsible that have or will have significance for the Contractor's ability to meet current deadlines and/or lead to extra costs.

An attachment shall be used if required for additional documentation.

Limitation for use in relation to use of the form 'Notification': If it is not clear to the Contractor that the changed conditions will affect the Contractor's ability to meet current deadlines and/or will lead to extra costs, but it seems that the condition may have such an effect, the Contractor shall only use the form 'Notice'.

Limitation for use in relation to use of the form 'Deviation report/application': If the Contractor has carried out contract work in conflict with the Contract which is caused by conditions for which the Contractor is responsible, the Contractor shall only use the form 'Deviation report/application'. This form shall also be used if the Contractor wishes to propose an alternative solution.

| | | | | | |
|---|-------------------------|--|---------|----------|--------------|
| To: | From Contractor: | Code string: (Contract No-Serial No) - | | | |
| 1. Contractor's description of basis for the request <input type="checkbox"/> Attachment: State the specific additional work or variations in progress schedule requested by the Employer or the specific contract conditions that have been breached. | | | | | |
| 2. Contractor's request for additional charges/cost cover <input type="checkbox"/> Attachment: | | | | | |
| 3. If the Contractor requires a deadline extension <input type="checkbox"/> Attachment: Description of the deadlines that need to be changed. Length of deadline extension | | | | | |
| 4. Contractor's signature Date: _____ Contractor's signature: _____ | | | | | |
| 5. Employer's response Date: _____ Employer's signature: _____ | | <input type="checkbox"/> Attachment: <input type="checkbox"/> Attachment: | | | |
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VARIATION ORDER

| | |
|--|-----------------------|
| 1. Contractor | Replaces: |
| 2. Contract name | Contract No.: |
| 3. Variation order name | Variation No.: |
| 4. Variation in implementation Specify if required as an attachment to Para 4, number of pages: ____ | |
| 5. Variation in contract milestones / time schedule: Specify if required as an attachment to Para 5, number of pages: ____ | |
| 6. Charges for variation Specify if required as an attachment to Para 6, number of pages: ____ | |
| 7. Contractor <div style="text-align: right;"> Date: _____ Signature _____ </div> | |
| 8. Employer <div style="text-align: right;"> Date: _____ Signature _____ </div> | |

DEVIATION REPORT/REQUEST FROM CONTRACTOR

Application area: this form shall be used in the following cases:

- 1) Deviation report: The Contractor has carried out contract tasks in conflict with the Contract and the error is caused by conditions for which the Contractor is responsible.
- 2) Deviation application: The Contractor wishes to propose an alternative solution to the contract.

An attachment shall be used if required for additional documentation.

Limitation for use in relation to use of the form 'Request for a Variation order': Deviation report means that the Contractor admits responsibility for the error.

The Contractor cannot request for a Variation order for the same condition. If the Contractor believe that Employer circumstances are the cause of the error, the Contractor shall only use the form 'Request for a Variation order'.

Deviation requests can lead to a Variation order being issued by the Employer if the alternative solution is chosen.

Limitation in use in relation to use of the form 'Notification': If the Contractor believe that conditions that are not in accordance with the Contract conditions may lead to variations, the Contractor shall only use the form 'Notice'.

| To: | From Contractor: | Code string: (Contract No-Serial No) - | | | | | | | | | |
|--|-------------------------|--|---------|----------------|--------------|----------|--------------|--|--|--|--|
| <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> 1.1 Contractor's deviation report <input type="checkbox"/> Attachment: </div> <p>State the specific contract work that has been incorrectly carried out (including requirements for HSE, external environment, FDV, etc.)</p> <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> 1.2 Application for deviation </div> <p>The tender shall describe all cost and progress consequences, both for the Contractor's work and that of other parties, that the alternative solution will lead to.</p> | | | | | | | | | | | |
| <div style="display: flex; justify-content: space-between;"> 2. Only for a deviation report: <input type="checkbox"/> Attachment: </div> <p>Contractor's proposal for corrective action</p> | | | | | | | | | | | |
| 3. Contractor's signature <div style="display: flex; justify-content: space-between;"> <div>Date: _____</div> <div>Contractor's signature _____</div> </div> | | | | | | | | | | | |
| 4. Employer's response <div style="display: flex; justify-content: space-between;"> <input type="checkbox"/> Attachment: <input type="checkbox"/> Attachment: </div> <div style="display: flex; justify-content: space-between;"> <div>Date: _____</div> <div>Employer's signature _____</div> </div> | | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 15%;">Date received:</th> <th style="width: 15%;">Action:</th> <th style="width: 15%;">Doc. ID:</th> <th style="width: 15%;">Archive No.:</th> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </table> | | Date received: | Action: | Doc. ID: | Archive No.: | | | | |
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