



# H&P

## magazine

I/2020

“THE CRISIS HAS TAUGHT US  
TO VIEW TODAY’S DIFFICULT  
SITUATION AS AN OPPORTUNITY  
FOR FURTHER ENHANCEMENT  
OF OUR LEGAL AND TAX  
SERVICES”

Strategic thinking | Individual approach  
Excellent legal team | Long-term partnership

next page →

## CONTENTS

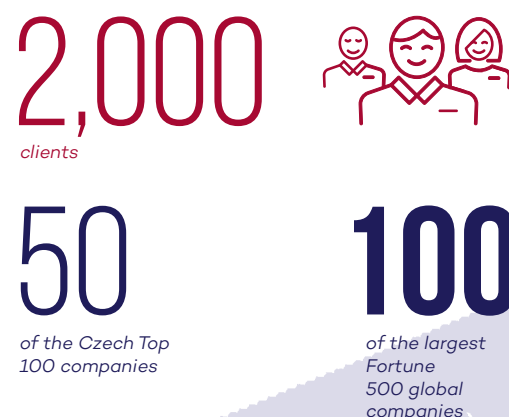
- 5 **TECHNOLOGY / IT**  
Digitisation as a key item in your business plan
- 8 **TECHNOLOGY / IT**  
Services and the team
- 9 **REAL ESTATE**  
The real estate market is changing significantly and we are there
- 11 **REAL ESTATE**  
Services and the team
- 12 **TRANSACTIONS**  
Overview of major transactions with the participation of HAVEL & PARTNERS
- 16 **PRIVATE CLIENTS**  
Family office in the Porsche and Bata style
- 19 **PRIVATE CLIENTS**  
Services and the team
- 20 **INSOLVENCY AND RESTRUCTURING**  
Crisis, debts, restructuring. What are the prospects?
- 22 **INSOLVENCY AND RESTRUCTURING**  
Services and the team
- 23 **FROM THE MEDIA**  
Interview with Jaroslav Havel for the Czech Press Agency
- 25 **SLOVAKIA**  
Introducing the office
- 26 **SLOVAKIA**  
New trends in eCommerce in the context of Slovak law
- 29 **PRO BONO**  
HAVEL & PARTNERS helps
- 30 **HAVEL & PARTNERS ACADEMY**  
Overview of educational seminars

## HAVEL & PARTNERS IN FIGURES

### OUR TEAM



### OUR CLIENTS



### INTERNATIONAL APPROACH



## FOREWORD

Dear Clients and Business Partners,

We constantly strive to enhance our methods of communication and the mutual communication between our firm and you. To this end, we have been utilising more and more new communication tools, modern formats and the digital environment. In this context, we launched our new website and our own blog last year, and have been focusing on digital communication. This year, we have even added new features such as online interactive training.

In addition, we have replaced our traditional Legal News with a new format – the HAVEL & PARTNERS Magazine, the first issue of which you are about to read. The Magazine will bring updates on current topics in law and taxes twice a year. However, this will be reading not only for lawyers, but also for other clients of ours, particularly managers, business owners, investors, bankers and advisers. The articles are presented as an executive summary that is full of practical information, interesting insights and, I believe, inspiration. Besides up-to-date articles, interviews and analyses, each issue will introduce you to some of our practice groups and will present new developments concerning our firm.

The first issue of our new H&P Magazine comes out at a time affected by the impacts of the extraordinary coronavirus pandemic. Consequently, the authors of the articles have tried to give you more details about specific legal and tax matters and primarily intend to provide you with a better understanding of the current difficult situation. Our colleagues specialising in IT and technology will introduce you to the topical and much discussed issue of digitalisation. We also present reflections of the crisis from the perspective of an increase in debts, insolvency and restructuring, and the potential prospects for the future. Further, we have focused on changes in the real estate market that affect mainly ownership structures. Our Slovak colleagues have also prepared an article on another topic that has recently come into focus – e-commerce. Last but not least, you will learn why Czech and

Slovak entrepreneurs should draw inspiration for their wealth management from families such as Porsche and Bata.

The articles are accompanied with an overview of major transactions in which we have participated in recent months. We also provide information about some of our pro bono activities and seminars organised by our highly successful Academy, which you are cordially invited to attend.

Since March, our firm has seen an unprecedented wave of solidarity. We have further strengthened our cooperation and worked with absolute commitment to provide maximum support to our clients in these difficult times. I am happy that all of our colleagues stayed healthy as well as motivated to continue with their work. I am sure that this was also due to the awards received by our firm in recent weeks. Most of the awards are based on our client references and an independent assessment by renowned experts, be it the most prestigious Chambers Europe Awards for the best law firm in the Czech Republic or a number of awards in this year's Law Firm of the Year competition in Slovakia and in the Czech Republic last year. Besides receiving other awards, we were named the best law firm for client service. In addition, we have been recognised as a Czech Business Superbrand for the fifth time in a row, and become the most sought-after employer in the Czech Republic in the legal sector.

We would not have achieved these results were it not for your trust. I believe that our collaboration will continue in the future and we all will come out of this difficult time much stronger.

I hope you find our articles useful and I wish you sound health, optimism and summer days full of enjoyable moments.

On behalf of the law firm,

*Jaroslav Havel*

Jaroslav Havel | Managing Partner





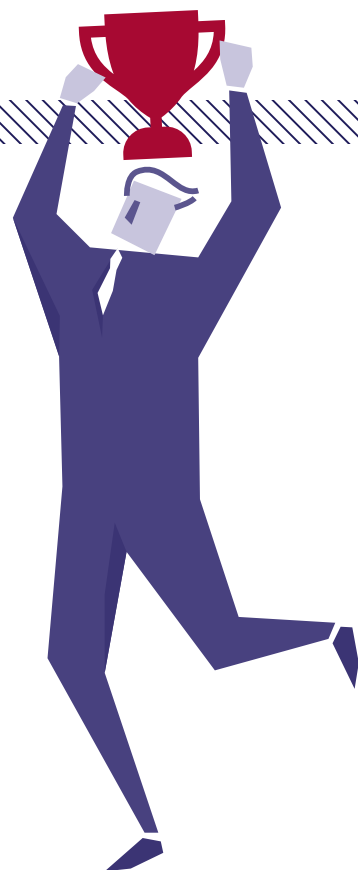
→ **We won the Chambers Europe Awards – the most prestigious European award – for the best law firm in the Czech Republic**

Our law firm has marked another success on the global scene. It was rated the best law office in the Czech Republic for 2020 by the prestigious UK rating agency Chambers & Partners at the international Chambers Europe Awards competition of law firms. *“We highly appreciate the victory as the award granted by Chambers & Partners is considered the highest and the most prestigious international award for law firms. We value it even more so because the winners are selected based on a survey not only among the law firms themselves but also among our clients. This is clear evidence of our state-of-the-art expertise, high work commitment and the willingness and ability to always give maximum support to our clients. That is why I would like to express gratitude not only to all my colleagues and the entire HAVEL & PARTNERS team but also to our clients and business partners that motivate us to keep moving forward and keep providing top level services,”* says Jaroslav Havel about our firm’s success.



→ **For six years in a row, we won the award for the top employer among law firms**

Our law firm was voted the most attractive employer among law firms in the TOP Employers competition. The competition has been organised every year since 2012 by the Czech Student and Alumni Association with candidates nominated into individual categories by university students, i.e. potential future employees. This year, a total of 11,491 students cast their votes in the survey ranking the companies in categories such as expert training, corporate social responsibility, or chances for high incomes in the future. Moreover, HAVEL & PARTNERS ranked first in the Lawyer category for the fourth time, a special category dominated by international law firms in previous years.



→ **We won the prestigious Czech Business Superbrands award for the best brands on the market for the fifth time**

Our firm won the prestigious Czech Business Superbrands award for 2020, following up on its success in 2014–2016 and 2019. It was the only Czech law firm in the Czech Republic to have been recognised as a brand with excellent reputation linked with what the customers claim to be significant values they personally relate to. The title is awarded in nearly 90 states on five continents on the basis of uniform criteria and methods set by the Superbrands organisation. The rating of the best brands in the Czech Republic carried out by the most prominent independent global authority in business brand rating and evaluation has been in place since 2013.

TECHNOLOGY / IT

# DIGITISATION AS A KEY ITEM IN YOUR BUSINESS PLAN



The state of emergency linked to the outbreak of the COVID-19 pandemic has made us all use technologies to such a degree as never before, cooperate at a distance and ponder over ways to streamline various processes in our companies through digitisation. We are offering some ideas from our practice with a clear message that digitisation is quite easy to achieve for the majority of entrepreneurs and needs not and should not be put off.

**DIGITISATION DOES NOT IMPLY THE MERE DISCARDING OF PAPERS BUT A CHANGE IN THE WAY OF THINKING AND ALSO A PARTIAL CHANGE IN THE FUNCTIONING OF AN ORGANISATION AND ITS STAFF.**



The impact of government measures imposed to fight the spread of COVID-19 has taught us each a valuable lesson. In these turbulent times, we have learned to work remotely and feel the importance technologies have for our day-to-day lives. We have been given a unique opportunity to ponder how to optimise activities in our organisations. We are very lucky that at the time of the outbreak of the pandemic digitisation was already so advanced that it enabled a number of us to work without major problems. And still, we have not been able to duly and truly appreciate the advancement in this respect so far.

If there was anyone who still had any doubts earlier this year about whether it was necessary to digitise suitable agendas in their organisations, COVID-19 has most likely dispelled them all. Although from a technological and legal perspective we are still in the same period, our view has changed dramatically. The orientation on digital solutions and skills appears to be an absolute must in order to ensure the stability of many businesses' operations.

Just from looking at the solutions on offer, there may seem to be a whole range of tools that will, as if by a whip of a magic wand, transfer your business to the digital mode, replace several people on your HR team by an attractive solution or completely eliminate handwritten signing of documents. Newspaper headlines can give you the impression that soon no one will have to go anywhere in person as everything will be easily arranged remotely through digital tools. Let's put aside the state sector and its (in)ability to advance the digitisation vis-à-vis citizens during or outside the state of emergency for now; there, things have practically remained the same old way.

#### How to begin?

Although you probably feel that it is high time we all began using the potential of advanced digitisation, it is crucial to avoid some haphazard and precipitous steps. Digitisation does not imply the mere discarding of papers but a change in the way of thinking and also a partial change in the functioning of an organisation and its staff. To be able to use digitisation to significantly increase efficiency, to cut costs within an organisation and to obtain competitive advantage, meticulous preparation is a must – it is necessary to engage in analyses, discussions, evaluations, planning, and mainly considerations. To achieve fruitful results, you will need help from experts from various fields, particularly IT and law.

We have spent thousands of hours advising hundreds of our clients on the theory and practice of digitisation of legal acts and

internal processes. We have assisted in streamlining the workflow of new entrants as well as well-established players, made drafts of pro-digitisation legislation, legally assessed specific technological solutions and organised detailed practical workshops. We have also been working on the implementation of meaningful digitisation into our diverse practice. We have for instance introduced solutions to simplify routine work using template documents and simple electronic signatures both for our and our clients' benefit. Simply put, digitisation does not keep away from any area of business, including those that have been considered rather conservative. We want to lead by example in our field.

Since together with our clients we have gone a long way in digitisation, we would like to stress the following aspects – with a certain level of simplification – that we view as a crucial legal opportunity to increase efficiency and cut costs in your organisation in the years to come. Undoubtedly, digitisation requires you to assess various legal risks but primarily gives you legal advantages leading to a clear conclusion, i.e. to use the opportunity and implement it in your company. Nearly half of all organisations in the European Union have already done so for a various range of activities.



### Do you know that almost half of the organisations in the EU are already at least partially digitised?

#### 1. Electronic signatures

Agreements and legal acts made in writing under Czech law have been permitted electronically or without a signature for quite some time now. If you are obliged under an agreement or a regulation to legally act only in writing, you can fulfil this

obligation in an electronic legal act because the tool you selected (e.g. platform, e-mail or mobile application) captures the content of the act and determines the person acting. This is not merely a hypothetical but a real option.

Where you wish to have greater certainty in provability and durability of the act, you may decide to simply sign it. Today, the vast majority of internal and external acts in your organisation can be signed electronically. This form of signing and compliance with relevant rules by employees in your organisation and a reasonable IT solution is very likely to be sufficient for you.

There will probably still be acts that you will wish to keep on a piece of paper; this, however, is not a failure but a natural and reasonable effort to digitise only where it makes sense. Paradoxically, this will take off your shoulders a number of practical worries and will give you more space to digitise only the right and suitable documents.

Each individual signature, moreover, does not always have to mean an employee's active performance; instead, the entire process can be automated without major difficulties. Signatures are generated for employees upon their instructions by a programmed machine – this proves practical when you want to provide 24/7 service to your customers, for example. We are familiar with it from the online e-commerce world, for instance when we are ordering goods or services and the machine on the other side confirms we have made an agreement.

#### 2. Electronic delivery and retention of documents

You may use virtually any platform or service available for the electronic delivery of documents. Electronic documents may be delivered in person, e.g. by handing over a tablet displaying the wording. For the vast majority of acts, however, simple e-mail communication mastered by everyone in your organisation will be sufficient. When delivering certain documents via data box you may find out that they do not need to be signed at all.

The retention and transfer of electronic documents from electronic to documentary form and back is also technologically neutral. With a relatively accessible IT solution, you will be able to shift your existing documentary archives to electronic form, tidy up and make more space in your records and files where there once used to be loads of documents. This solution does not necessarily have to mean re-stamping documents with time stamps. We see the need for re-stamping as a very common myth associated with digitisation and deterring many clients from even considering digitisation in depth.

#### 3. Digitisation of key HR documents

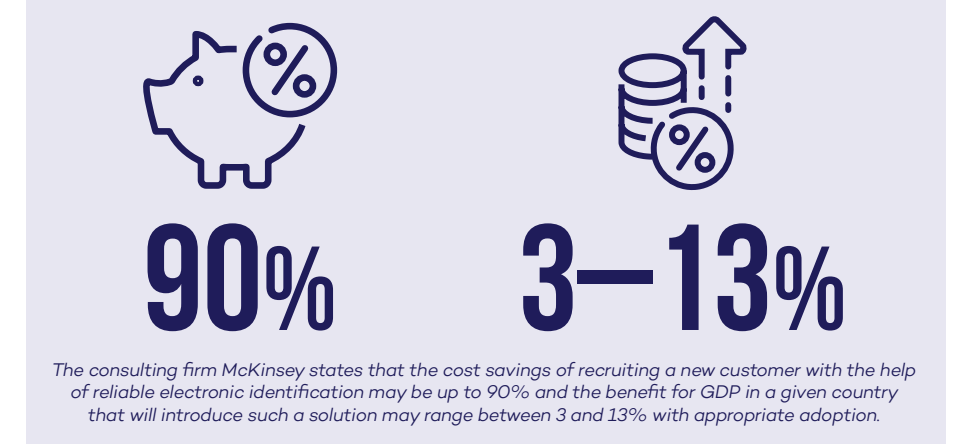
When reading what erudite Czech lawyers think about the possibility of digitisation of documents in labour law, you find out that they have got stuck in a period before the first iPhone came out. The Czech Labour Code laid down unreasonable requirements for the service of electronic documents between the employer and the employee that organisations consider as unable to fulfil and oppose HR digitisation. Moreover, when you read certain judgements of the Czech Supreme Court, you feel that key HR documents cannot be digitised at all.

The opposite is true – we know a number of companies who have managed to carry out a highly advanced, in some cases even complete, digitisation of the HR agenda. These involve major players in the energy sector, telco and financial services. What they have in common is that they were ready to adopt a certain risk and make compromises, at times even beyond the edge of the formalistic legal regulations. Their decision, however, has helped them save significant costs and substantially streamline their HR agenda. Moreover, this move is likely to be respected by the supervisory authorities, and other companies in the field are expected to follow the suit.

In the Czech Republic and the neighbouring countries whose labour law is similarly obsolete, employers are legitimately calling for simplification of the rules for serving documents laid down in the Labour Code. Along with other experts, we have already prepared a draft compromise amendment to the Labour Code and we are lobbying for its support. We believe that once the existing visible legal obstacles have been removed, and employers will no longer have to transgress the Labour Code during the digitisation of processes, the digitisation of this area will be swift. As digitisation has unprecedented support in the Chamber of Deputies now, it is an opportune time to start preparing for the simplification of the HR agenda.

#### 4. Electronic identification

When you want to be sure which specific person you are remotely dealing with, an electronic signature will not suffice. You will need to electronically identify the person. A number of organisations do not need to know the identity of their customers in their day-to-day operations.



Fictitious identity and incomplete identification data are often sufficient; this is partly typical for e-commerce or for prepaid services.

If you are not that lucky and you have to know the identity of your customer, a paid solution will soon be at hand which will enable you to do so in a simple way. It

### ENHANCING YOUR EMPLOYEES' DIGITAL SKILLS IN THEIR PRIVATE LIVES WILL ENHANCE THEIR FUTURE DIGITAL SKILLS IN YOUR COMPANY.

is called banking identity. It is a project drafted by Czech Banking Association and leading Czech banks that will facilitate the truly secure digitisation of suitable processes and simplify business as much as possible. Being co-authors of the draft amendment and actively advising throughout the preparation of the solution, we believe in its success and the wide-ranging adoption of this innovative option to use access data to internet banking, namely if each person will eventually have a chance to sign anything electronically in a binding manner thanks to the banking identity, including filings vis-à-vis the state authorities or filings of documents not

requiring authenticated signatures. The figures in the box above cannot be ignored and one should immediately ponder what specific processes the banking identity could be used for in your company. The project is expected to be launched in mid-2021 and its timely and fit application will undoubtedly be a competitive advantage.

#### 5. Making use of digital legislation

To help employees develop their digital skills, each organisation should discuss not only the possibilities of the internal use of suitable IT solutions but also the possibilities to apply the existing digital legislation. Employees do not in fact need to take a half day off to go handle certain matters at the authorities if they are often able to do so electronically using means of distance communication from anywhere without knowing of this option. They would not have to arrive to work late because they need to pick up a letter at the post office the first thing in the morning of the last day for the pick-up. And in the future, they will not even have to see a notary to have their signature authenticated.

We believe that as far as digitisation is concerned a number of you will give it a try because it has many advantages not only from the perspective of law. We will be happy to share our extensive know-how in this area with you and we are also ready to support you in your digitisation efforts and guide you through its dire straits and opportunities. Don't worry, setting out on a journey to digitisation is definitely worth it!

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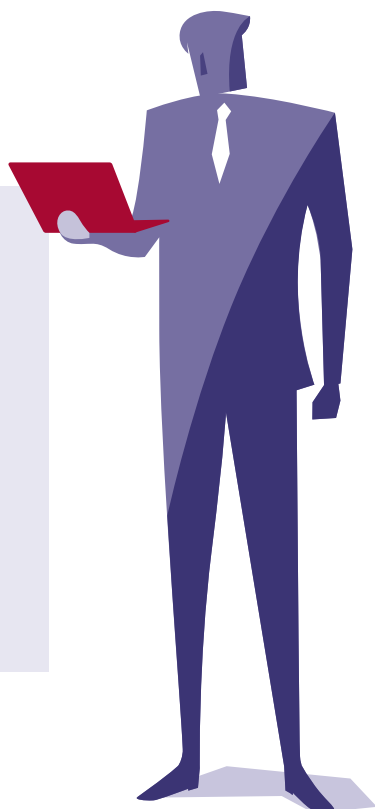


## TECHNOLOGY LAW SERVICES

Technology law is one of the most important areas of HAVEL & PARTNERS' specialisation. Our team of technology law specialists comprises more than 30 lawyers, which makes it the largest team in this area of law on the Czech and Slovak markets. Our clients include the largest IT companies and telecoms, financial institutions, retail chains and media companies as well as public administration authorities or promising start-ups.

Thanks to effective specialisation and profiling across technological fields, we are able to provide professional advice in the following areas:

- ✓ software development, implementation and support agreements (SLAs)
- ✓ licencing and obtaining relevant licences to software for authors, rights holders and investors
- ✓ IT disputes (including domain) before courts, out-of-court settlements
- ✓ sectors of the future: e-banking, m-banking, crowd-funding, technologies in financial services (FinTech), electronic legal acts, etc.



ROBERT NEŠPŮREK | PARTNER



JAN DIBLÍK | PARTNER



ŠTĚPÁN ŠTARHA | PARTNER



FRANTIŠEK KORBEL | PARTNER



PETR KADLEC | PARTNER

The Act on the Right to Digital Services, which will simplify the communication between citizens and the authorities, has won the 11<sup>th</sup> annual Act of the Year competition. The act – called the Digital Constitution – was co-drafted by our firm's team headed by František Korběl, a partner at H&P and a member of the Government Legislative Council and a former Deputy to the Minister of Justice for Legal Matters. The act introduces a catalogue of all services for citizens, including a clear date and method for the digitisation of each service.

### REAL ESTATE

## THE REAL ESTATE MARKET IS CHANGING SIGNIFICANTLY AND WE ARE THERE

AN INTERVIEW WITH VÁCLAV AUDES AND LUKÁŠ SYROVÝ



HAVEL & PARTNERS has acquired and is consolidating its strong position on the real estate and construction law consultancy services market. The real estate market is becoming more and more attractive for investors of Czech and Slovak capital. The significance of real estate funds has also been growing and we have been a long-term advisory leader among this type of clients.

OUR FIRM'S PARTNERS VÁCLAV AUDES AND LUKÁŠ SYROVÝ HAVE BEEN MANAGING THE REAL ESTATE TEAM OF OVER 30 LAWYERS AT HAVEL & PARTNERS.

Our law firm has taken part in the drafting of the 2019 Act of the Year!





#### How has the structure of real estate owners changed in recent years?

**Václav Audes (VA):** The structure of real estate owners and investors is changing fundamentally, and just in this change we see great potential. Far more investors are from the Czech and Slovak capital in its various forms. These are often family offices and clubs of other investors, which have primarily made money in other areas, especially in industry and outside large cities, but want to invest in real estate in Prague and other large cities as long-term investments and for asset protection purposes.

**Lukáš Syrový (LS):** The element of long-term investment of assets and their protection, and not the profit, plays a big role here. We perceive an increase in interest in the area of residential real estate, which is considered to be the safest investment in Prague and larger cities, because it is necessary to live somewhere even in the times of crisis. It is therefore a rather conservative way to save money throughout the economic cycle.

**VA:** And this type of Czech and Slovak entrepreneurs are among our most important clients, who have been cooperating with us for a long time in a number of legal areas, where we often have unique expertise. Thanks to this, we have an excellent relationship with most of them and with their advisors and financing banks, which we follow up on when building our leading position in the field of real estate.

**Is this trend also continuing during the COVID-19 pandemic and what do you**

**WE PERCEIVE AN INCREASE IN INTEREST IN THE AREA OF RESIDENTIAL REAL ESTATE, WHICH IS CONSIDERED TO BE THE SAFEST INVESTMENT IN PRAGUE AND LARGER CITIES, BECAUSE IT IS NECESSARY TO LIVE SOMEWHERE EVEN IN THE TIMES OF CRISIS.**

#### think will be the development in the coming months?

**VA:** Most of our clients and business partners who have set aside part of their assets for real estate investments are waiting. These are mainly entrepreneurs who have recently sold their companies and have significant cash at their disposal. It is this group that assumes that interesting properties will be available at "new prices" at the end of this year. At the same time, however, it is very gratifying that many of them are ready to buy minority shares in real estate projects (if they are at an interesting price), invest in the project, and settle the proceeds on a win-win principle. I see that many of them have respect for the work and efforts of other entrepreneurs (in this case

developers), whose business plans were disrupted by restrictive state measures in connection with COVID-19. Especially to such investors, we will be honoured to provide legal and tax support in the implementation of these real estate investments.

#### What are most frequent issues you address in connection with the impact of the pandemic on the real estate market?

**LS:** One of the most affected segments in the field of real estate is leases, where we primarily address together with our clients the issue of rent discounts. We also deal with the possibility of withdrawing from real estate agreements, not only lease agreements, but also future agreements on lease or purchase of real estate. However, there are also frequent questions, for example, about the impact on deadlines due to force majeure, especially in the field of construction.

#### How strong is the HAVEL & PARTNERS real estate team?

**LS:** One of the largest specialised teams, which consists of about 30 lawyers, including 7 partners, deals with real estate law in our firm. In the broader sense, including related services such as financing or taxes, we have a total of about 40 lawyers, including 12 partners. Most of the key members of the team worked, before joining our firm, in leading international law firms or in important management positions in both private and public sectors. Thanks to this personnel capacity and professional know-how, we thus have a substantial share in the Czech and Slovak legal markets in relation to real estate, construction and investment projects, including their financing.

**VA:** In addition, for the next 10 years, the further development of this area is absolutely crucial for us and we are devoting maximum efforts to it. We are strengthening the team and changing the way it works. We are creating the "Real Estate 2020-2030" program and looking at the development potential of the real estate market very comprehensively.

#### Recently, the number and importance of real estate funds has also grown significantly. What services do you offer in connection with them?

**LS:** We advise clients both on selecting and directing assets to open or closed real estate funds at home and abroad, as well as on setting up their own funds, raising capital, administration and exit. Thanks to our long-term working contacts with banks and non-bank financial institutions, investors, asset managers and advisory network, we are able to provide clients with truly comprehensive care for their real estate portfolios, and thus contribute to the long-term maximization of their proceeds.

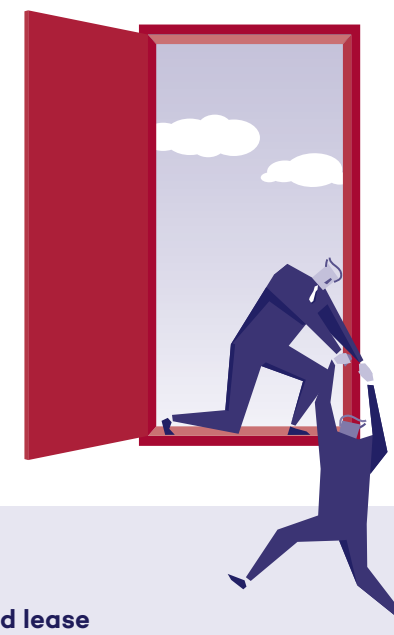
## REAL ESTATE AND CONSTRUCTION SERVICES

HAVEL & PARTNERS' experienced team for real estate, construction and environment law consists of more than 30 lawyers, including 7 partners, and is thus one of the largest specialised real estate law advisory teams. In the area of legal and tax services provided in relation to real estate, we have a substantial share of the Czech legal market; we have been involved in the major projects of recent years.

International rating publications rank us as the leading law firm for construction and real estate law transactions completed in the Czech Republic. In 2018, we were awarded Best Law Firm for Real Estate and Construction in the CEE Region by Acquisition International magazine.

Our legal services in the area of real estate law and construction law include in particular:

- ✓ legal due diligence of real estate
- ✓ purchase and sale of real estate and lease of residential, office, wholesale, retail and industrial premises
- ✓ complex sale transactions and real estate leasebacks
- ✓ advising on greenfield and brownfield projects, including turnkey projects
- ✓ advising on the development and regeneration of industrial real estate (brownfield investments)
- ✓ investment projects and their financing
- ✓ zoning regulation
- ✓ addressing problematic issues arising in construction



JAROSLAV HAVEL | MANAGING PARTNER



VÁCLAV AUDES | PARTNER



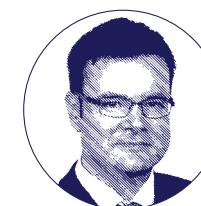
LUKÁŠ SYROVÝ | PARTNER



JOSEF HLAVIČKA | PARTNER



FRANTIŠEK KORBEL | PARTNER



JOSEF ADAM | COUNSEL



## TRANSACTIONS

# AN OVERVIEW OF SELECTED TRANSACTIONS INVOLVING HAVEL & PARTNERS CONSULTANCY SERVICES

In the past 15 years, our company has taken part in 700 transactions relating to mergers, acquisitions, sales and restructurings among others with a total value in excess of EUR 27 billion. We bring you an overview of the most significant transactions recently carried out.

**15**  
years

**700**  
transactions

**27**  
EUR billion



## ARMATURY GROUP

## HAVEL & PARTNERS advised on the acquisition of ARMATURY Group a.s.

HAVEL & PARTNERS, the largest Czech-Slovak law firm, provided comprehensive advice to Finland's Vexve Oy on its acquisition of 100% shares in ARMATURY Group a.s. The M&A legal team led by Jan Koval, partner, comprised Jiří Buryan, counsel, and Ivo Skolil, associate; employment-related matters were handled by Veronika Plešková, managing associate, throughout the process. This was one of the largest cross-border transactions in the heavy industry segment completed with the assistance of our law firm. The parties involved decided not to publish the value of the transaction.

ARMATURY Group a.s. is a successful Czech manufacturer of industrial valves and fittings and technological units, and provider of associated servicing and maintenance services.



## KINDRED GROUP

## Advising on one of the largest transactions in the media market

HAVEL & PARTNERS has provided comprehensive legal advice to the Kindred Group on the sale of 100% equity interests in Nydrle s.r.o., Cap Media s.r.o., and Red Media s.r.o., providers of media and production services, and their respective subsidiaries (Inspiro Solutions, Lion NURUN, Blaze Media, Mediablock, Go.Direct).

Kindred Group comprises specialised agencies engaging in digital communication and advertising in the Czech Republic. The purchaser, Publicis Groupe Holdings B. V., is a member of the French multinational communications group Publicis Groupe, the world's third largest communication agency.

This was one of the largest transactions in the media sector in the Czech Republic in 2018, and probably also in several previous years.



## GUNNEBO HOLDING AB

## Comprehensive legal advice to Gunnebo Holding AB on the acquisition of COMINFO a.s.

HAVEL & PARTNERS' M&A team has provided comprehensive legal advice on the acquisition by Gunnebo Holding AB of the Czech company Cominfo a.s., manufacturer of gates and contactless identification devices. The transaction was part of a new issue of shares for then current shareholders of Gunnebo, which took place in autumn 2019. Consequently, all had to be completed within a rather tight schedule so that the transaction could be reflected in the prospectus for the purpose of listing the new shares on stock exchange.

The acquisition was effected in line with the profitable growth strategy of the Gunnebo group and will further strengthen its market position by extending the geographical footprint and product offering and by providing synergies within production and research & development.



## COCA-COLA HBC ČESKO A SLOVENSKO, S.R.O.

## HAVEL & PARTNERS represented Coca-Cola HBC in connection with the acquisition of TOMA, Czech producer of bottled water

HAVEL & PARTNERS' M&A team, managed by Jan Koval (partner) and Veronika Filipová (senior associate), in coordination with the competition team managed by Robert Neruda (partner) and trademark specialists led by Ivan Rámes (partner), provided comprehensive legal advice to Coca-Cola HBC Česko a Slovensko, s.r.o. on the acquisition of TOMA division, producer of flavoured and unflavoured water and ice tea. PEPSICO CZ s.r.o. of the Karlovarské minerální vody group was the seller.

The transaction, the value of which the parties involved chose not to publish, entailed the transfer of three TOMA production lines at Teplice nad Metují along with 51 employees, existing contracts with customers and suppliers, and a five-year licence for the use of Toma trademarks.



## MELOWN TECHNOLOGIES

## HAVEL & PARTNERS' M&A team provided comprehensive advice on the sale of Melown Technologies by Ivo Lukačovič

HAVEL & PARTNERS advised Helifreak Limited, a company registered in Cyprus and owned by Ivo Lukačovič, the founder and the main visionary of Seznam.cz, on the sale of 100% of shares in Melown Technologies SE. The company is known mainly for its unique development of 3D objects and visualisation of aerial imagery including 3D maps for Mapy.cz.

The technology start-up, which has been developed by Ivo Lukačovič and his team since 2011, was acquired by Swiss company Leica Geosystems AG, engaging in capturing, analysing and presenting geographical data.

Besides Seznam with last year's revenues exceeding CZK 4 billion, Ivo Lukačovič has also established the meteorological project Windy.com and numerous other start-ups.





CONSILLIUM A.S.

## HAVEL & PARTNERS advised Consillium on the acquisition of Úněšovský statek

HAVEL & PARTNERS' M&A team provided comprehensive legal advice to Consillium a.s. – private equity fond on the acquisition of ca 84% of shares in Úněšovský statek a.s., and hence an indirect acquisition of an approximately 69% interest in the farmers' cooperative Zemědělské družstvo vlastníků Manětín, of which Úněšovský statek is a majority member. HAVEL & PARTNERS also advised on the purchase of plots of land from shareholders of ČEMOS, a.s.

Úněšovský statek keeps beef cattle, produces milk, and farms wheat, maize and oilseed rape. According to its annual report for the last year, the company achieved a profit margin in excess of 15 percent, and generated sales over CZK 298 million and net profit of CZK 46 million.

By means of this transaction, HAVEL & PARTNERS arranged Consillium's first entry in the agriculture sector.



CLEVERLANCE GROUP

## Representing Cleverlance Group and Mr Tomáš Strýček in connection with the sale of 100% shares

HAVEL & PARTNERS provided comprehensive legal advice to Cleverlance Group and Mr Tomáš Strýček on the sale of 100% shares in Cleverlance Enterprise Solutions a.s., Cleverlance H2B a.s., Cleverlance Slovakia s.r.o. (SK), AEC a.s., and AEC s.r.o. (SK). The team of legal professional handling the transaction comprised Jan Koval, partner, Silvie Király, managing associate, and Ivo Skolil, associate.

This complex deal was one of the largest IT transactions in 2019, and it contributed to the expansion of the IT portfolio of KKCG Group (Aricoma), within which a unique provider of ICT services will be established with consolidated turnover in excess of CZK 5 billion and with more than 1,800 employees.

The parties involved decided not to publish the value of the transaction.



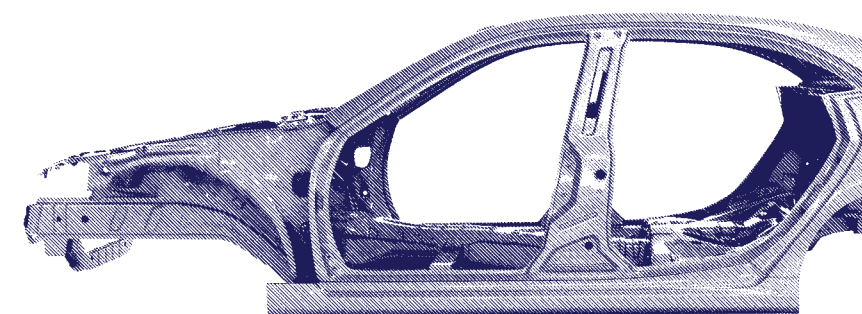
SLOVINTEGRA A BIATEC

## HAVEL & PARTNERS advised on the sale of Levice Energy Complex

The M&A team, led by Václav Audes, partner, and Tomáš Navrátil, associate, provided comprehensive legal advice to the sellers, the Slovintegra and Biatec group, in connection with the sale of energy companies forming a functional unit "Levice Energy Complex", which mainly engage in electricity and heat generation and supply (operate a steam-gas cycle) and provision of auxiliary services, to France's VEOLIA.

In addition to preparing and negotiating transaction documentation and assisting with preparation of due diligence documents, HAVEL & PARTNERS assisted the client in negotiating liability insurance for breach of the sellers' representations and warranties.

The transaction documentation was signed in December 2018, and the transaction was closed in February 2019.



KOVOVÝROBA HOFFMANN, S.R.O.

## Advising on the sale of family business, KOVOVÝROBA HOFFMANN to Germany's EBZ INTERNATIONAL group

HAVEL & PARTNERS was involved as adviser in the closing of a major transaction in the automotive industry, having provided comprehensive legal advice to the holding company Hoffmann Investments, a.s. on the sale of 100% shares in KOVOVÝROBA HOFFMANN, s.r.o. All legal aspects of the transaction were handled on behalf of the selling side by a team managed by Jan Frey, partner, and Juraj Petro, associate.

The family business, based in Ostrožská Nová Ves and renowned for its production of car prototypes, body pressing tools, and complex sheet-metal parts, was acquired by the German group EBZ INTERNATIONAL GmbH, one of Europe's largest automotive suppliers with annual turnover of EUR 400 million and more than 1,300 employees.

The parties involved decided not to publish the value of the transaction.



VENTURE CAPITAL A MINIT J. S. A.

## Representing a venture capital investor on its investment in Minit j. s. a.

HAVEL & PARTNERS provided comprehensive legal advice to investors, Digital East Fund 2013 SCA SICAR and OTB Fund Coöperatief U.A., in connection with a subsequent investment in Minit j. s. a., including preparation of investment documentation and preparation and modification of other documents (in particular, shareholders' agreement, articles of association). Overall, this was the fifth round of investment in the company, in which a total of 6 investors took part.

Minit j. s. a. develops software that analyses corporate processes and identifies ways to increase revenues, savings and efficiency, and also creates interactive business process maps that display interactions between humans, machines and software based on protocols created in ERP, CRM, BPM, LOB or in other IT systems, while identifying opportunities to improve the processes.



GTH CATERING / SODEXO

## Advising GTH catering a.s. on its entry to the Slovak market and on the acquisition of Sodexo s.r.o.

HAVEL & PARTNERS' M&A team provided comprehensive legal advice to GTH catering a.s., a company within the portfolio of the Genesis Capital fund, on its entry to the Slovak market and on the acquisition of Sodexo s.r.o., Slovak subsidiary of the French group, Sodexo. The professional team involved in the transaction comprised in particular Ondřej Majer, partner, and Juraj Petro, associate.

The GTH Multicatering group was formed in 2010 and is one of the largest providers of catering services in the Czech Republic in terms of its size, nationwide reach, and scope of services. The international Sodexo group is the world's leader in employee motivation solutions. It has been working with more than 375,000 companies in 32 countries of the world.



## PRIVATE CLIENTS

# FAMILY OFFICE IN THE PORSCHE AND BATA STYLE



Conditions are set perfectly for Czech entrepreneurs to ensure the holding, administration and, in particular, protection of their assets within their families in a manner that was previously imaginable only in the most developed western economies, and to create a functional system of rules and relations for the administration of their assets and business called a family office. Not only has this system been used by families of world-famous top businessmen, such as the Porsche or Bata family, but its use makes sense for every larger family business.

**A HAVEL & PARTNERS' TEAM OF 25 EXPERIENCED LAWYERS AND TAX ADVISORS HAS BEEN INTENSELY DEALING WITH THE STRUCTURED HOLDING OF ASSETS SINCE 2008.**

Since the economic recession in autumn 2008 until the outset of the COVID-19 pandemic we were enjoying a very pleasant period of economic growth. Czech and Slovak entrepreneurs building their family businesses clearly benefited from this economic expansion. The current situation may test the preparedness of these firms for an economic slowdown, as well as the setting of the rules for the protection of private assets. In the last several years we have noted that successful entrepreneurs become increasingly interested in solutions that would help them protect the assets they have accumulated against adverse effects of economic and business complications or family clashes. However, in many cases entrepreneurs limited themselves to merely looking around, as there were other priorities to be addressed in connection with expansion and growth. But now the pandemic situation has become a natural catalyst for the accelerated realisation of these reflections on asset protection.

## The Czech Republic as the basis for family offices of foreign families

It should be noted in this context that in 2014 a new civil law entered into force in the Czech Republic in the form of the new Civil Code and the new Companies Act. These acts defined our entrepreneurial environment in a very positive fashion, and brought the possibility of efficient construction and administration of holding structures and other forms of family offices with parameters formerly imaginable only in such countries as Luxembourg, Switzerland, the Netherlands or the UK. Thus, we became familiar with joint stock companies with variable capital that are very popular in the West but also with the revolutionary concepts of a trust and a family endowment fund.

That being said, today Czech entrepreneurs have the possibility to create robust structures for the holding, administration and protection of their assets in the home environment, i.e. to create a family office. This structure may serve different purposes, from the effective administration of funds, to investments in real estate or other property and the distribution of wealth to family members, including transfers of assets to the next generations by way of what is called an aristocratic standard. In essence, it eliminates the disintegration of strategic family assets in future generations (whether due to failed marriages or uncontrollable inheritance asset transfers) in order to provide continued support to close and faithful persons and those in need.

In this respect several trends can be observed. Primarily, it is the transfer of Czech family holding companies back to the Czech Republic but also the application



**TO MANY ENTREPRENEURS, FAMILY ASSETS ARE OF THE HIGHEST VALUE. THEREFORE, THEY WANT TO BE CERTAIN THAT THEIR ASSETS WILL ALWAYS BE TREATED IN LINE WITH TODAY'S BEST STANDARDS.**

of Czech models in a number of Slovak business families that partly control the relevant risks (including geographical risks) by using this tool. This is facilitated by the simplicity of application and availability of such solutions, as well as by cultural, linguistic and geographical proximities.

## Like Porsche or Bata

The world famous Porsche family, a creator of eponymous iconic sports cars, can be taken as an example of the modern and efficient administration of family assets. The family controls its fundamental assets via the holding company Porsche Automobil Holding SE, which operates as a private holding company of Porsche-Piëch, which is today's name of the family of the firm's founder, Ferdinand Porsche. Through this company the family holds and administers not only shares of the Volkswagen group but also shares in other companies. By using the concept of a holding company protecting the shareholdings against disintegration into individual family branches, the family managed to acquire substantial influence within the

Volkswagen group without losing a majority share in the concern.

The family of the world famous shoemaker Tomas Bata from Zlin adopted a similar set-up in the course of time. In addition, both these family groupings suitably supplemented the holding joint stock company model with a trust or stiftung (endowment fund), which serve as a safe harbour for family assets in a broader sense. Not only is a family trust or foundation the standard model of control, protection and administration of private assets in the world, but this holding model also allows for the transfer of wealth to further generations; it is a tool preventing the disintegration of these assets after their transfer and is the cornerstone of what is called a single family office (a family office for one family).

## Personal holding company as the basis

The key but not the only element of every robust family office structure is a private (family) holding company, taking most often the form of a joint stock company or European company (Societas Europea, abbreviated as SE) like in the case of the Porsche family. The purpose of a holding company is not to operate a business but to merely possess and administer assets, in particular financial assets and shareholdings in companies that carry out the business of a family enterprise. In this was the company may eliminate the risks arising from standard business activities.

Another function of this type of a holding company is the redistribution of profit generated at the level of individual companies to the holding company in which it is used for further investments, all in an advantageous tax regime guaranteed by a European directive. Typically, the holding company controls and manages the assets created against business risks of the bottom tier of companies. This



arrangement is known under the term horizontal holding; a horizontal holding ensures that in the case of any complications occurring in any of the companies of the bottom tier, the other companies including the holding company remain safe.

A further step in the case of a holding joint stock company is the additional use of a legal concept that will become a safe harbour for the family assets, allowing, in addition to possession of assets, also their further distribution to the respective members of the given family and preserving these assets for further generations. In the Czech environment these legal concepts include a trust or a family endowment fund.

**BASED ON OUR EXPERIENCE, THE AVERAGE TIME REQUIRED FOR CREATING A TRUST OR FAMILY ENDOWMENT FUND IS APPROXIMATELY THREE MONTHS FROM THE FIRST CONTACT WITH THE CLIENT.**

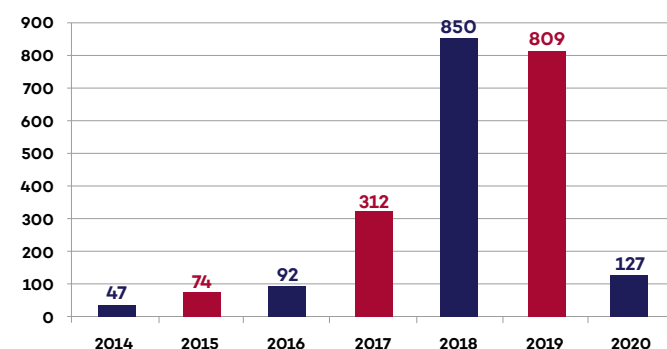
or non-involvement in the administration of family assets. There are almost an infinite number of possible combinations.

#### Rapidly increasing popularity of trusts

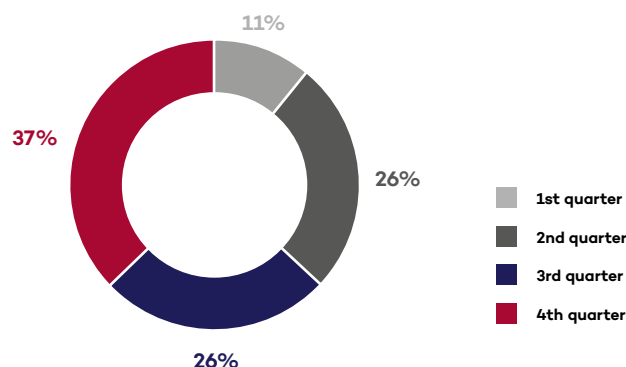
In less than six years from the entry into effect of the new Civil Code more than 2,000 trusts have been set up, more than 80% of which have been created in the last two years. This follows from an analysis of internal and publicly available data processed by HAVEL & PARTNERS, as we have been intensely focusing on private asset possession structuring since 2007.

Some clients, often Slovak clients, look for an alternative to a trust, as this concept is

Number of trusts established between 2014 and 2020



Share of the number of established trusts by quarter



Data are up-to-date as of 9 June 2020  
Source: HAVEL & PARTNERS

An important moment that we have also mentioned in connection with the Porsche family that controls the whole Volkswagen group only via a one-third share thanks to its cohesion, is the possibility to model shares in a private holding company in different ways so that they reflect the specific requirements of a family.

It is possible to create shares of different types and in various disproportionate ratios, which is something that was almost impossible in the Czech Republic before 2014. Recently, we have completed a very nice project with a very well-known entrepreneurial family, creating a family office structure within which a family endowment fund owns distribution (dividend) shares of a private holding company. Thanks to such shares, the family can cumulate any share in revenues generated from the family's investments within an

institution that uses them in accordance with the defined general rules to serve the needs of the family (payment of pocket money, payment of school fees, motivational scholarships, health care, financial support to family members starting entrepreneurial activities), but also pro bono activities for the local community with the objective to support the family brand on a long-term basis (support for the local scouts club, community projects, reconstruction of a vicarage). In contrast, the founding father kept the controlling ("golden") share within the holding company with only a low-level dividend right (to ensure his living standard) through which, however, he can strategically control the family businesses as long as he wishes. Other shares are passed to all children in a convenient manner and in the distribution of revenues they flexibly respond to the extent of their involvement

not close to their nature or because they are looking for a vehicle having its own legal personality such as a company. It is these clients whom we introduce to a solution for the protection and administration of family assets in the form of a family endowment fund, which has recently become increasingly popular. This concept is similar to the Liechtenstein or Austrian family foundation (Stiftung).

A family endowment fund, similar to a trust, effectively protects assets and secures the living requirements of the founder or designated persons; but it, in particular, differs from a trust in that it is that it is a legal entity. The popularity of trusts and family endowment funds is clearly fuelled by the fact that these vehicles are rather simple in terms of tax and bookkeeping.

## PRIVATE CLIENT SERVICES

HAVEL & PARTNERS' unique private client team was founded in 2008 and consists of senior lawyers and tax experts who provide individuals and families with comprehensive advice on planning and structuring the management and long-term possession of their private and business assets.

The core of our private client practice is legal advice primarily on efficient asset protection and risk management, comprehensive corporate succession planning, and private or family tax planning. This also includes private transaction structuring from the legal and tax perspective, legal advice on family law, and representing private clients in judicial, arbitration or other types of proceedings (criminal or administrative proceedings, and before financial administration authorities).

Our specialised private client team consists of 25 experts who are led by our four equity partners and are ready to provide clients with legal and tax advisory services in the following areas:

- ✓ private asset protection
- ✓ inheritance law
- ✓ trusts and family foundations
- ✓ family law
- ✓ separation of private and business assets
- ✓ private investments
- ✓ investments in art
- ✓ liability for damage
- ✓ defence advice



JAROSLAV HAVEL | MANAGING PARTNER



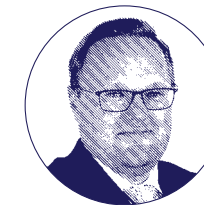
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# CRISIS, DEBTS, RESTRUCTURING WHAT ARE THE PROSPECTS?



The Czech economy is currently dealing with an unprecedented shock. It is apparent that many enterprises that have been very well managed so far will emerge from the crisis burdened with debts to a greater or lesser extent. This is why the issues of restructuring and insolvency are so topical. This article focuses on the possibilities and solutions currently available to enterprises as well as their prospects as seen from the perspective of insolvency law.

**THE SPECIALISED  
HAVEL & PARTNERS  
RESTRUCTURING AND  
INSOLVENCY TEAM IS  
AMONG THE LARGEST  
TEAMS IN THE CZECH  
REPUBLIC AND IS ABLE TO  
FLEXIBLY REACT TO NEEDS  
IN INDIVIDUAL CASES.**

The current crisis caused by the SARS CoV-2 pandemic can be regarded as extraordinary. But the measures that have been adopted to prevent the potential infection from spreading have had a devastating impact on many otherwise healthy businesses in a number of business sectors. Lack of available cash for the payment of due liabilities proves to be the main problem; as a consequence of a shortage of income, production and other activities of enterprises that function well under normal circumstances are now threatened. From the viewpoint of the national economy, this may lead to a number of negative consequences, such as growing unemployment or overall economic decline.

## Restructuring and insolvency become the topic of the day

It is apparent that many enterprises that have been very well managed so far will emerge from the crisis burdened with debts to a greater or lesser extent. This is why the issues of restructuring and insolvency are so topical. We can observe a number of legislative changes and novelties responding to the crisis situation. The law called lex covid justice<sup>1</sup> is one of them; it brings, among other things, a number of important changes relating to insolvency proceedings. Thanks to our experience and knowledge, HAVEL & PARTNERS participated in drafting these amendments, being part of the expert legislative group formed to address the issue. What are the main changes brought about by the new law?

## Protection for a debtor's management

Perhaps every entrepreneur is currently dealing with a situation in which their business partners quit paying them. Their overdue liabilities are therefore mounting and they are threatened with secondary insolvency. Although in the Czech Republic a breach of the obligation to file an insolvency petition does not qualify as a criminal offence (like in neighbouring Germany), there is still an actual risk of potential liability for delayed filing of an insolvency petition. But in the current crisis, it is in no one's interest if viable businesses prematurely file insolvency petitions against themselves.

Therefore, the lex covid justice brings a substantial change regarding the

debtor's obligation to file an insolvency petition due to insolvency. This possibility has now been suspended for a period of 6 months from the termination or cancellation of the government's extraordinary pandemic measures, however, for no longer than until the end of this year. But a business that has been struggling with insolvency for a longer period or is even bankrupt for reasons that do not relate mainly to insolvency cannot rely on this exception.

## Temporary limitation of a creditor's rights to file an insolvency petition

Similar to protecting a debtor's management in relation to insolvency proceedings, the lex covid justice at the same time restricts creditor's rights, as until 31 August 2020 a creditor's insolvency petition cannot be filed. If the creditors' insolvency petition is still filed, the court will not take it into account. This means that the debtor need not worry that their creditors will commence insolvency proceedings against them. Nevertheless, this solution provokes contradictory responses, and many believe that considering other anti-crisis measures such as an extraordinary moratorium, it seems to be rather redundant. On the contrary, in some cases it may cause damage to creditors' rights.

## Extraordinary moratorium as a fast tool to protect functional businesses

Although debtors are temporarily not obligated to file an insolvency petition while creditors cannot file one, these are measures that may not suffice to protect viable enterprises. It cannot be ruled out, for example, that the creditors will proceed with the commencement of execution or enforcement of pledges or other security interests. For this reason we consider the instrument called an extraordinary moratorium to be the most important regulation. Its main objective is temporary protection of an entrepreneur in a time of emergency by limiting the realisation of security or the commencement of enforcement proceedings. Nevertheless, unlike under a standard moratorium, which has been regulated by the insolvency law for a long time, set-off is not prohibited.

Given the higher accessibility of an extraordinary moratorium, consent of

an absolute majority of creditors is not required; however, the insolvency court should check mainly the formal aspects of a petition for an extraordinary moratorium. An extraordinary moratorium is applicable for the same period of time as a standard moratorium, i.e. three months. If the debtor wishes a further extension, consent of an absolute majority of creditors counted by the value of their claims will be required.

But the extraordinary moratorium also brings limitations. The debtor is obligated to refrain from acts that could lead to a substantial change in the composition, use or ascertaining of the debtor's assets or reduction of their value to an extent that is not insignificant; nevertheless, these measures do not prevent the debtor from the use of state aid in connection with the anti-crisis measures.

## Restructuring and its prospects

Entrepreneurs and other persons can also be helped by measures involving the deferral of instalment payments,<sup>2</sup> but this or other financial aid tools will not fully remedy all economic consequences of the crisis. Unlike in the previous years, restructuring of enterprises will become a common thing. This is also connected with the question of financing the restructuring measures and securing the claims of creditors that will provide such financing. However, there is still no functional tool available that would regulate out-of-court negotiations of different creditor groups with the debtor, which brings uncertainty and poses many risks including tax risks to the out-of-court restructuring procedure. But a big change is expected next year with the introduction of laws that are currently in preparation, will implement the relevant EU legislation<sup>3</sup> and introduce comprehensive rules for what is called preventive restructuring. Thus, it can be expected that revitalisation of distressed businesses that currently involves numerous risks will become simpler and faster with the application of preventive restructuring. We can only hope that the legislative change will also come fast enough for those entrepreneurs who are and will be struggling with the consequences of the SARS CoV-2 pandemic crisis.



- 1 Act no. 191/2020 Sb., on Certain Measures to Mitigate the Consequences of the SARS CoV-2 Pandemic for Persons Participating in Judicial Proceedings, the Injured, Crime Victims and Legal Entities, and on Amendments to the Insolvency Act and the Civil Procedure Code.
- 2 Act no. 177/2020 Sb., on certain measures in loan repayment in connection with the COVID-19 pandemic.
- 3 Directive (EU) 2019/1023 on preventive restructuring frameworks, on discharge of debt and disqualifications, and on measures to increase the efficiency of procedures concerning restructuring, insolvency and discharge of debt.

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Dušan Sedláček | Partner  
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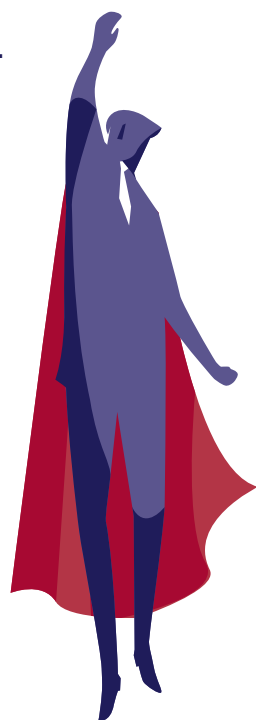
# INSOLVENCY AND RESTRUCTURING SERVICES

HAVEL & PARTNERS has extensive experience in providing comprehensive legal services in the area of restructuring undertakings and insolvency proceedings. Our clients include major national and international financial institutions as well as business and industrial corporations. Our detailed knowledge of the justice environment enables us to adjust procedures to the specific circumstances of a specific case.

Our specialised team of restructuring and insolvency experts is one of the largest teams in the Czech Republic and Slovakia. We can adapt to the needs of individual cases, guaranteeing a top level of legal services in addressing cases both in court and out-of-court.

We provide comprehensive legal advice in all areas of insolvency proceedings, primarily in the following areas:

- ✓ claim enforcement in insolvency proceedings
- ✓ representing creditors in addressing credit exposure vis-à-vis debtors
- ✓ representing insolvency practitioners in the sale of property
- ✓ representation in incidental disputes
- ✓ assessing restructuring projects of companies in financial difficulties
- ✓ insolvency-related services
- ✓ addressing insolvency in the form of reorganisation
- ✓ assisting in the acquisition of assets from the estate property



JAROSLAV HAVEL | MANAGING PARTNER



MAREK VOJÁČEK | PARTNER



DUŠAN SEDLÁČEK | PARTNER



JAN ŠTURM | PARTNER



PAVEL NĚMEČEK | PARTNER



ONDŘEJ MAJER | PARTNER

FROM THE MEDIA

# THE CRISIS IS CHANGING THE STATUS QUO IN THE MARKET

AN INTERVIEW WITH JAROSLAV HAVEL WAS ISSUED IN AN ABRIDGED VERSION ON NEWS SERVERS AS PART OF THE CZECH PRESS AGENCY SPECIAL EDITION ON COVID-19.



“We see the current difficult times as an opportunity to further improve our legal and tax services,” says Jaroslav Havel, managing partner of the law firm HAVEL & PARTNERS.

THE EXISTING CRISIS  
HAS AUGMENTED  
THE USE OF  
TECHNOLOGIES  
IN THE SERVICES  
SECTOR EVEN MORE.



**The pandemic in a new form of coronavirus Covid-19 has changed the way society works and affected the lives of people around the world. Is it possible to prepare for such a situation at all?**

For us, as the largest law firm in Central Europe, it is absolutely essential that we are fully equipped to deal with crisis situations and ready to respond as best and quickly as possible to changes in society. Thanks to many years of experience and macroeconomic data, we were expecting a crisis with a major impact on the economy for a long time, and we were intensively preparing for it for more than 18 months.

#### How specifically?

Especially in terms of our services, consistent financial management and, of course, creation of sufficient financial reserves. We significantly increased the share of services to clients from countercyclical fields, overall efficiency, and performance per lawyer. We focused on digitizing our services, including marketing. Even though the crisis hit us in a completely different form than we expected, we had something to build on. Thanks to all these measures, but also the huge cooperation of all our colleagues, discipline and the high work commitment of our entire firm, we are always ready to provide the maximum support to our clients in these difficult times.

#### Do you plan to further develop the provision of services via long-distance communication?

The current crisis has exacerbated the use of technology in the provision of services. We were also able to respond flexibly in this regard, and thanks to our robust technological background, we have tested and proved to ourselves that our 220 lawyers and tax advisors are able to work from home almost as efficiently as from the office. We held meetings in the form of conference calls and video conferences, we participated in virtual workshops, online lectures for law students and, last but not least, we have prepared a comprehensive information service about coronavirus online. We are organising meetings in the form of conference calls and video conferences, we take part in virtual workshops, online lectures for law faculty students and last but not least, we were providing a comprehensive information service on Covid-19 on our website. In our ACADEMY, we have moved to training via webinars, which we would like to keep as an alternative form also in the future.

#### Innovations have become the symbol of the coronavirus pandemic, especially technological innovations. Do you feel motivated by the crisis to use new communication tools in the future?

It is robust technology and ancillary communication tools that allow us to ensure



## THE CRISIS HAS HELPED US AND OUR CLIENTS TO MAKE DECISIONS AND LAUNCH NEW PROJECTS LITERALLY FROM HOUR TO HOUR.

that our 500 employees and contractors can be fully at the disposal of their clients, even in such exceptional circumstances. Having said that, we are not planning to use this form of communication more than will be necessary. Our idea of the legal profession is mainly centred on an individual and personal approach to clients and about building long-term trust. Therefore, our view is that personal meetings with clients can in no way be replaced by contactless communication or any technologies.

The crisis has motivated us particularly in terms of the development and enhancement of tools we have used for a long time. We primarily focus on our firm's development as part of our digital strategy, which has come into increasing prominence with the crisis. We see digitisation as well as marketing and other related activities as an important and integral part of each company's success. From the very beginning, HAVEL & PARTNERS has been built as a strong and dynamic firm; we were not afraid to invest much more effort and funds in this respect than was usual in the Czech Republic and Slovakia at the time. Our extraordinary success has confirmed that we have made good investments. The

same now applies to the implementation of our digital strategy, the first results of which can be seen in the transformation of the economy since March 2020.

#### How did your law firm actually do during the last crisis that began in 2008?

We emerged from the crisis stronger and more experienced, but it was not easy. Within 6 months, the firm management had to proceed to an extremely quick comprehensive restructuring of the entire firm's business model. The law firm, which specialised mainly in international clientele and the international market, has thus become a company with a diversified range of services for clients operating mainly in the Czech Republic and Slovakia. Thanks to this approach, but also the courage to take a certain risk, we gained hundreds of new clients in 2008–2012, hired new colleagues from our competitors, and became the largest independent law firm in Central Europe in terms of the number of clients and lawyers.

#### In what matters do clients most often approach you in connection with Covid-19?

In connection with the state of emergency and a number of government measures, we have been assisting clients to the fullest extent. From day one, we provided intensive advice to top managers, owners and investors, banks, insurance companies, as well as the public sector, and we supported our clients' in-house lawyers in assessing emergencies and measures. Currently, we deal most with the impact of "force majeure" on their businesses, we advise them on cash flow and taxes, contractual and lease relations, or in the area of employment law, where we mainly deal with employee remuneration or the institute of partial unemployment. The next chapter is state aid, where we assist our clients in preparing and handling state aid applications not only in the Czech Republic and Slovakia, but also abroad.

#### What lessons should entrepreneurs learn from these times of crisis?

From experience, I recommend perceiving these challenging times as an extraordinary opportunity, when the status quo in the market is changing both among suppliers and clients and customers, as well as among competitors in the given industries. The crisis has helped us and our clients to make decisions and launch new projects literally from hour to hour. Under normal circumstances, such projects take months and sometimes years. To survive, however, we need to quickly jump on the bandwagon and join in. In the current situation, speed and adaptability to new conditions are essential.

Source: The Czech Press Agency ■

## SLOVAKIA

# INTRODUCTION OF THE BRATISLAVA OFFICE OF HAVEL & PARTNERS

The Slovak office of HAVEL & PARTNERS has been present in Bratislava for more than ten years now. It is now one of six offices of the HAVEL & PARTNERS network and the main contact point for clients from Slovakia as well as Czech and international clients doing business in Slovakia.



In the years 2016, 2017 and 2019, the Bratislava office was included in the prestigious annual Slovak Spectator's league chart of the largest ten law firms in Slovakia.

# 2008

The Bratislava office was established in 2008.



the main contact point for clients from Slovakia, for Czech and international clients doing business in Slovakia as well as Slovak clients doing business in the Czech Republic

#### Key contacts:

Štěpán Štarha,  
Robert Neruda,  
Ondřej Majer

Zuckerman Centre  
Žižkova 7803/9  
811 02 Bratislava

# 300

over 300 Slovak clients doing business in the Czech Republic and Czech clients with business partners in Slovakia

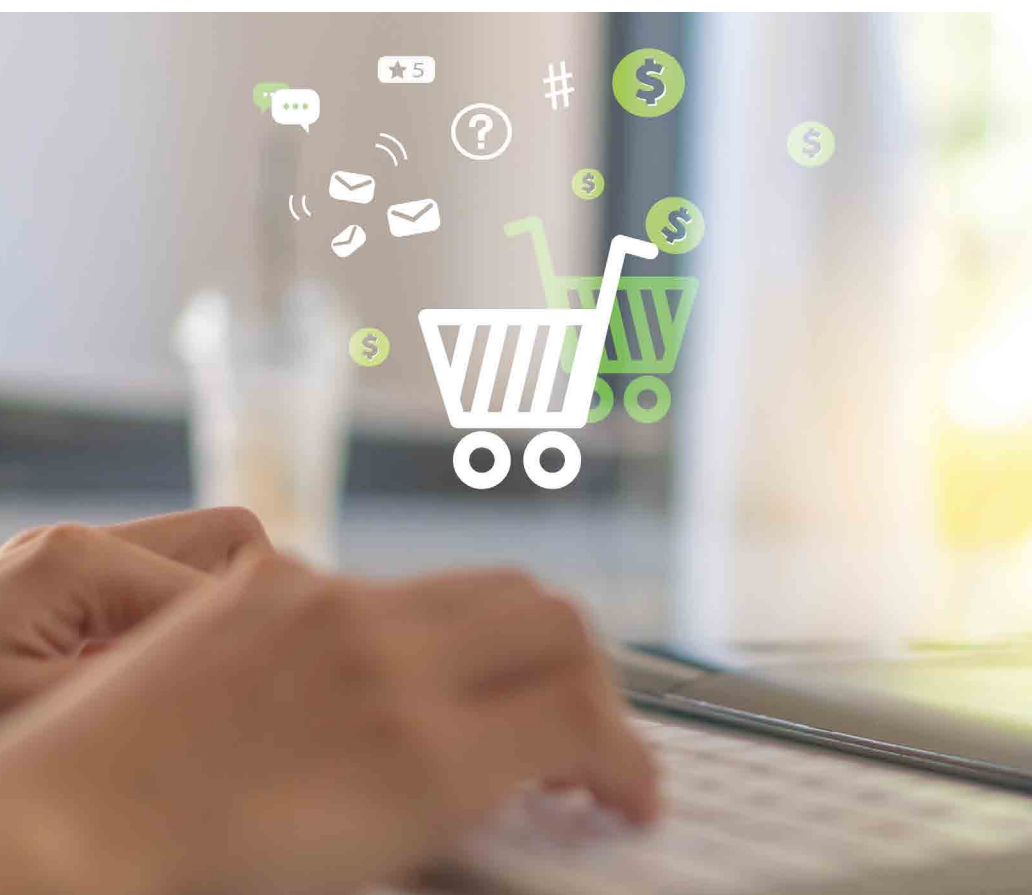


the best law firm in Slovakia for M&A (the winner of this category in the Law Firm of the Year 2015 competition and holder of six global M&A Today Awards for the years 2013–2018)





# NEW TRENDS IN ECOMMERCE IN THE CONTEXT OF SLOVAK LAW



The corona crisis has confirmed beyond doubt that establishing one's presence in the on-line market is a must for many retailers, and that they have to move fast. Setting up an e-shop and entering the on-line market can be relatively easy and quick. However, have you noticed the latest trends in eCommerce, and are you aware of their potential legal implications?

# 1.36

## EUR BILLION

**IN 2019,  
THE SALES GENERATED  
BY E-SHOPS IN  
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ABSOLUTE FIGURES THE  
NUMBER OF E-SHOPS  
INCREASED BY NEARLY  
1,000 IN COMPARISON  
WITH 2018.**

### Considerable growth of eCommerce

The on-line market has been significantly growing over the few years past. In 2019, the sales generated by e-shops in Slovakia grew by 20% compared to 2018 to a total of EUR 1.36 billion, while in absolute figures the number of e-shops increased by nearly 1,000 in comparison with 2018. Besides, on-line sale is no longer the exclusive domain of electronics or household goods. Indeed, there has been a considerable growth in on-line sales of foodstuffs, apparel, toys, and hobby goods.

There have recently been new trends spotted in eCommerce, relating to adjustments of the content of e-shops, goods offering and marketing, access to e-shops from mobile devices, innovative methods of setting the prices for goods and services, and bringing multiple retailers together within a single platform.

### Increasing level of personalisation

Looking at the statistics of the success rate of sales, it is obvious that personalisation of the content of e-shops, recommended goods and/or services, offer in e-shops, advertisements and marketing significantly increases sales and is becoming necessary for e-shops to succeed. At the same time, however, it also carries certain risks, associated in particular with the protection of personal data. Indeed, one of the largest fines so far has been imposed under the GDPR for unauthorised personalisation (EUR 50,000,000 in France).

Personalisation may take various forms, with varying extent of personal data processing. Personalisation which is the most efficient in marketing terms, employing analysis of personal preferences and interests of customers and profiling, entails intensive interference with the customers' privacy. Hence, this type of personalisation necessitates the customer's consent. Without this consent, it will not be possible to personalise to such extent. In addition, the consent must be actively granted. Even though the market standard is only changing slowly in Slovakia, default browser settings and/or pre-checked boxes are no longer considered validly given consent, and such data processing is subject to penalisation.

### Customers switching to mobile devices

Based on data from the Heureka portal, an increasingly growing number of visits in e-shops are made with mobile devices, up to 60% in 2019 with further growth anticipated. Hence, responsive design of

e-shops in all types of mobile devices and in all operating systems and browsers, or provision of mobile apps for e-shops, will soon need to become a matter of course.

This trend will have to be projected in the business terms and conditions as well as in relations with developers and providers of services associated with e-shops. While entering into contracts with developers and service providers, care will need to be taken of copyright protection of software, documentation and designs they will create, licences and support services, maintenance and enhancement of applications where appropriate.

### Innovative pricing

Traditional pricing methods applied to goods and services, discounts during sale events, and customer loyalty card benefits appear to insufficiently reflect the needs of customers as well as retailers in the on-line environment. New forms of pricing are coming to the foreground, such as dynamic pricing (or demand pricing) and even personal pricing (i.e. setting individualised prices for specific customers).

**Dynamic pricing**, typically used by airlines and hotels, is based on the setting of prices according to current demand; higher demand = higher prices, and vice versa. However, it can be applied to virtually any type of goods and services. The advantage of dynamic pricing in the on-line environment is the ease of price change, which can be determined by an algorithm or artificial intelligence. Although retailers are able to set the prices at which they sell their goods, the system of dynamic pricing must be configured so as to avoid any disproportionate price increase prohibited by Act no. 18/1996 Z. z. on prices.

**Personal pricing** can be a rather extreme form of pricing. It is based on the (personal) data of particular customers. This pricing method has been causing principal discussions and its implementation is questionable from the legal perspective in the European legal environment.

### Multi-vendor platforms

Shopping malls, shopping centres and large hobby markets remain the main trend in shopping in Slovakia, where shoppers find all they are looking for at one place. Customers also project similar habits into the on-line environment. In many cases, however, the customers' demand need not be met with one's own resources. In various

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goods segments, such as local foodstuffs, beverages, industrial or handicraft products, atomisation of vendors into standalone e-shops would be of no benefit to customers and to vendors alike.

Solution to this is offered by multi-vendor platforms, through which vendors offer their respective goods alongside other vendors' goods at a single on-line place (in one e-shop). Besides better accessibility for customers and increased rates of sale, multi-vendor approach also has its logistical, administrative and legal advantages. From legal point of view, compared with separate e-shops, the benefits to vendors as well as to customers include uniform terms and conditions, complaint processing, application of quantity rebates or other discounts, customer loyalty cards, coupons and the like. In addition, vendors do not need to negotiate and contract with e-shop developers, shippers, warehouse providers, service providers and other parties; all this is, as a rule, covered by a single contract with the platform operator.



1 <https://www.startitup.sk/slovaci-v-roku-2019-na-e-shopoch-vytvorili-novy-vyse-miliardovy-rekord/>

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## HAVEL & PARTNERS results in the prestigious Law Firm of the Year competition confirm its position as the most successful law firm on the Czech and Slovak markets



HAVEL & PARTNERS succeeded in three categories in the eighth year of the Law Firm of the Year competition in Slovakia. The results were announced online this year in April due to the state of emergency. We picked up the award for best client services and ranked first in the M&A and Energy and Energy Projects categories.

As is tradition, our law firm also excelled in the twelfth year of the prestigious Law Firm of the Year competition in the Czech Republic, held under the auspices of the Czech Ministry of Justice and the Czech Bar Association. In the Czech Republic we were ranked as the most popular firm among clients and by winning the M&A category we confirmed our leading position in the CCE region in this practice area. For the fourth time HAVEL & PARTNERS won the Public Procurement category, thus becoming the most successful law firm in this field. We were ranked among the most recommended law firms in all other fifteen categories. The results were officially announced on 4 November 2019 at Prague's Žofín Palace, and were attended by representatives of leading law firms and noteworthy members of the Czech judiciary.

The awards we received in the two countries confirmed our exceptional position on both the Czech and Slovak markets for legal services, making us unique in the European context. Based on the results of all previous years of the competition, and the overall number of all nominations and awards, our firm continues to be the most successful and all-encompassing law firm in the Czech Republic and Slovakia.



## The HAVEL & PARTNERS team defends its ranking in the international league chart World Trademark Review 1000



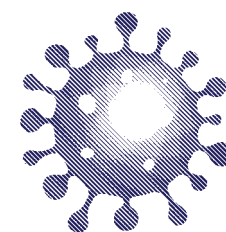
For the second time in a row our colleagues from the IP team have been included in the reputable international research directory World Trademark Review 1000, which monitors major IP and trademark law firms and individual practitioners in more than 80 countries worldwide every year. The firm's partners Robert Nešpůrek and Ivan Rámeš and senior associate Tereza Hrabáková are again cited by the publication among the best IP advisory experts.

### PRO BONO



## HAVEL & PARTNERS donated CZK 100,000 to the Paediatric Oncology Endowment Fund Krtek

As part of the gala announcement of the Lawyer of the Year competition, our law firm handed over a check in the amount of CZK 100,000 to the Paediatric Oncology Endowment Fund Krtek, which we have been financially supporting since 2015. The fund assists in the work of doctors and healthcare professionals of the Department of Paediatric Oncology, University Hospital Brno. "Thanks to our regular donors, children to whom standard treatment normally paid for by insurance companies does not help also have the opportunity to use so-called personalized diagnostics and subsequent treatment tailored to their specific needs. Unfortunately, the state no longer pays for this treatment. However, our endowment fund can cover it with the money from our partners and donors. We will therefore use the money from HAVEL & PARTNERS for these purposes," said Prof. Jaroslav Štěřba, Chairman of the Board of the Paediatric Oncology Endowment Fund Krtek and Head of the Department of Paediatric Oncology, Brno University Hospital.



## HAVEL & PARTNERS helps with the aftermath of the covid-19 pandemic

- 1 We help non-profit organizations cope with the difficulties caused by the crisis and support their help to others - we contributed to rescuing several sheltered workshops, buying masks, delivering lunches to seniors, laughter in hospitals through health clowns, helping families caring for autistic children, etc.
- 2 We assist professional associations and chambers, including the Czech Chamber of Commerce, with help to entrepreneurs affected by the pandemic.

3 We helped found the Krása pomoci Foundation, which focuses on helping elderly people, 12 years ago and have been its proud partner ever since. During the pandemic, we financially supported its idea of using virtual reality in elderly care homes. The project helps elderly people to better overcome the period without their loved ones, when, for example, they can travel virtually abroad, but also to places of their youth, and to strengthen their memory and psychomotor skills in a fun way.



# 1,500

HOURS/MONTH

4 We have doubled the number of hours of pro bono legal advice to 1,500 hours per month, and our financial assistance is twice as high.

5 Throughout the entire state of emergency, we provided free online advice and a comprehensive information service on the consequences of individual government measures.

## We established a foundation in the Czech Republic for the Plant-for-the-Planet movement



We were happy to support the international Plant-for-the-Planet movement and provide pro bono legal advice on the establishment of this foundation in the Czech Republic. At the beginning, Felix, nine years old, came up with the idea in Germany during his school presentation that if children plant a million trees in every country in the world, they will significantly reduce CO2 emissions. The movement currently has 70,000 children ambassadors worldwide and aims to plant a billion trees. Our colleagues Eliška Dittrichová and Monika Vneková planted the first tree for our law firm.

Thank you!





# OVERVIEW OF EDUCATIONAL SEMINARS

## HAVEL & PARTNERS ACADEMY

We offer highly specialized educational events in current fields of law and management at the highest level, providing added value to our law firm's clients.



Current topics



Various perspectives



Modern training rooms



Wide range of services



Largest academic team of private law experts

## SUMMER SEMESTER 2020

**19 June 2020**

### News and changes in Czech e-Government in 2020 (online)

The seminar focuses on new e-Government laws, bills and shifts in interpretation practice regarding electronic juridical acts, in particular in times of restricting personal contact during and after a crisis. The seminar will be held by the co-authors of new regulations for lawyers, and experts specialising in ICT, internal processes and innovation introduction.

František Korbel, Dalibor Kovář (HAVEL & PARTNERS)

**26 June 2020**

### Compliance in companies and business groups (concerns) (online)

Tailored to managers and members of corporate governing and supervisory bodies, the seminar focuses on the practical issues of implementing Czech and international compliance programmes, due managerial care, and the responsibilities of members of corporate bodies in concerns and other business groups. The seminar will also look at issues relating to the current interpretation and judicial practice in the area of transfer prices.

Josef Adam (HAVEL & PARTNERS),  
David Krch (HAVEL & PARTNERS TAX),  
Filip Seifert (SEIFERT A PARTNERI)

## WINTER SEMESTER 2020

We are preparing the following seminars for you:

**Current Supreme Court decisions**

**Current issues in public procurement**

**News in regulating consumer protection**

**Current issues regarding the register of contracts and information protection**

**Electronic acts, contracts and documents in legal practice**

**Class actions**

**The principle of protecting good faith in the Land Register records**

**News in competition law**

**Revived GDPR or the development of interpretation in the course of time – decision-making practice in essential issues of personal data protection**

**IT outsourcing – possibilities and risks**

**Artificial intelligence and machine learning – opportunities and risks**

## AWARDS RECEIVED IN THE CZECH REPUBLIC AND SLOVAKIA

HAVEL & PARTNERS is the most successful law firm, providing the most comprehensive legal services in the Czech Republic and Slovakia, based on the total number of all nominations and awards in all years of the **Law Firm of the Year** awards.



The firm became the absolute winner of this competition three times in the last five years, receiving the main award **Domestic Law Firm of the Year in the Czech Republic** (2015, 2017, 2018) and ranking as one of the most recommended law firms in all categories of law. HAVEL & PARTNERS is also a three-time winner of the **Law Firm of the Year award for Best Client Services** (2015, 2016, 2019).

HAVEL & PARTNERS was named **the best law firm operating in the Czech Republic** by the prestigious British rating agencies **Chambers and Partners** (2020) and **Who's Who Legal** (2018, 2019).

In the field of M&A, HAVEL & PARTNERS is the best law firm in the Czech Republic based on the annual **International Advisory Experts** awards (2018, 2019). As part of the **Law Firm of the Year** competition, it won this category both in the Czech Republic (2019) and in Slovakia (2020). In Slovakia, it also won the prestigious global **M&A Today Awards** (2013–2018) for Mergers & Acquisitions six times in a row, and repeatedly won first place in the ranking by **Lawyer International Legal 100** (2017, 2018).

Prestigious international rating agencies **EMIS DealWatch** and **Mergermarket** have ranked HAVEL & PARTNERS among the leading law firms by the number of transactions completed in the entire CEE region since 2009. Based on annual awards of the **Acquisition International** magazine, HAVEL & PARTNERS has become the **Law Firm of the Year 2019** in the M&A category in the CEE region.

The firm has also won a number of non-legal awards.





# THE LARGEST CZECH-SLOVAK LAW FIRM WITH AN INTERNATIONAL APPROACH

**90** **12**

countries  
worldwide

world  
languages

We provide legal and tax  
advice in 12 world languages  
in more than 90 countries  
around the globe.



Our clients have access  
to international and local  
know-how and expertise  
through more than  
30,000 lawyers in nearly  
160 countries.

**70%**

Up to 70% of the  
transactions we  
deal with involve an  
international aspect.



We have the most  
comprehensive  
international support  
available to both Czech  
and Slovak law firms.

