

H&P

magazine

II/2021

“ A TRUSTED AND
STRONG PARTNER
WITH AN EXCELLENT
REPUTATION



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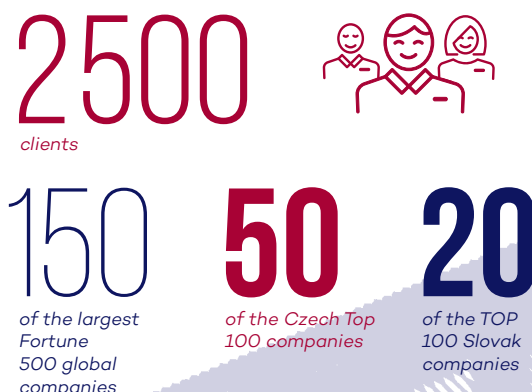
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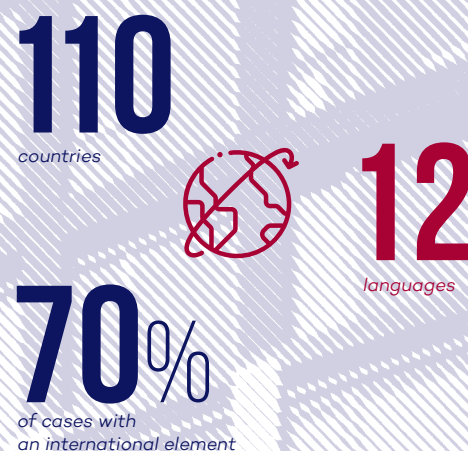
OUR TEAM



OUR CLIENTS



INTERNATIONAL APPROACH



FOREWORD

Dear Clients and Business Friends,

Our significant competitive advantage is that, in addition to providing top-notch legal and tax advisory services, we can guide our clients through business in a way that gives them an edge over their competitors. Therefore, once again, we bring you a lot of interesting articles, information, analyses and interviews in the pages of our H&P magazine, which can be an inspiration for you and your business. Most of them are related to the most progressive areas or the most frequently discussed topics of today, such as digitisation, regulation or the crisis in the real estate market.

The world is changing, and a new economy is emerging, and the commitments of states and governments to combat climate change and the effects of social responsibility, which also have a major impact on companies, are playing a role. ESG is becoming one of the most commonly used acronyms in business. Today, the transition to sustainable operations is a significant advantage in business, and in the future, it will often even be a necessity. Why sustainability is an exceptional opportunity for those who want to be successful is explained by our colleagues who are sustainable corporate strategy experts.

Over our twenty years' presence on the legal market, we have repeatedly verified in practice that running a top firm is far from just reaping success. Even a reputable firm must be able to face and resist various crisis situations, sometimes stemming from envy. We have devoted several texts to how to prevent crisis situations or how to find an effective solution when a crisis does occur.

We have supplemented the thematic articles with an overview of the major transactions we have been involved in, our current awards, and other activities of our law firm, including a summary of our pro bono activities. We will also acquaint you with our economic stability and the building of our brand reputation, the attributes that give our firm the hallmark of exceptional credibility, and which make us the choice of top firms for further cooperation.

Our unique position in the legal market is confirmed by our triumph in the Law Firm of the Year 2021 competition in the Czech Republic. We are the absolute winner; we have won the main award for Domestic Law Firm and the award for Best Client Services, and we have also won in the categories of Mergers & Acquisitions, Telecommunications & Media, and Health Law. These are all all-time best results, which, together with repeated wins in the prestigious global Chambers Europe Awards, confirm our long-standing position as the market leader in Central Europe. But we have also long been the most sought for employer and the most prestigious brand in the legal services industry.

I would therefore like to thank all my colleagues who have contributed to this extraordinary success through their diligence, loyalty and work commitment. And a huge thank you to you, our clients and business partners, because your trust is our driving force and underscores our commitment to stay one step ahead.

Those who stop working on themselves will be forgotten in the background. The knowledge, skills and contacts that were enough for success yesterday will be a mere average tomorrow. But we at HAVEL & PARTNERS have a great will and desire to constantly push ourselves further and take on new challenges. Therefore, I believe that we will also be connected with you through success in the future.

I wish you useful and inspiring reading and I look forward to our further cooperation.



HAVEL & PARTNERS has become the absolute winner of the Law Firm of the Year 2021 competition with the best results ever

In the 14th year of the Czech Law Firm of the Year competition HAVEL & PARTNERS won five times. As in 2020, it won the main award for Domestic Law Firm and the award for Best Client Services, and also triumphed in three industry categories. With these all-time best results, the firm confirmed its long-standing position as the market leader in the Czech Republic.

This is the fifth time in the last seven years that the firm has won the main award for Domestic Law Firm and the award for Best Client Services. HAVEL & PARTNERS is also the best Czech law firm in the Mergers & Acquisitions category for the third time in a row and has won the Telecommunications & Media category for the seventh time. One of the novelties in 2021 was the Health Law category, another key specialisation of the firm, which was won for the first time by HAVEL & PARTNERS.

In 15 specialisation categories, the firm was ranked among the highly recommended law firms (top tier). According to the results of all previous years of the competition, HAVEL & PARTNERS remains the most successful and most comprehensive law firm in the Czech Republic and Slovakia according to the sum of all nominations and awards.



“This is our biggest success ever and the best result in the history of this competition – no other law firm has ever won so many awards in one year, including the main award and the client award. I would like to thank all my colleagues for their dedication, loyalty and teamwork, as well as our clients for their trust, which motivates us to continuously work on ourselves, improve our services and bring them added value,” said Jaroslav Havel, the firm’s managing partner.

The award ceremony of the Law Firm of the Year competition, organised by EPRAVO.CZ under the auspices of the Czech Bar Association and the Ministry of Justice of the Czech Republic, took place on 1 November 2021 at Žofín Palace in Prague.

HAVEL & PARTNERS strengthens its team across all key specialisations

As the Czech-Slovak market leader, we realise that the best law firms are made by top professionals, so we don’t hesitate to invest in the best people on the market. Since the beginning of 2021, a total of forty lawyers have joined the firm’s team. HAVEL & PARTNERS is thus strengthening its staff capacity across all key specialisations in which it has a significant market share in order to maximally meet the high demands and expectations of its clients.

→ Martin Peckl and Petr Dohnal became the firms’ partners

Martin Peckl joined HAVEL & PARTNERS as a partner in November 2021. As an expert in mergers and acquisitions, real estate, commercial and corporate law and a native Czech and German speaker, Martin is now a key member of the firm’s dedicated team providing comprehensive legal services to German-speaking clients.

Petr Dohnal has been promoted to partner internally and is a member of the firm’s M&A, private equity/venture capital and insolvency and corporate restructuring advisory teams. In his new role, Petr will focus on building and managing the cross-disciplinary legal M&A team specialising in distressed assets to enable clients to take the maximum advantage of potential opportunities in the post-covid market situation.



Martin Peckl
Petr Dohnal

→ Martin Vlk and Ivan Houfek as counsels in the real estate and litigation teams

HAVEL & PARTNERS’ real estate and construction team has been expanded to include Martin Vlk, who has many years of experience in real estate transactions and builds on his international M&A experience. Martin advises on sales and acquisitions of companies and real estate, formations of joint ventures and on contractual relations concerning the management, operation and lease of residential and commercial real estate.

Ivan Houfek, an attorney with more than ten years of experience in litigation and M&A and real estate law, has joined the litigation and arbitration advisory group. Ivan specialises in dispute resolution, civil litigation and arbitration. He has extensive experience in complex litigation and commercial disputes.



Martin Vlk
Ivan Houfek

→ Three senior female associates have joined the family law, commercial law and public sector law advisory groups

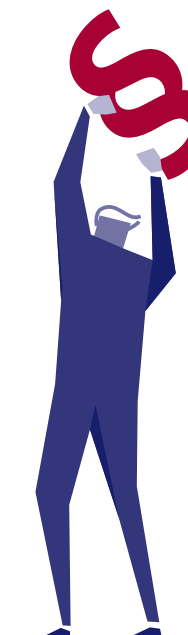
Senior associate Veronika Bočanová has joined the specialised family and employment law team. As a specialist with many years of experience, Veronika offers comprehensive services in these areas in connection with marriage and parenthood matters as well as arranging employment relations.

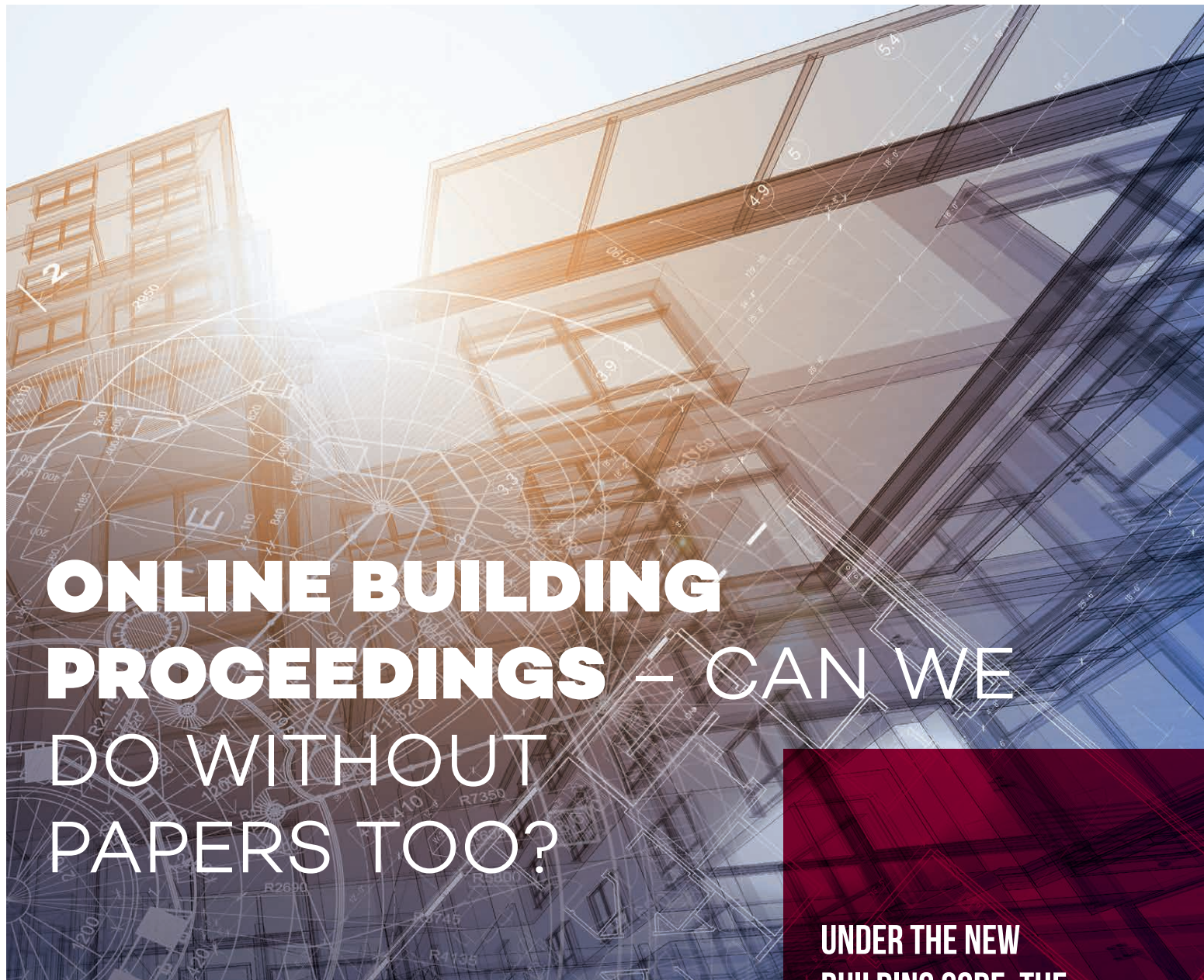
Senior associate Irena Munzarová has joined the commercial law team. Irena specialises in corporate law, especially all types of corporate transformations. She also focuses extensively on acquisitions and divestitures of companies and real estate law.

The public sector law group has grown to include senior associate Dana Prudíková, who has many years of experience in public law, legislation, education, sports, and administrative law. Previously, Dana worked as Director of the Legislative Department at the Ministry of Justice and as Deputy for Legislation and International Relations at the Ministry of Education.



Veronika Bočanová
Irena Munzarová
Dana Prudíková





ONLINE BUILDING PROCEEDINGS – CAN WE DO WITHOUT PAPERS TOO?

The new Building Code eventually allows for the digitisation of building proceedings. The aim is to develop a digital system that will facilitate building proceedings so that there is no longer a need to go around to offices as everything can be handled electronically from anywhere. Are we finally in for a revolution? Will we no longer have to run around to offices with a handful of papers and collect stamps?

UNDER THE NEW BUILDING CODE, THE STATE BUILDING ADMINISTRATION WILL PROVIDE ELECTRONIC SERVICES IN BUILDING PROCEEDINGS VIA NEW ONLINE INFORMATION SYSTEMS.

If you want to engage in a construction project, you must get up to an amazing 48 stamps today. You will have to go round to offices and do endless paperwork. The new Building Code could finally bring change, as it envisages not only simplification but also the complete digitisation of building proceedings. Until now, the builder had to submit an application accompanied by dozens of annexes and certificates. Now, submitting only one application should suffice, all to be done remotely online.

Electronic services in the context of the new Building Code will be provided by the state building administration via new information systems. These include namely the Builder's Portal; the National Spatial Planning Geoportal; the Register of Construction Procedures; the Electronic Documentation Register and the Information System for Identification Numbers of Construction Projects, among others.

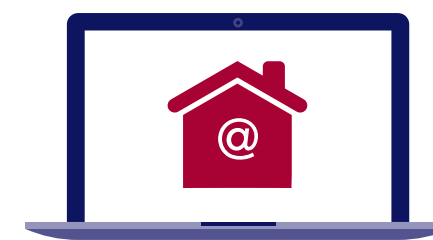
Under the new Building Code, these systems will be administered by the new Supreme Building Authority, which should start operating de jure from 1 January 2022 and will become the central administrative authority not only in matters of spatial planning, but also in matters of building regulations and expropriation. Some of the systems are already in place today, so they will gradually come under the administration of the Supreme Building Authority, and some will only come into existence with the entry into force of the new Building Code.

From 2022 onwards, they should be gradually implemented, especially in technical and architectural terms. However, the most complex task will ultimately be the responsibility of the Supreme Building Authority – uploading actual data on the respective information systems. A fully-fledged electronic administrative file should then be available, replacing the paper file. Along with it, the possibility of electronic filing of documents in the information system, including project documentation and other annexes, will be introduced. We should expect full use of these information systems when the new Building Code comes into full effect, i.e. from July 2023.

The Builder's Portal – the basis of digitisation

The Builder's Portal is the cornerstone of the entire digital system. It will be the main working environment for individuals and legal entities, via which they will have

THE BUILDER'S PORTAL WILL ENABLE THE ACCELERATION AND STREAMLINING OF ALL CONSTRUCTION-RELATED PROCESSES. IT WILL BE POSSIBLE TO APPLY ELECTRONICALLY FOR ALL DECISIONS AND OTHER MEASURES VIA A SINGLE PORTAL ACCESSIBLE VIA THE INTERNET.



access to other information systems of the state building administration. The portal should use interactive forms to interlink systems and communication with building authorities, planning authorities and other involved bodies.

People will be able to digitally transact with the building authority via this system, including linking to electronic documents in information systems. And the system will also bring the possibility of remote access for all authorised persons, who will be able to inspect the files of the building authorities and other digital repositories according to the scope of their authorisation.

The Builder's Portal should enable the acceleration and streamlining of all individual activities and processes in building matters. All aspects such as environment, sanitation, road connection, fire brigade, etc. will be considered by the authority within one procedure and it will be

possible to apply electronically for all decisions and other measures via one portal accessible via the internet.

Linked to the Builder's Portal is a separate Information System for Identification Numbers of Construction Projects that assigns a unique number to each construction project. This will allow construction projects in the building administration information systems to be identified and matched with all the data and documents kept. The identification number will also serve for internal and statistical purposes of the public administration.

National Spatial Planning Geoportal

The information system of the National Spatial Planning Geoportal will provide access to data and information from spatial planning activities in electronic form and should serve in particular for publishing results of spatial planning activities or for monitoring the process of spatial planning documentation. At the same time, spatial data that directly or indirectly refer to a specific location or geographical area, the use of which is considered to be in line with environmental protection requirements, will be accessible there. The Supreme Building Authority will be the administrator and operator of the Spatial Planning Geoportal in this case as well.

Register of Construction Procedures

The Register of Construction Procedures is intended to be an information system allowing the storage of information relating to pending proceedings under the Building Code. Thus, a record of all the participants' actions, including decisions of the building authority or the relevant authority involved, will be available in one place. Making information and documents available remotely should simplify procedures for applicants and make it possible to obtain information on the status of the proceedings without there being any need to physically consult the paper file.

Electronic Documentation Register

The Electronic Documentation Register system will be a data repository for project documentation in electronic form. It will be possible to upload documentation easily via the Builder's Portal in PDF and machine-readable formats.

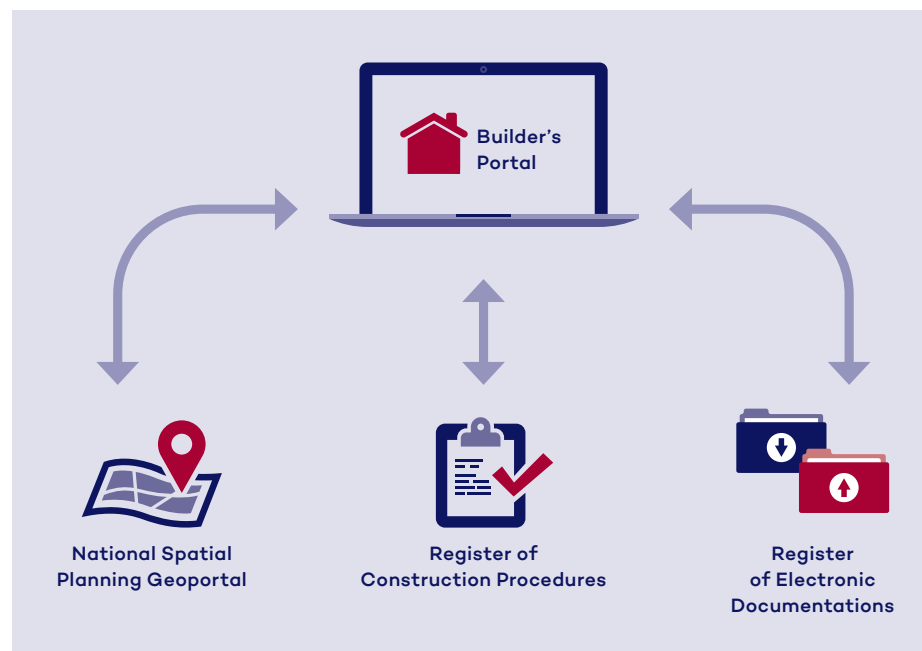
Access to the data and electronic documents in the Register of Construction Procedures and in the Electronic Documentation Register will be limited to those who have the right to consult

the file under the Code of Administrative Procedure. The principle of administrative procedures being non-public must be respected. The data will thus be accessible only to the parties to the proceedings, their representatives and other persons who can demonstrate a legal interest. A person authorised to access the records will have the right to remote access, including machine information search and the making of extracts and copies.

Digitisation of construction law outside the Building Code

Moreover, we can also think about the digitisation of processes outside the framework of the Building Act. For example, the general binding legislation allowed for a fully electronic construction diary. For construction projects implemented under public contracts in the above-limit regime, the keeping of a digital construction diary has been mandatory since 1 January 2021. The new Building Code has not changed anything in this respect, but it has not made the keeping of a fully digital construction diary any easier either.

Therefore, all entries in the construction diary can still be made electronically and all authorised persons making entries must be able to sign the diary electronically, by means of an electronic signature in the vast majority of cases.



Unfortunately, in rare cases, it is necessary to add an additional step to the recording process, for example, in the case of so-called authorised persons (e.g. design engineers, construction managers or construction supervisors) who are required to affix their handwritten signature and authorisation stamp with the state insignia to select documents when carrying out their authorised

activity. Czech law or applications known on the Czech market do not yet allow their actions to be carried out exclusively electronically. Therefore, in these cases, digital construction diaries need to be used along with authorised conversion for the time being. However, the completion of digitalisation in this respect is already on the way, at least for authorised persons from 1 July 2023.

Key contacts for digitisation and construction:



FRANTIŠEK KORBEL | PARTNER

František specialises in public building law, public administration, administrative judiciary, legislation, the right to information, and information technology law. He was the head of the team of authors of the new draft Building Code proposed by the government. He also received the Czech Architecture Award for drafting the Prague Building Regulations. František is a member of the Government Legislative Council.

DALIBOR KOVÁŘ | MANAGING ASSOCIATE

Dalibor is an expert in electronic legal transactions and the related digital transformation. He focuses primarily on the implementation of electronic legal transactions in public as well as private organisations, and the utilisation of electronic identity. Dalibor was instrumental in drafting the digitalisation legislation and a commentary to the Act on the Right to Digital Services.



JIŘÍ BURYAN | COUNSEL

Jiří primarily focuses on administrative and building law, administrative judiciary, and development. He was a member of the team of authors of the new draft building bill. He also lectures on building law at the University of Economics in Prague. He delivers speeches at professional conferences, and publishes articles on topics related to development and building law.

FROM THE MEDIA

ABOUT ONE THIRD OF THE RICHEST CZECH AND SLOVAK ENTREPRENEURS TURN TO HAVEL & PARTNERS AND THE INTEREST IS CONSTANTLY INCREASING. PRIVATE CLIENT SERVICES ARE ONE OF THE FASTEST GROWING PARTS OF THE FIRM'S LEGAL AND TAX PRACTICE.

JAROSLAV HAVEL:
WEALTHY CLIENTS MOTIVATE US, AND WE CAN INSPIRE THEM

Jaroslav Havel

Generational change in leading Czech and Slovak business firms or the challenges arising from the advancing digitalisation of society – these are motives that are increasingly recurring in the work of HAVEL & PARTNERS. This year, the firm celebrated 20 years of existence, and what has kept it at the absolute top of the legal services industry for so long is, according to the firm’s founder Jaroslav Havel, among other things, its ability to perfectly understand its clients’ business.

For the last two years, the world has been going through an extraordinary ordeal, particularly in relation to the events surrounding the pandemic. How would you assess the impact of the pandemic on the Czech and, consequently, the world’s wealth in one sentence?

In the world and in the Czech Republic, the total value of assets has increased substantially, especially among the richest, who comprise to three percent of the population.

How has the last year affected the number of Czech and Slovak billionaires and the value of their assets?

Most billionaires have continued to get richer. And more have been added, which is related both to the growth in the size and value of their companies, and now especially to the appreciation of investments in real estate, stocks, cryptocurrencies, commodities or other alternative investments. There are more and more billionaires making money in technology; their numbers have grown much faster in the last two years than in previous years. Overall, the number of billionaires could have increased by another 20 to 30% since mid-2020 to date. The number of rich women is also increasing. And it is not just businesswomen; women are also getting richer thanks to wealth transfers within their families. This trend will continue to strengthen in the future.

WE HAVE SEEN AN EXTRAORDINARY INCREASE IN DEMAND FOR SMART AND EFFICIENT OPTIONS FOR ASSET TRANSFER, ASSET MANAGEMENT AND, IN PARTICULAR, LONG-TERM ASSET PROTECTION.

How many billionaires are using your services today?

Approximately one third of the richest Czech and Slovak entrepreneurs turn to HAVEL & PARTNERS directly or through their companies, and the interest in our advisory services is constantly increasing in this environment. Private client services are one of the fastest growing parts of our legal and tax practice.

What makes your firm interesting for this prominent clientele?

In addition to reputation, stability and innovation, clients appreciate the seniority

of the team and its age mix. Most of the key partners in the group are between 38 and 48 years old. This means that they already have a lot of experience, but they are also still relatively young and highly motivated to continue building the firm and to work with the owners of companies and their successors on an ongoing basis. Building long-term partnerships is one of our core firm values. Our own experience in building an extremely successful firm plays a big role, which we and our partners are ready to share with our clients. After all, who else do you want to take advice from but someone who has built a globally respected and consistently successful firm similar to yours? Revenues must always be managed responsibly and protected accordingly.

You recently mentioned to the E15 daily that you have been dealing with inheritance disputes often lately. Why is that?

It should be noted that we are entering a period when the founders of successful companies whose foundations were laid in the 1990s will gradually leave. Given the busyness of many of them, it is often the case that they are not prepared for the situation. Combined with the differing ideas of their children and partners or failed handover of certain responsibilities, this is increasingly generating disputes not only in relation to assets, but especially over the powers to manage family businesses.

Does this area of law have any specifics?

First of all, it is an emotionally intense discipline. We are the lawyers who have been handling the largest number of M&A transactions on our market for a long time. We know what the value of companies is, how to optimize it, and we can identify their problems. So, we make the most of our extensive transactional experience not only in negotiating the agreement, but also in financing its settlement, which is increasingly common. In doing so, we also look for tax-efficient options that can lead to savings and therefore to a higher level of settlement.

Is there anything that can be done to prevent situations such as inheritance disputes from happening?

The interest in quality solutions to this inevitable life situation is constantly growing among the middle-aged generation of active entrepreneurs, sometimes even among the younger ones. Recently, demand has been greatly escalated by the tragic death of Petr Kellner, and the COVID-19 pandemic has also played a significant role, causing people to think more about how fragile life is. We have seen an extraordinary increase in demand for smart and efficient options for asset transfer, asset management and, in particular, long-term asset protection. Every week we are approached by at least one new client, typically a major business family, with whom we are increasingly discussing the more robust and internationally proven structures of family foundations or private holding companies. Young entrepreneurs are also increasingly interested in effective family law solutions.

What is the younger generation of entrepreneurs dealing with in the area of family law?

Most often it is pre-nuptial agreements or marital property regulation. We were the first large commercially oriented law firm to create a team of experienced lawyers for this area, who, in addition to regulating property relations between spouses and partners, also deal with less lucky partnership situations and family storms, or even the most sensitive disputes involving children.

How are the much-discussed inflation and general price increases reflected in the prices of legal services?

I expect that the prices of “professional services” will definitely increase, especially the prices of high value-added services provided by elite law firms and tax advisors. This is due both to GDP growth, inflation and the impact of an



From left: Robert Nešpůrek, Marek Vojáček and Jaroslav Havel

overall increase in client assets and thus the ability and willingness to pay more for top-notch services. And when we compare the price of legal services here and abroad, there is still an incredible gap. By comparison, elite US law firms charge around \$600–1,200 per hour, similarly in sterling terms in the UK, and around €200–550 per hour in neighbouring Germany or Austria. However, our partner law firms in most of the former socialist bloc countries, including the Balkans and Ukraine, also charge 15–30% higher rates.

Virtually all human activities have recently been, more or less, significantly affected by advancing digitisation. How is this phenomenon reflected in your work in terms of the increase in new issues raised by digitisation?

We see a huge and growing interest in the legal dimension of the client’s chosen digital transformation method. More than ever before, we are also seeing the emergence of “digital born” services that never had a paper prototype and often approach the customer in a completely new way. For them, legal advice tends to be very interesting and innovative and requires a high level of expertise, which we can offer. The disruption of existing models of service delivery and, in particular, the maximum focus on the end customer, their user experience and the simplicity of the processes, naturally bring new challenges from a legal perspective. We are happy about this, because we can apply our competitive advantage, which, in addition to our exceptional staff and capital, is our ability to understand our clients’ business. Digitisation

cuts across all business sectors and thus affects almost all our specialisations.

How does digitisation affect the work of lawyers internally?

Even in the formerly conservative legal profession, you can’t survive if you don’t keep up with technological advances. The use of technology will give us, among other things, more room to use our “human capacity”, especially for complex cases and for building relationships with clients. Here, too, we learn from the best, whether it’s our internal systems, client file management, CRM, software for administrative and simpler legal tasks, or means of remote communication. We have a long-term digital strategy; we are dedicated to online marketing and data mining. Today we are one of the most technologically advanced law firms in Central Europe and we want to continue to build our position as a market leader in this area.

This year you celebrate your 20th anniversary. What are your plans for the future?

We want to continuously improve and continue to be an innovative firm that is a long-term strategic partner to our clients in their business. We have been growing in terms of turnover and personnel for 20 years and we are constantly working to offer the best and most comprehensive services and to improve their quality. With our top team, I am confident that we will build on our 20-year success story and continue to write it, while continuing to contribute to our clients’ success stories.



This interview was published in the E15 Premium – Elita byznysu publication, which HAVEL & PARTNERS supports annually. However, the firm is not involved in the compilation of the ranking of the 100 richest Czechs and Slovaks, which is part of this publication, nor in the creation of an estimate of their wealth. However, by supporting this project, we would like to express our appreciation to the Czech and Slovak entrepreneurs who have created and cultivated free enterprise over the last thirty years, including many of our clients.

OVERVIEW OF SELECTED TRANSACTIONS INVOLVING HAVEL & PARTNERS CONSULTANCY SERVICES

15
years

750
transactions

29
EUR billion

Over the past 15 years, we have been involved in 750 transactions, not only in mergers, acquisitions, divestments and restructurings. Their total value exceeds CZK 750 billion. Here is an overview of the most important ones conducted in the last period.

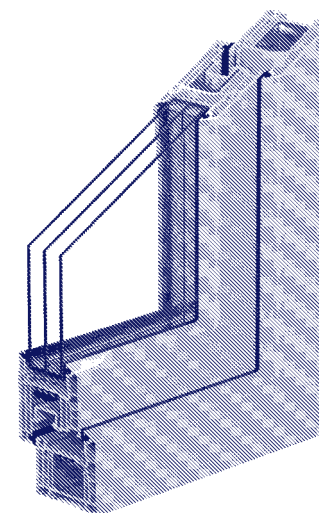
GENESIS CAPITAL GROWTH

Advising on the sale of the Czech software company CN Group

We represented the Genesis Capital Growth group, one of the leading private equity funds in Central Europe, in the sale of its 100% stake in CN Group, a Czech software development company. It was acquired by Ciklum, a global software development and digital services company.

The comprehensive transaction advice was provided to Genesis Capital by partner Václav Audes, senior associate Veronika Filipová and legal assistant Filip Pavlík.

Genesis Capital has been our client for many years, and we not only handled the sale of CN Group, but also provided legal advice when the fund first acquired its stake in the Czech software company more than two years ago.



HELUZ

Acquisition of the insulating glass manufacturer IZOS by HELUZ, a family business

Our M&A experts advised HELUZ, one of the largest family-owned firms in the Czech Republic, on the acquisition of IZOS, an insulating glass manufacturer.

Jan Koval, partner, Silvie Király, senior associate, and Michal Vik, junior associate, were in charge of the transaction as representatives of the buyer. They provided HELUZ with comprehensive legal M&A services, including due diligence.

HELUZ is one of the largest manufacturers of masonry systems in the Czech Republic and its cutting-edge products continue a family tradition that dates back to 1876. IZOS is the largest specialist manufacturer of insulating glass in the Czech Republic.

B+N REFERENCIA ZRT.

Legal management of an international acquisition in facility management

Our firm acted as lead counsel in a major international transaction in the facility management sector for the private Hungarian group B+N Referencia Zrt. in the acquisition of the activities of the Danish group ISS Facility in Central and Eastern Europe.

In addition to M&A advisory services, HAVEL & PARTNERS provided the Hungarian investor with legal due diligence coordination, comprehensive contractual documentation and competition advice. Jan Koval, partner of the firm, together with Robert Porubský, managing associate, and Ivo Skolil, senior associate, were involved in the transaction.

B+N Referencia Zrt. offers technical, security and catering services. It is an industry leader in the Hungarian market and, following the transaction, has become one of the most important providers of facility management in the CEE region.



CAPVEST

Legal support for CapVest in the sale of an Irish food manufacturer

Our team, led by partners Jan Koval and Petr Dohnal, provided legal support in the Czech Republic to the UK investment company CapVest in the sale of the European food company Valeo Foods to major global investment firm Bain Capital Private Equity.

The sale of Valeo Foods is the culmination of CapVest's efforts to build a major international player in the food manufacturing market through strategic investments and acquisitions of businesses and brands. The firm's team was thus involved in another large-scale multinational M&A transaction in the European region.

Valeo Foods is an Irish multinational food and beverage manufacturer, employing over 4,000 people in over 24 offices in Ireland, the UK, Italy, the Netherlands, Germany and the Czech Republic.

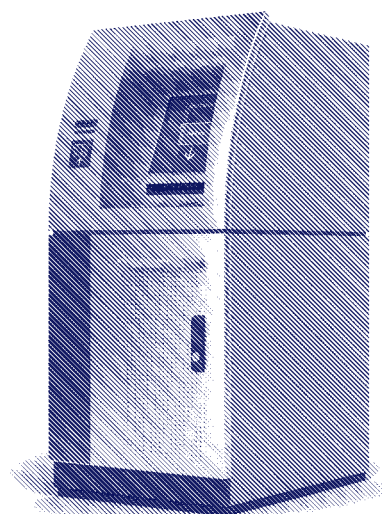
KOMIX

Acquisition of a Czech software company by Aricoma Group

We represented the owner of the Czech software company KOMIX in the sale of a 100% ownership interest. The company was acquired by the largest ICT holding company, Aricoma Group, a member of the KKCG investment group.

Besides providing specialised M&A legal services, the expert team comprising partner Václav Audes, senior associate Tomáš Navrátil, associate Josef Bouchal and of counsel Pavel Němeček handled the divestment of four subsidiaries of KOMIX. The competition law aspects of the sale were dealt with by associate Roman Světnický.

KOMIX is a developer of tailor-made software for e-government, health insurance companies and major businesses and is one of the top 10 suppliers on the Czech market. With this transaction, Aricoma Group has continued its acquisitions aimed at strengthening the position of this major European player in ICT and SW solutions.



↑ RAIFFEISENBANK

Representing Raiffeisenbank in the acquisition of Equa bank

Our law firm provided comprehensive legal advice to Raiffeisenbank on the acquisition of 100% of the shares in Equa bank from AnaCap Financial Partners. The firm's M&A team was led by partner Jan Koval and partner Petr Dohnal.

As legal counsel on the buyer's side, we dealt with one of the most important transactions in the Czech banking sector. Raiffeisenbank is one of the five largest banks operating in the Czech Republic and has been providing banking services in the Czech Republic since 1993. Equa bank is a Czech full-service bank primarily focused on private clients or small and medium-sized businesses and has nearly half a million customers.

The parties decided not to disclose the value of the transaction.



↓ IF INVEST EAST

Acquisition of the OSTRAVA AIRPORT MULTIMODAL PARK

IF Invest EAST, a member of the Austrian Innofreight Group, acquired a 100% ownership interest in OSTRAVA AIRPORT MULTIMODAL PARK. Once completed, the park will comprise more than 234,000 sqm of warehouse, production and office space besides a combined transport terminal.

The seller in this transaction is CONCENS INVESTMENTS, which focuses on the development of commercial and industrial real estate projects.

We provided comprehensive turnkey services to IF Invest EAST. The transactional advice was provided by partner Václav Audes, senior associate Juraj Petro and associate Josef Bouchal. The real estate aspects were dealt with by associate Adam Karban, junior associate Patrik Chrást and junior associate Nikola Leová, and the advice on public subsidies was provided by associate Lucie Wellartová and junior associate Soňa Stará.



← ELEVATOR VENTURES BETEILIGUNGS

Advising an Austrian investor on an investment in the Twisto payment service

Elevator Ventures Beteiligungs, a venture capital investor of Raiffeisen Bank International, has acquired a minority stake in Twisto payments, a Czech payment services company.

M&A advisory services to the Austrian investor were provided in this transaction by the firm's partner Jan Koval, senior associate Tomáš Navrátil and associate Josef Bouchal. The regulatory aspects of the transaction were supervised by associate Martin Stančík, while associate Tomáš Chmelka was in charge of providing expert advice on intellectual property and information technology law.

Twisto plans to use the investments to innovate deferred payments across the whole of Central Europe.

→ COMPASS EUROPE

Establishment of a joint venture for the production of ceramic swimming pools between Compass Europe and FIPOL

As a legal advisor to Compass Europe, a leading Slovak manufacturer and supplier of swimming pools, we assisted in establishing and setting up the strategic operation of the company's joint venture with its Turkish partner, FIPOL, a major manufacturer of swimming pools on the Turkish market.

The joint venture will mainly serve as a production company for ceramic swimming pools manufactured based on Compass Europe's unique technology. Working closely with its Turkish partner, Compass Europe will be able to respond to the growing demand for its products in global markets.

The comprehensive legal services related to this transaction were provided by partner Štěpán Štarha and associate Ivana Gajdošová.



→ PANATTONI SLOVAKIA DEVELOPMENT

Advising on land acquisitions and development for the construction of logistics parks

In connection with the construction of industrial and logistics buildings in Slovakia, as well as in connection with the acquisition and development of land for the construction of logistics parks in Košice, Piešťany, Dunajská Streda, Bratislava and Senica, HAVEL & PARTNERS provided comprehensive advice to Panattoni Slovakia Development, a leading international developer of industrial and logistics facilities.

The firm has long been involved in major real estate transactions conducted by the Panattoni Group in the Czech Republic and Slovakia. The firm's team of experts participating in the advice in Slovakia was comprised of partner Lukáš Syrový, counsel Ladislav Haladej and senior associate Ján Kapec.

→ ARETE

Advising on the acquisition of an industrial park in Kežmarok

Experts based in the Bratislava branch provided legal advice to ARETE, an investment and real estate group that manages regulated investment funds in real estate, on the acquisition of an industrial park in Slovakia in Kežmarok, where the global development centre of the German company Hengstler is located.

Partner Ondřej Majer and counsel Ladislav Haladej were responsible for comprehensive legal services in the acquisition for ARETE.

The Czech investment group Arete was established in 2014 and focuses on real estate investments. It also entered the Slovak market in 2020.



↑ PANARA

Investment in an innovative Slovak company operating in the manufacture of bioplastics

The firm's team provided comprehensive M&A advice to PANARA, a progressive Slovak company specialising in the research, development and production of fully biological and biodegradable plastics. The advice was provided in connection with an investment made by the Austrian company ALPLA Werke Alwin Lehner, a member of the ALPLA Group.

The entry of a new investor thus opens up a wide range of industrial production possibilities for the innovative project, which is based on intensive cooperation between academia and business.

On the part of HAVEL & PARTNERS, partner Ondřej Majer, associate Ivana Gajdošová and associate Róbert Gašparovič participated in the transaction.

ECONOMIC STABILITY

HAVEL & PARTNERS – A TRUSTED AND ECONOMICALLY STRONG PARTNER WITH AN EXCELLENT REPUTATION

In addition to its good reputation, top quality services and expertise, the excellent reputation of HAVEL & PARTNERS as a Central Europe market leader is also supported by its outstanding economic stability. Since our foundation in 2001, we have grown continuously not only in terms of personnel and quality of services, but also economically. Effective marketing and PR are also an integral part of our firm's comprehensive business strategy. We do not only build our own reputation, but we also strive to make a long-term contribution to the reputation of the entire legal profession, for which we were awarded in 2021 by the Association of PR Agencies. The firm has also received the Czech Business Superbrands award, granted to the best brands on the market, six times.

The value of the HAVEL & PARTNERS Group is almost CZK 2.3 billion

The value of the law firm HAVEL & PARTNERS, including the Slovak office and the training Academy, is almost CZK 2 billion, according to an analysis prepared by the consultancy firm Patria Corporate Finance. The valuation of the entire group, including the Cash Collectors collection agency and other entities within the group, is almost CZK 2.3 billion. This is more than double the value from 2014, when the group was last valued on the basis of the study.

"The continuous economic growth of the firm since its foundation and its long-term economic stability are a confirmation for our clients and business partners that they are cooperating with a firm with maximum trustworthiness and minimum risk," commented Jaroslav Havel, managing partner, on the valuation.

The valuation was prepared by the consultancy firm Patria Corporate Finance using income and comparative company valuation methods.

HAVEL & PARTNERS is among the most economically stable firms in the Czech Republic and Slovakia

The exceptional long-term economic condition and successful management of the firm is confirmed by the Bisnode AAA highest creditworthiness certificate, which HAVEL & PARTNERS received in 2020 in both the Czech Republic and Slovakia, and which ranks the firm among the top one percent of the most economically stable companies on the market.

The certificate confirms the reliability, creditworthiness and minimum risk of cooperation with the awarded firm. The firm is thus an attractive business partner for clients.



2.3

CZK billion is value of the HAVEL & PARTNERS Group



The firm won the Czech PR Award

HAVEL & PARTNERS has won the Services category in the Lemur – Czech Public Relations Award 2021 competition, for Comprehensive Information Service in the coronavirus era.

As the legal market leader during the pandemic, the firm provided its know-how and advisory assistance to all entrepreneurs and citizens in interpreting individual government measures free of charge. It prepared useful content in many formats on a daily basis and provided it to a wide audience through a well-selected communication mix.

"HAVEL & PARTNERS brought about a very sophisticated and useful service, from a marketing and communication point of view, wrapped in precisely defined and varied formats that allowed the maximum number of people to access this information, but also raised the interest of the media," said Dita Stejskalová, a member of the Lemur competition jury and co-owner of the PR and marketing agency Ogilvy, about the award.

Success in the Fénix marketing competition

In 2021, the firm also succeeded in another prestigious industry competition, the Fénix content marketing competition. The competition awards the best content marketing works and projects, evaluated by more than 40 top marketing and PR professionals. The jury in this year awarded HAVEL & PARTNERS with silver in the Most Effective Corporate Content category.

520

CZK million are the group's total sales in the first half of 2021



In the first half of 2021, the firm had record sales

In the first half of 2021, HAVEL & PARTNERS continued its excellent economic performance from the previous year. Its turnover for net legal services in the first six months of 2021 increased by 7.2% year-on-year. Half-year revenues for net legal services in the Czech Republic and Slovakia reached EUR 414 million. The group's total sales amounted to more than CZK 520 million.

The Slovak office performed very well, with net legal services revenue growing by almost 16%. "The results of our firm, with growth of over 7%, indicate that we have managed to maintain the positive trend of high growth from previous periods. In the last two months of the first half of the year, growth accelerated, and we expect this trend to continue," Jaroslav Havel commented on the economic results.



THE WORLD IS CHANGING SUSTAINABILITY AS AN OPPORTUNITY FOR THOSE WHO WANT TO SUCCEED

BUSINESSES WILL HAVE TO DEMONSTRATE HOW ENVIRONMENTALLY AND SOCIALLY RESPONSIBLE THEY ARE. ON THE OTHER HAND, THE EU WILL ALLOCATE AN UNPRECEDENTED AMOUNT OF FUNDS TO FINANCE PROJECTS PROMOTING SUSTAINABILITY.

World governments are beginning in practice to fulfil their commitments to fight climate change. Companies will play an irreplaceable role in this plan. They are changing their business models and preparing for a new carbon-neutral economy. The transition to sustainable functioning is already a major advantage in business and will be a necessity in the future.

The process of transformation, when launched, is difficult to stop, and at its end there will be winners, survivors, and also victims. Businesses that have not done so yet have to start asking themselves the right questions and, most importantly, try to get answers – Do we know the risks of our business associated with the environment or the ongoing changes in society? Do we know what our sector will look like in ten or more years? Do we have information as to what long-term strategy world leaders have in our industry? – these are just some of them.

In the world, especially in the West, which is ahead of us again, we are already seeing tangible results of successful transitions by some businesses to sustainable operating models. Those businesses manage to reduce their costs, better manage the risks, have easier access to funding from banks, and are more attractive to investors, thus ensuring their relevance in the market for the future.

The fact that sustainable business models are not the domain of just some fringe group of companies is also evidenced by the fact that more than one-fifth of the largest global corporations have already signed up for a commitment to achieve zero carbon emissions by 2050. Taken together, these companies account for sales of nearly 14 trillion US dollars.

European billions for sustainability
Indeed, investments in sustainability and social responsibility will not be lost – the exact opposite is true. For businesses that have not yet addressed sustainability at all, we expect an adverse impact on their profitability in the future as a result

of higher regulatory pressure. In some sectors, even in the order of higher tens of percent. Hence, companies that have managed to successfully transition to sustainable business models already have a significant competitive advantage.

ESG REPORTING WILL BE MANDATORY FROM THE YEAR 2023 FOR ALL BUSINESSES THAT MEET AT LEAST TWO OF THREE CONDITIONS: THEY HAVE MORE THAN 250 EMPLOYEES, TURNOVER IN EXCESS OF EUR 40 MILLION, OR ASSETS IN EXCESS OF EUR 20 MILLION.

In addition, companies are offered interesting opportunities to raise funds for related projects. The EU will allocate an unprecedented amount of funding to finance projects promoting sustainability, not only through advantageous loans, but also by means of subsidies. For example, under the operational programmes currently being prepared for 2021+, in particular

the Operational Programme Technologies and Applications for Competitiveness, the Modernisation Fund, and the National Recovery Plan. However, such projects need to be thought through and prepared now. For example, the funds will go to projects focused on energy efficiency of businesses, water management, research, development and innovation, or on resolving circular economy issues.

Compulsory reporting on sustainability for companies

While businesses can count on significant support, the EU, on the other hand, will also take a stricter stance on the issue of sustainability. Europe's largest companies, so-called public interest entities, have been reporting data on sustainability (ESG reporting) since 2018. However, they have been using different methodologies to do this. There have also been significant differences in terms of the accuracy of the application of specific metrics. As a result, the data published is difficult to compare. This led to the preparation of unified rules and the expansion of the number of obligated entities.

Therefore, according to the currently forthcoming CSRD (Corporate Sustainability Reporting Directive), ESG reporting will be mandatory from the fiscal year 2023 for all businesses that meet at least two of the following three conditions: they have more than 250 employees, turnover in excess of EUR 40 million, or assets in excess of EUR 20 million. From 2026, smaller publicly listed companies will also have to report the data. In the Union, this will apply to around 50 thousand businesses, which jointly account for about three quarters of the total turnover in the EU.



E – Environmental

- ✓ energy efficiency
- ✓ waste management
- ✓ air pollution, emissions
- ✓ environmental protection



S – Social

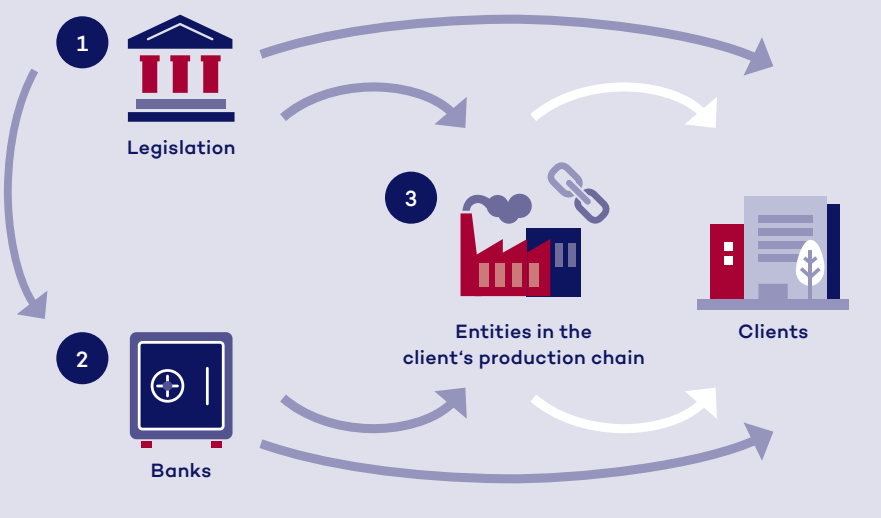
- ✓ human rights
- ✓ gender diversity
- ✓ working conditions and labor rights
- ✓ anti-corruption



G – Governance

- ✓ ownership transparency
- ✓ business ethics
- ✓ data transparency
- ✓ board of directors' independence

In view of the ESG data reporting requirements companies will face growing pressure from three main directions:



Businesses will need to demonstrate, among other things, a good knowledge of social responsibility throughout their entire supply chain, not only in environmental terms, but also in terms of human rights, for example. The new directive will also bring about other changes, such as the mandatory audit of such data or clearly defined forms of disclosure.

Sustainability – a challenge for small and medium-sized enterprises

The data reporting requirement may also pose a challenge for small and medium-sized enterprises in the Czech Republic. No direct legislative obligation is being contemplated for the vast majority of them at present; however, the direct obligation of their large customers, for example, will affect them indirectly through their business relations.

The second direction of pressure on ESG data reporting, which even SMEs will actually feel, will be from banks and other financial institutions. Indeed, the European Banking Authority requires those institutions to initiate ESG risk assessments of clients applying for credit from the end of June this year. The institutions should therefore check their applicants' exposure to ESG factors, and the appropriateness of their strategies for mitigating their impact.

Hence, financial institutions will be increasingly reluctant to provide credit to businesses with environmentally or socially unsustainable models. The

FOR BUSINESSES THAT HAVE NOT YET ADDRESSED SUSTAINABILITY AT ALL, WE EXPECT AN ADVERSE IMPACT ON THEIR PROFITABILITY IN THE FUTURE AS A RESULT OF HIGHER REGULATORY PRESSURE. IN SOME SECTORS, EVEN IN THE ORDER OF HIGHER TENS OF PERCENT.

situation is starting to look the same with insurance companies. It will be difficult, and very expensive, to obtain insurance for such a business in the future.

Last but not least, pressure from consumers themselves is increasingly being felt as well. The generation of millennials and generation Z have taken the issue of climate protection as their own, and they are fundamentally changing their habits in line with their life attitude. Sustainability plays a big role in where and what they buy or who they decide to work for.

Thus, the transition to sustainable models in business is rapidly moving from an enthusiast initiative to the level of required necessity, not only from a regulatory perspective, but also from a business and economic one. Many businesses will have to deal with this challenge anyway, but they may also perceive it as an opportunity to move forward to a sustainable business model with support from public resources.

“Green” public procurement

Besides ESG reporting, the criteria of social and environmental responsibility contained in the terms of public procurement are yet another topic. This tool, already used in practice in some European countries, will also become increasingly important in the Czech Republic. Entities wishing to make supplies, for example, to the State in the future will thus be motivated to be able to offer a sustainable product or service.

By way of example, this may entail the acquisition of office furniture made from sustainably sourced and processed materials, the purchase of biodegradable disposable cutlery for an outdoor event organised by a municipality, or delivery of representative items to an authority made of so-called upcycled materials produced while ensuring the social dimension of production.

Many contracting authorities who are obliged to make public investments in accordance with the procedure laid down in the Public Procurement Act (PPA) have already begun to use “responsible procurement” elements, including environmental and circular ones. The simple assessment of the lowest bid price is increasingly being replaced by a “lifecycle cost” rating, one of the essential elements of sustainable procurement. But it is still impossible to talk about a dramatic change in the wider ranks of public contracting authorities.

As of January 2021, the amendment to the PPA introduced, as one of the fundamental principles, the obligation of contracting authorities to take into account the principles of socially and environmentally responsible procurement and innovation, regardless of the value of the public contract to be awarded. However, the promotion of circularity through public procurement is just beginning in the Czech Republic. It is necessary to finalise methodologies and specific recommendations of authorities or entities on which contracting entities could easily rely.



Key contacts for ESG services:

In advising on sustainable corporate strategies and reporting, HAVEL & PARTNERS works closely with the consultancy firm One Advisory.



JAN KOVAL | PARTNER, HAVEL & PARTNERS

Jan has 18 years of experience in the field of international mergers, acquisitions and, among other things, long-standing expertise in transactions and projects in renewable resources and sustainable investment. He is also an expert in corporate governance. In the area of compliance, he also focuses on sustainable strategies and consultancy regarding the setting of ESG parameters in companies according to an internationally recognised framework.



JOSEF HLAVIČKA | PARTNER, HAVEL & PARTNERS

Josef has more than 20 years of experience in advising on public sector and public procurement, real estate, construction and environmental law matters. He specializes among other things in environmental compliance, environmental burden, use of waste for the production of energy, and state-aid consultancy, and more recently also in ESG implementation in organizations according to internationally recognized practices.



KAREL PŮBAL | PARTNER, ONE ADVISORY

Karel worked for a long time in one of the leading global consultancy companies in the position of Director of Services for the Public Sector, as well as in the position of Bursar at a Czech university active in the field of natural sciences. He participated in the preparation of a number of important strategic documents and sectoral and other economic analyses. On ESG issues, he takes a realistic stance resulting from his knowledge of global and local social and economic trends, as well as from his practical experience in a range of business disciplines.



LUKÁŠ JIŘÍČEK | SENIOR ADVISOR, ONE ADVISORY

At One Advisory, Lukáš provides comprehensive advice to clients from both the private and public sectors in the areas of strategy making, ESG reporting, and corporate risk management. He is a project manager with international certification. He has specialised on a long-term basis in European Union policies and legislation, in particular in the preparation and implementation of the EU Green Deal and structural and investment funds.

THOSE WHO ARE PREPARED ARE NOT SURPRISED



Business is not just about success. Sooner or later, every company may find itself in a situation where it is dealing with a serious problem that threatens its economic stability or reputation. It could be corruption, a dispute with a business partner or even a cyber threat. And it is important to be prepared for such situations, because crisis situation prevention is essential for a successful business. HAVEL & PARTNERS has an extensive and experienced team of professionals offering comprehensive services in the areas of compliance, corporate governance and litigation to prevent and address such issues.

We can identify and assess risks and propose appropriate internal measures to help avoid a potential crisis.

We prepare comprehensive compliance programs for companies and organizations that minimize the risk of corporate criminal liability and implement the highest standards of corporate ethics within companies.

Risk management includes not only prevention and setting up functional processes, but also training management and employees. Through our own training ACADEMY, we prepare highly specialised seminars in the field of law for our clients, which are conducted by widely recognised leading experts using modern training facilities.

When a crisis occurs

At HAVEL & PARTNERS, we also support our clients in situations where a crisis actually occurs. They turn to us when they need to resolve legally and technically

complex disputes that entail large financial or reputational risks or may have systemic implications. Our aim is always to find the most efficient and best solution for our clients and to avert the threatened damage as much as possible.

We have extensive experience in representing clients in all areas of law before courts of all instances in the Czech Republic and Slovakia, including the Supreme Court and the Constitutional Court. We have defended clients' interests in actions against decisions of a number of administrative authorities. We represent clients before international courts in Luxembourg, Strasbourg, and the USA.

In the case of litigation matters before foreign courts, we always find the most suitable foreign law firm with which we coordinate our client's legal representation. Thanks to our extensive network of international contacts, we are able to find a top lawyer for any litigation conducted abroad.

We have represented clients' interests in dozens of disputes before arbitration institutions, both domestically and abroad. Our attorneys act not only as legal counsels and advisors to clients, but also as arbitrators before the Czech Arbitration Court, the Vienna Arbitration Court (VIAC), and the London Court of Arbitration (LCIA).

As part of our exclusive cooperation with criminal law specialists from the law firm SEIFERT A PARTNERI, we also provide representation for our clients in related cases with criminal law aspects.

We can also assist clients in other areas related to litigation; we cooperate with top detectives, provide support in the fields of PR and crisis communication, litigation financing, as well as economic and technical analyses.

WHISTLEBLOWING IS COMING ARE YOU READY?

The upcoming Whistleblower Protection Act will affect tens of thousands of private and public organisations. It is the biggest compliance change since the implementation of the GDPR. Although the Czech Republic will probably not be able to pass the Act in time for the deadline set by the European Directive, the new whistleblowing rules will sooner or later come into force. We therefore recommend avoiding uncertainty and preparing for whistleblowing now.

**THE FAIRWHISTLE
SOLUTION COMBINES
ETHICAL CONDUCT AND
LEGAL COMPLIANCE WITH
MODERN TECHNOLOGY
TO HELP USE STATUTORY
OBLIGATIONS AS AN
OPPORTUNITY TO
IMPROVE THINGS.**

The Whistleblowing Act was not passed by the Chamber of Deputies before the elections and it is therefore very likely that the Czech Republic will not meet the deadline for implementation of the EU Directive, which expires on 17 December 2021. However, after that date, the direct effects of the Directive will be activated. This will leave thousands of companies in uncertainty as to when, or if at all, they will have to implement an internal whistleblowing system that will allow people within their organisation to report unethical or illegal conduct or damage to public interests.

The proposed Whistleblowing Act envisaged such an obligation as of 31 March 2022 for employers with at least 25 employees, contracting authorities, municipalities with more than 5,000 inhabitants or financial service providers (e.g. banks, insurance companies, etc.). However, the EU Directive generally requires mandatory whistleblowing for all organisations with 50 or more employees or municipalities with more than 10,000 inhabitants. What is certain is that sooner or later the Czech Republic will have to approve the Act; the only question now is whether it will be in the form that the previous Chamber of Deputies worked with, or whether the Act will undergo changes and be more in line with the limits set by the Directive itself. It is certainly worth not relying on the whims of legislators; if you have more than 50 employees, you had better start preparing for the new obligation early.

Who is a whistleblower?

Ensuring a safe atmosphere where employees are not afraid to use their voice will be a big challenge for many companies and organisations in the coming months. Businesses and public institutions will need to implement an internal whistleblowing system that strictly protects the identity of the whistleblower who will report suspicious behaviour within the organisation. According to the proposed legislation, a violation or failure to comply with the obligation may result in a fine of up to one million Czech crowns. Whistleblowers are usually employees who have access to sensitive information and can be the first to detect suspicious behaviour. But don't think of the typical whistleblower as a pest – in the experience of Western Europe, it is a person who is interested in making things better. But the question is where he or she will report such suspicious behaviour. Under the draft Act, he or she will have two options – to turn to

Reporting to the organisation's internal reporting channels

an external whistleblowing channel set up by the Ministry of Justice, or to choose his or her organisation's internal whistleblowing system. To ensure that employees do not report suspicious behaviour to the authorities and that organisations do not lose control of their own problem-solving, they should themselves ensure an internal system that is secure, user-friendly and trustworthy, not least because this will soon be required by law.

Why introduce whistleblowing?

1. You will be able to solve the problem

A whistleblower who is not listened to in the company will go elsewhere with the problem – perhaps to the ministry or the media. But before he or she confesses the issue to them, 90% of whistleblowers will try to resolve the issue internally within the company, according to EQS's Whistleblowing Report. So, this is an opportunity to take matters into your own hands. With a functional whistleblowing system in place, business owners or management can learn about wrongdoing before it becomes a story on news websites or investigative programs.

2. You will avoid financial losses

The collapse of energy giant Enron, the Dieselgate affair or the leak of internal documents about how Facebook works – all of these are cases that were unleashed by whistleblowers and because of which the companies in question subsequently faced major economic losses. According to a study by the ACFE (Association of Certified Fraud Examiners), internal fraud can cost a company up to 5% of its annual turnover. This is also confirmed by Facebook's numbers. After its former employee Francis Haugen accused the company of not fighting against the spread of misinformation or human trafficking and prioritising profit above all, Facebook stock reacted with a sharp fall – in one trading day they wrote off 4.9%, reducing the value of Mark Zuckerberg's fortune by USD 6 billion.

3. You will strengthen your reputation

Whistleblowing complements the overall

structure of a company's compliance and risk management functioning. A functional and trustworthy whistleblowing system is an effective tool to uncover potential deficiencies and areas for improvement that (if at all) only lengthy and costly audits can uncover. This is confirmed by the new methodology of the Supreme State Prosecutor's Office, which mentions whistleblowing as one of the measures that can avert corporate criminal liability. The introduction of whistleblowing is gradually becoming a standard for companies with a high ethical business culture and is a necessity even for state organizations and enterprises that are under strong regulation or for companies that need a high level of compliance due to investors or foreign partners' requirements. Our clients also benefit from the fact that if whistleblowing is part of a company's ethics and integrity or ESG principles, then it also works as a competitive advantage, for example in tenders. And such a company is then more interesting not only for investors but also for employees.

How should whistleblowing work in a company?

Under the draft Act, companies and organisations will be obliged to create a secure communication system where employees can report wrongdoing. The whistleblower should be able to make a report orally, in writing and, on request, in person, and the system should strictly guarantee his or her anonymity. Therefore, we consider the best solution to be a web-based platform that allows the whistleblower to make a report from anywhere, while remaining anonymous and having subsequent communication with the organisation. It is also necessary to designate the person responsible for dealing with reports and to create a system for recording them. In any case, the report should always be followed by a proper examination and, if it proves to be justified, appropriate remedial action should follow.

The appointment of a so-called 'responsible person' is therefore crucial. This person is

the only one authorised to know the identity of the whistleblower (if the whistleblower has provided it) and is responsible for protecting it. He or she conducts the subsequent communication with the whistleblower and assesses the report. This person can be someone within the organisation or also an external person; however, it is always important to separate this function from normal internal procedures to avoid conflict of interest and suspicion of retaliation. For these reasons, it may therefore be more efficient to choose an external professional, not least because of the use of their experience and substitutability. Given that the draft Act provides for fines of up to CZK 100,000 in the case of misconduct by the responsible persons, it is also appropriate to consider insuring the risks associated with the performance of this function.

Myths around whistleblowing

Do you tell yourself that you are already solving your internal problems and you can get by without an ethics line? That is certainly a sign of well-functioning relations within the organisation. But are you sure you are learning about all the cases that

FAIR WHISTLE

HAVEL & PARTNERS

FairWhistle Solution

As experienced compliance professionals, we know what a functional and efficient whistleblowing solution should look like. That is why we have created FairWhistle, a comprehensive turnkey solution for businesses.

We will help you select the right reporting channels, provide state-of-the-art web-based platforms from reputable technology partners, and prepare all the documentation, including the communication and education that should accompany the system.

We also offer follow-up support in dealing with reports, including taking over the role of the so-called 'responsible person'. We will implement the entire system and take over its complete management and operation. We can create a trustworthy system that will be the first choice for whistleblowers.

could be efficiently resolved? According to an ACFE study, a functioning whistleblowing system is by far the most efficient tool for detecting fraud within a company, with up to 43% of cases being detected.

In the Czech Republic, we also still encounter negative perceptions of whistleblowers and fears that such people will abuse the system. Properly designed and set up whistleblowing, however, prevents possible abuse. Data in the EQS study show that after the system is introduced, a company receives, on average, over 50 whistleblowing reports per year of which one in two is relevant and justified.

If whistleblowing becomes a normal part of internal processes and is supported by management, such an optimal solution can be achieved. However, if you think that putting the trust box on the wall will be enough, or if you opt for a "we'll do it somehow" solution, we would like to disabuse you of that notion. It is not trivial to create a functional and trustworthy reporting system under the draft Act and will take time on the order of weeks to months. Employee training cannot be omitted, either. It is therefore advisable to start preparing early.

FairWhistle's key contacts for whistleblowing:



ROBERT NEŠPŮREK | FOUNDING PARTNER

Robert has extensive experience in corporate transactions, M&A and advising on technology law, IP, data protection and GDPR. He focuses on the legal aspects of sustainable business and compliance and the use of information technology for compliance activities.



RICHARD OTEVŘEL | COUNSEL

Richard manages FairData Professionals, a sister company of HAVEL & PARTNERS, which helps clients independently manage compliance risks. As a recognized data protection expert, he provides comprehensive services to companies and organizations and ensures the implementation of the ethics line in companies is GDPR compliant.



MICHAL SMRČEK | COUNSEL

Michal offers companies and organisations comprehensive advice on compliance. He also engages in defining rules to prevent corruption or conflicts of interest. In investigations, he specializes in detecting, preventing and uncovering both internal and external fraud with an emphasis on maximizing the protection of business assets.



PETRA SOCHOROVÁ | COUNSEL

Petra is a specialist in employment law, compliance and internal investigations. She has extensive experience in advising through complex investigations, including those regarding employee conduct and complaints via the ethics line. She also provides comprehensive compliance support in follow-up proceedings or internal procedures arising from these investigations.

WHAT TO DO IF THE TAX AUTHORITY KNOCKS ON YOUR DOOR?

If the tax authority concludes that it needs more information to correctly assess the tax liability, it may decide to conduct an on-site investigation. However, few people know that a tax officer may knock on the door of an employee's or entrepreneur's home without prior notice.

An on-site investigation is not a tax audit and does not serve to establish or verify tax liabilities in their full scope, but it is a procedure of the tax authority to search for evidence and conduct investigations on the premises of taxable entities and other persons involved in tax administration, or at another place that is the most suitable to meet the purpose of the on-site investigation.

The aim is to obtain information needed to assess the correct amount of tax. The tax authority most often decides to conduct an on-site investigation if it needs to verify a taxable entity's statement or to secure specific evidence that cannot be obtained in any other way. However, we must stress that this is not an administrative authority's supervisory activity, or in any way a repressive or otherwise coercive measure,

and it is up to you whether or not you provide the necessary cooperation. However, your choice will have its procedural consequences, potentially leading to a fine.

Tax officer in the field

With many people working from home for more than a year and a half, and many companies having moved their business out of their offices, it is not surprising that the tax authority can in some cases knock on the door of an employee's or business owner's home to directly secure evidence there.

Imagine, for example, a company that claims to the tax authority to have had an office furnished at its employee's home for CZK half a million (purchased without VAT and included in the company's expenses, of course). Or take an entrepreneur who has moved his office to his new family

home and claims to the tax authority that the modern boiler for heating water, which he has bought without VAT and recorded as a business-related expense, is used for his economic activity. Similarly, a taxable entity can claim that the new laptops and LCD monitors it has purchased are used by its employees to work from home. If it seems the most suitable option, the tax authority can indeed go "into the field" to verify on the site whether this indeed is the case.

Entrepreneurs using their homes or the homes of their employees for their business should therefore be aware of their basic rights and obligations during an on-site investigation, and should properly instruct the employees they have allowed to work from home about these basic rights and obligations in advance.

Unannounced visitors

Without having to notify the taxable entity beforehand, the tax authority has the right to access plots of land, business buildings and rooms, means of transport, accounting records and other information, including data stored on portable data carriers, to the extent necessary to achieve the objective of tax administration, at a time appropriate to the subject-matter of the on-site investigation.

If the tax authority concludes that the facts cannot be ascertained in any other way, and it is necessary to do so, it may – during the on-site investigation – enter

the taxable entity's home or the homes of its employees used by the taxable entity for its business. To do so, the tax authority does not need a search warrant or any other similar authorisation document, nor is the presence of the police necessary. The tax authority may also record the course of the on-site investigation.

However, it should act to the extent necessary for such an investigation. The Tax Code states specifically: "The tax authority shall heed the rights and legally protected interests of taxable entities and third parties in accordance with legal regulations, and, in requiring compliance with their duties, shall only use such means that are least burdensome to them". The reason for the presence of the tax administrator is stated in the protocol of the on-site investigation, but the tax authority should also state the reason to the given person as part of the advice.

To leave or not to leave the door open?

We must stress again that it is the decision of the individual person whether to allow a tax officer to enter the house for an on-site investigation, and if the person refuses, the officer may not force entry. However, under the Tax Code, the entrepreneur and other persons present are obliged to provide necessary cooperation to the tax authority during an on-site investigation – for example, to lend the requested documents and other things necessary for the investigation, to allow recording, sampling, etc.

Refusal to cooperate may have procedural consequences – for example, the tax authority may impose a fine of up to CZK 50,000 on anyone who seriously hinders tax administration during an on-site investigation by failing to follow a tax officer's instructions or, despite a previous warning, disturbing the order or treating the officer in an insulting manner. Where the on-site investigation is conducted, for example, to verify evidence of the taxable entity's statements, refusal to cooperate may result in the taxable entity failing to meet the burden of proof.

However, the tax authority's powers are not unlimited. Therefore, we may encounter situations in which a tax officer is raising demands that go beyond the statutory scope of an on-site investigation. One of them may be a disguised interrogation of the employee present, conducted especially by asking inappropriate questions.

Employees should be properly instructed to ask the tax officer(s) to verify their official identity (their service card), to request the presence of the responsible person or the supervisor (e.g. an internally designated person with more profound knowledge of the tax proceedings), to insist on making a record on site and receiving a copy of it (otherwise, only an additional official record can be prepared, which is entered directly in the file), or to ask the tax officer to allow them to make an audio recording of the ongoing investigation. ■

WE RECOMMEND INSTRUCTING EMPLOYEES AND SETTING UP INTERNAL PROCESSES TO ENSURE THAT THE EMPLOYEE OR THE COMPANY PROVIDES THE TAX AUTHORITY ONLY WITH THE INFORMATION NECESSARY FOR THE ON-SITE INVESTIGATION AND IS AWARE OF THE SCOPE OF THE TAX AUTHORITY'S POWERS.

HAVEL & PARTNERS key contacts for tax litigation:



DAVID KRCH | TAX PARTNER

David has many years of experience in representing foreign corporations operating in the Czech Republic. He provides a comprehensive service to clients, particularly in the area of corporate income tax and VAT, both in the domestic and international context. He is a founding partner of HAVEL & PARTNERS Tax. Previously, he worked in the tax division of PricewaterhouseCoopers, an international consultancy, and has occasionally held lectures at universities.

ALICE ZEMÁNKOVÁ | LEGAL EXPERT

Alice specialises in tax law. She has experience from working for a tax authority, having prepared decisions and documents in appellate proceedings, and has also worked as an expert advisor in the Direct Taxes Department of the Appellate Tax Directorate. She also focuses on administrative law, in particular administrative proceedings and administrative court proceedings, as well as public procurement issues.



HANA ERBOŠOVÁ | ASSOCIATE

Hana has 15 years of experience from working for the General Financial Directorate as a tax administration methodologist. After that, she worked with leading international consultancies (PricewaterhouseCoopers, Deloitte). Since 2018, she has specialised as an attorney-at-law in taxes, international taxation, tax arbitration and tax litigation. She provides clients with comprehensive support in tax audits and other stages of tax proceedings, as well as in proceedings before the courts, including the Supreme Administrative Court.

CZECH COURTS SLOWED DOWN DURING THE PANDEMIC HOW TO MAKE JUDICIAL DECISION-MAKING MORE EFFICIENT?

In 2020, almost the entire state administration slowed down because of the pandemic, and the courts were no exception. Civil proceedings in district courts took an average of over nine months, according to statistics, a total of 18 days longer than the previous year. Even though the courts managed to return to working order relatively quickly after a few weeks of the harshest restrictions, the Czech justice system still needs to speed up.

COMPARED TO EU COUNTRIES, HOWEVER, THE CZECH COURTS ARE NOT DOING BADLY AND HAVE BEEN IN THE TOP QUARTER OF COUNTRIES FOR A LONG TIME. IN CONTRAST, COURTS IN THE NETHERLANDS OR LITHUANIA ARE FASTER AND THE AVERAGE LENGTH OF LITIGATION THERE OFTEN DOES NOT EVEN REACH 100 DAYS.

According to court statistics, there were fewer new litigation matters in 2020 due to the pandemic, but court proceedings took longer. According to the annual report on the state of the Czech justice system published by the Ministry of Justice, the length of civil proceedings increased to 281 days in 2020. In the preceding year, it was 263 days.

Meanwhile, since 2015, the courts have sped up and managed to reduce the length of hearings every year. The lengthening can be attributed, at least partially, to the COVID-19 pandemic. The paradox, however, is that in 2020, courts addressed fewer litigation matters. However, they did not resolve as many as in previous years, which, especially in the courts of first instance, led to prolonged proceedings.

There was a noticeable decline in the number of civil litigation cases, particularly in the spring of 2020 (see the chart – page 30). In the normal course of operation between 2017 and 2019, there was a significant increase in new cases in the month of March, while in 2020, new cases declined. District courts initiated 4,000 to 5,000 fewer new cases per month during that period than in previous years.

But even though judges had fewer cases on their desks, they could not do their jobs as they were accustomed to in a time of constraint. For a time, in-person hearings virtually stopped, judges moved home from their offices, and what the courts did not manage in the spring was hard to make up afterwards. New cases usually decline toward the end of the year, but in December 2020, new cases were nearly 16% higher than the average for the past 5 years.

There's a lot to work on

Compared to EU countries, however, the Czech courts are not that bad and have long been in the top quarter of countries in terms of the length of litigation matters. In the countries at the “bottom of the table” – Spain, Italy, Malta and France – litigation matters last on average three times longer. In the Netherlands or Lithuania, on the other hand, the courts act even faster and the average length of disputes there is often less than 100 days. So, there is still room for improvement.

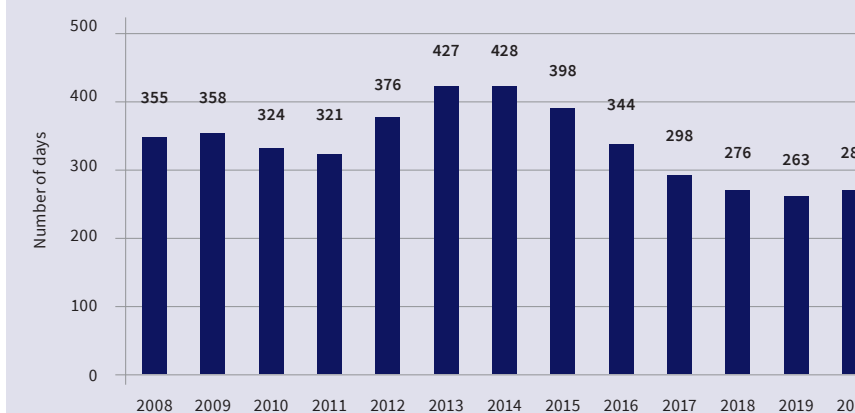
The Civil Procedure Code – the procedural rules governing the courts – has not undergone a comprehensive reform since 1989, unlike other codes such as the Civil Code or the Criminal Code. This may also be one of the reasons why many cases have not been handled efficiently.

However, the pandemic has had one positive effect: the courts and other institutions such as prosecutors' offices and prisons have finally taken videoconferencing in their good graces and started to make more use of it. During the first state of emergency in 2020, the volume of videoconferences was considerable – over 8,000. So, if the courts get used to online proceedings and continue to use them in the future, it could push the Czech justice system forward again and speed up the whole process.

Commercial disputes need specialists
Complex commercial disputes, which we deal with most often at HAVEL & PARTNERS, are not covered by the fig-

COMPLEX COMMERCIAL CASES ALMOST ALWAYS TAKE CONSIDERABLY LONGER THAN THE REPORTED AVERAGE LENGTH OF PROCEEDINGS OF AROUND NINE MONTHS.

Average length of civil proceedings before district courts



Source: Ministry of Justice, Czech Judiciary: Annual Statistical Report 2020

ures from the mentioned statistics. However, we know from our experience that complex commercial cases almost always take much longer than the average length of proceedings of around nine months. There are several factors that delay complex commercial disputes. We consider as the most pressing problem in practice the fact that the judge is not always purposeful in heading towards a judgment. The party that is pulling the short end of the stick in a dispute often abuses various procedural tools to prolong the court proceedings. These may be unfounded objections of local or subject matter jurisdiction, objections of bias, additional interveners, motions for exemption from court fees, etc.

A good judge will detect and reject such tactics. This does not always happen. Proceedings are then prolonged and made more expensive – witnesses tend to be ill and the hearing is adjourned because of them, and after one expert opinion a second and a third revisions are proposed. In any case, it is always a question of finding a balance in individual cases. A number of judges are doing well, and the overall trend is improving.

Even so, the question is whether commercial disputes deserve more specialisation. They could be tried by specialised judges who do not try divorce cases in the morning and, for example, a complex, in terms

of evidence and knowledge, construction liability case involving billions of crowns in the afternoon.

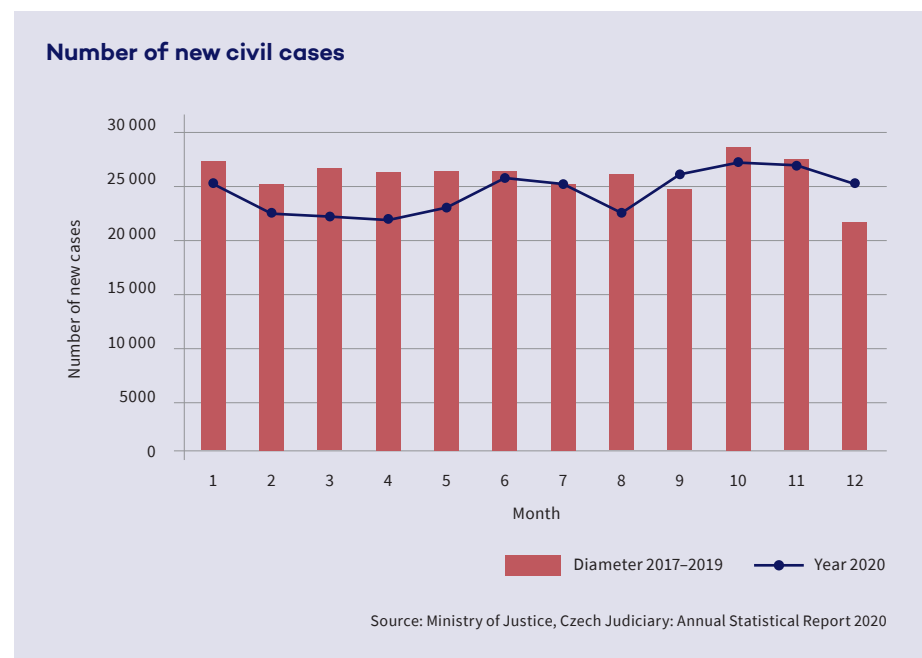
Clearly, concisely, understandably

Compared to the Western world, our culture of legal writing is still lagging behind, and litigation is based on it. However, legal texts do not always meet the high standards of quality and clarity that should be a matter of course.

At HAVEL & PARTNERS, we have colleagues with doctorates from prestigious foreign universities who have long focused on the comprehensible writing of legal texts. We strive to write concisely, factually and persuasively, and also systematically teach this to our junior colleagues. We are convinced that the Czech judiciary as a whole will benefit from the gradual cultivation that is already taking place, which to some extent involves a generational change. In our experience, the direction is positive.

Arbitration as an alternative

There is also an alternative in the field of commercial dispute resolution. If you find ordinary disputes slow and inefficient, you have the option of agreeing to arbitration with the counterparty during the preparation of the contract or even later.



In arbitration, the parties choose the arbitrators; so, you can choose experts with extensive experience in the field to decide a complex matter. Arbitration is generally faster and also non-public, so major clients face minimal reputational or trade secret

risk. Compared to court proceedings, this process is more flexible, and the parties have greater ability to influence it.

HAVEL & PARTNERS' key contacts for litigation and arbitration:



JAN ŠTURM | PARTNER

Jan is a leading specialist in dispute resolution before civil courts and in arbitration proceedings. He has participated in the resolution of disputes worth in total tens of billions of Czech crowns; he represents clients mainly in legally and technically complex cases, including those involving foreign elements. Jan is a listed arbitrator with the Vienna International Arbitral Centre (VIAC), the London Court of International Arbitration (LCIA), and the Arbitration Court attached to the Economic Chamber of the Czech Republic and the Agricultural Chamber of the Czech Republic.

MAREK VOJÁČEK | PARTNER

Marek advises major Czech, Slovak and international corporations and natural persons in connection with comprehensive disputes, including disputes relating to mergers and acquisitions. He also specialises in disputes involving insolvency aspects, and also advises on bulk sales and the collection of debt portfolios. The international rating publications PLC Cross-border, IFLR 1000, Chambers Europe and European Legal Experts recommend Marek as a leading legal expert in dispute resolution and commercial law.



DUŠAN SEDLÁČEK | PARTNER

Dušan represents Czech and foreign clients both as claimants and defendants. In the area of litigation and arbitration, he handles disputes arising from comprehensive transactions and other complicated legal cases. Dušan is an arbitrator at the Arbitration Court attached to the Economic Chamber of the Czech Republic and the Agricultural Chamber of the Czech Republic. He also acts as a mediator. He is recommended by the international rating publications IFLR 1000 and Chambers Europe as a leading expert in dispute resolution.

CRIMINAL LAW



FACING CRIMINAL PROSECUTION? HOW ABOUT MAKING A DEAL?

A PLEA BARGAIN CAN BE AN EFFECTIVE AND QUICK SOLUTION TO A REAL PROBLEM. HOWEVER, IT HAS ITS RISKS AND LIMITS AND SHOULD BE FAVOURABLE TO THE ACCUSED, OTHERWISE IT LACKS MEANING.

Criminal prosecution is an extreme crisis situation for everyone. Not only does it affect individuals, but also companies to almost the same extent. In such situations, the alternative to a public trial and a more or less uncertain verdict may be a plea bargain.

The consequences of criminal proceedings are very often drastic and irreversible. Blocked accounts, seized cars and houses, documents and data. Suspects face many questions; they are confronted with what they said to someone on the phone or wrote in an e-mail. But still, it is a legal liability that has a process for resolution.

The one against whom the proceedings are brought has means to defend themselves. One of these options is a plea bargain entered into with the prosecutor with the court's approval. This can be an alternative solution to a public trial with an uncertain verdict.

Drawing a line under criminal proceedings

You may know it from American movies. Agents come in, take the unfortunate person to the District Attorney who offers them a deal for money and cooperation. But it looks a bit different in practice. In some cases, it is actually an effective and quicker final solution, and quite often we actually choose this procedure as part of the defence. However, nothing is for free in criminal proceedings either. The essence is the agreement between the defendant and the prosecutor, which ends the criminal proceedings for the person concerned, if approved by the court. However, one must always consider very carefully whether to accept a plea bargain, because it has its risks and limits.

The main thing that is usually forgotten is that in a plea bargain, the defendant pleads guilty to doing exactly everything that is written in the indictment. One cannot speculate that some facts did not happen and try to adjust them. The agreement then has the effect of a conviction, is approved by the court, and a judgment is delivered about it. The conviction is also recorded in registers. As a result, it is not an unofficial solution made in an office. And the possibility of appeal is significantly limited. One

can only appeal in principle if the sentence does not correspond to the agreement.

However, it can happen and does happen that the court does not approve the agreement if for some reason it does not comply with the situation and regulations. This should also be kept in mind. Therefore, any efforts to negotiate a plea bargain with the prosecutor over an inappropriate sentence are futile.

A PLEA BARGAIN HAS THE EFFECT OF A JUDGMENT OF CONVICTION, IS APPROVED BY THE COURT AND THE CONVICTION IS ALSO SHOWN IN REGISTERS.

Compromise solution

The agreement is preceded by a meeting between the defendant and their defence counsel and the prosecutor. Until now, the practice has been that prosecutors have strongly refused any contact with the defendant outside the filing offices. And for nearly a year now, they have been learning to communicate with us. Negotiations are necessary because it is required to first establish the willingness of both parties to enter into a deal and then also to negotiate its parameters. Basically, it is the same way of making agreements as in the civil sector.

It must be a compromise solution, yet within the relatively rigid rules of criminal law. These rules are still very inflexible in defining the types and, in particular, the

terms of punishment that must be accommodated. This shows that a solution must be found: by combining options, replacing a prison sentence with a heavier fine, highlighting any positive circumstances on the part of the defendant, acting fairly.

On the other hand, there is a risk that a plea bargain will only be an option for the prosecutor if accepted by the defendant in the full scope of the accusation and if compliant with the statutory range of criminal penalties. In practice, for example, prosecutors are giving up the idea of replacing a prison sentence with some alternative because they consider it too lenient.

In short, a plea bargain is an agreement between two parties. This all is undertaken in the complex system of criminal law, with persons on the other side who make their living solely from criminal law. Therefore, the defendant should act with the support of a professional. Finally, it is also worth remembering that a plea bargain does not have to be accepted at all costs, even though both parties have considered or dealt with it. In fact, in many cases, after considering all the circumstances, it is better to defend oneself in due process to achieve a better result.



Key contact for criminal law:



FILIP SEIFERT | ATTORNEY-AT-LAW, SEIFERT A PARTNEŘI

Filip Seifert is the founder and a partner of SEIFERT A PARTNEŘI, a law firm with which HAVEL & PARTNERS cooperates on an exclusive basis in criminal law. He has more than 23 years of practice in this field. He has extensive experience in defending or representing the injured, including corporate criminal liability and related compliance issues. Filip Seifert is the founder and member of the Presiding Committee of the Union of Defence Attorneys.

SLOVAKIA

INTRODUCTION OF THE SLOVAK OFFICE OF HAVEL & PARTNERS

The Slovak office of HAVEL & PARTNERS has been operating in Bratislava for over ten years. Currently, it is one of the six offices forming an integrated unit of the HAVEL & PARTNERS law firm and the main contact point not only for Slovak clients but also for Czech and foreign clients doing business in Slovakia.

Key contacts:

Jaroslav Havel,
Ondřej Majer,
Robert Neruda,
Štěpán Štarha

Zuckermandel Centre
Žižkova 7803/9
811 02 Bratislava



In 2016, 2017, 2019 and 2020, the Bratislava office was included in the prestigious ranking of the ten largest law firms in Slovakia, which is compiled annually by The Slovak Spectator in cooperation with SME daily and FinStat.

2008

Bratislava office established in 2008

30

30 experienced Slovak lawyers



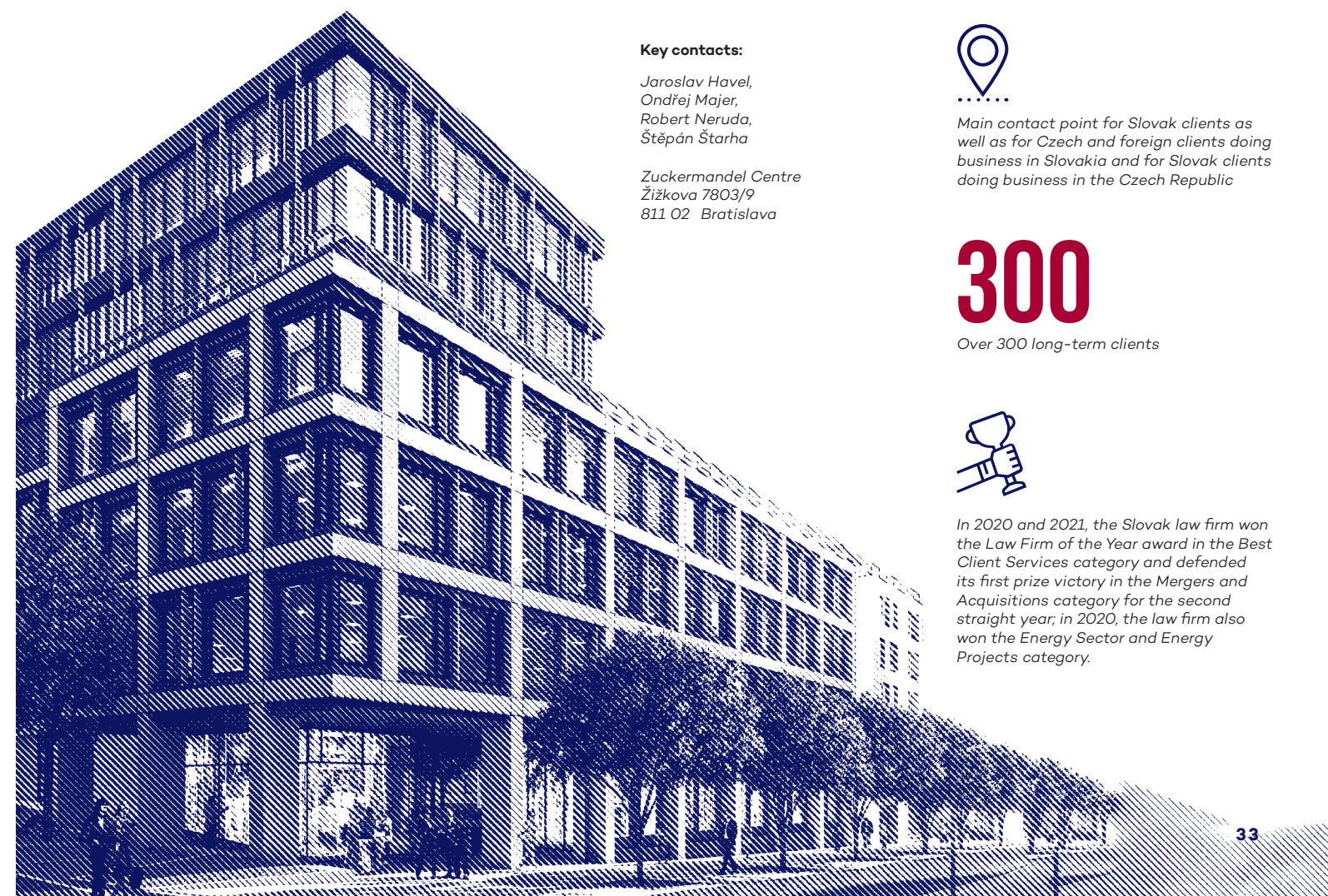
Main contact point for Slovak clients as well as for Czech and foreign clients doing business in Slovakia and for Slovak clients doing business in the Czech Republic

300

Over 300 long-term clients



In 2020 and 2021, the Slovak law firm won the Law Firm of the Year award in the Best Client Services category and defended its first prize victory in the Mergers and Acquisitions category for the second straight year; in 2020, the law firm also won the Energy Sector and Energy Projects category.



E-SPORT: WHEN BUSINESS IS A GAME

The economic results of the gaming industry are significantly challenging the established view of e-sports as a limited investment and business opportunity in our latitudes. E-sports has become an investment colossus, with revenues expected to surpass EUR 670 million in 2023 in the European market alone. This indicates the potential for which it is worth getting involved in the game.

**AT HAVEL & PARTNERS,
WE HAVE BEEN
MONITORING THIS MARKET
FOR A LONG TIME AND WE
HAVE THE NECESSARY
KNOW-HOW TO MAKE
SURE THAT NO ONE PLAYS
US OR OUR CLIENTS.**

The professional playing of computer games via electronic devices, i.e., electronic sports or e-sports, originated in the 1980s. The first e-sports tournament, where players competed in the Space Invaders game, is considered to be the origin of e-sports. This tournament was won by a female player, only 16 years old, whose success was watched by four thousand viewers at the time. 40 years later, hundreds of thousands of viewers are watching similar tournaments.

Live advertising

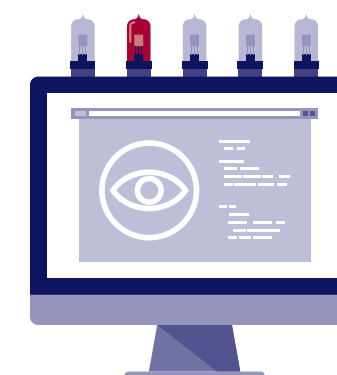
According to statista.com, a statistics portal, sponsorships have been the most profitable part of the e-sports market in 2021. More and more businesses are leaning towards promoting their brand via e-sports tournaments, their live-streaming, but also through sponsoring the teams themselves.

Companies whose target consumers are men under 30 are catching this wave in a big way. These include large technology companies such as Intel Corporation, car companies such as Mercedes-Benz or, in the Slovak context, energy drink producers whose brands are promoted by players directly on their T-shirts or by consuming them.

However, there are also a number of risks associated with sponsoring e-sports teams, such as the social behaviour of players may harm a company's reputation. This as well as other risks can be significantly reduced by a well-chosen sponsorship agreement. A slightly safer option is to sponsor e-sport events such as the Intel Extreme Masters, but even this cannot be done without a properly set-up contract model.

Investing in the future of entertainment

If you consider associating a business name with a particular team or event to be risky, investing in e-sports itself can be taken into account. For example, the VanEck Vectors Video Gaming and eSports ETF, an index fund, was launched in 2019, and tracks the performance of several e-sports companies, such as Nvidia and Activision Blizzard.



THERE ARE ALSO A NUMBER OF RISKS ASSOCIATED WITH SPONSORING E-SPORTS TEAMS, FOR EXAMPLE, THAT SOCIAL DISPLAYS BY PLAYERS MAY HARM A COMPANY'S REPUTATION. THESE RISKS ARE MITIGATED BY A WELL-CHOSEN SPONSORSHIP AGREEMENT.

Unlike other index funds, the eSports ETF grew in the tens of percentages during the pandemic, from March to September 2020, and a decline in interest in this area is certainly not anticipated over the next decade.

Exclusively non-television business

The second-largest share of the global e-sports market comes from media or broadcasting rights revenues. In the Czecho-Slovak market, specific revenues are not public information due to the

relatively clear position of the largest local e-sports broadcaster, Twitch Interactive, Inc. By comparison, in China, the world leader in e-sports revenues, competition is more visible. An example is the value of the contract between HUYA and TJ Sports for exclusive broadcasting rights to League of Legends tournaments. In this case, the contract was valued at approximately USD 310 million.

Develop and licence

A separate part of e-sports is the video games market itself, which according to statista.com has a market share of USD 2 billion. This market includes companies such as SciPlay, which develops games such as Jackpot Party Casino, Activision Blizzard with Call of Duty and World of Warcraft, and the manufacturers of the devices on which video games are played, such as Nintendo.

A successful business strategy in this area has been demonstrated by Riot Games, which, as the successful developer of the League of Legends video game, has retained all rights to the video game. Thus, if an organizer wants to hold a tournament in this video game, or if a broadcaster wants to broadcast it, they have to "purchase" the relevant rights and licences from Riot Games. This practice, based on a business-oriented legal analysis and anticipatory contractual setup, is also the reason why Riot Games surpassed the USD 100 million revenue threshold for its three largest video games a few months ago.

Visions and challenges

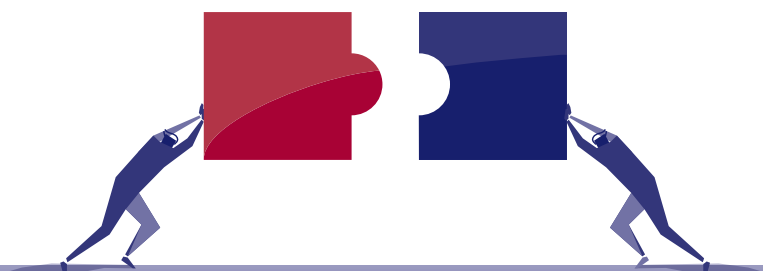
The Czech e-sports market is estimated to be worth CZK 50 million and has grown sixfold in the last six years and the growth rate is gradually accelerating. In Slovakia, despite insufficient statistics, the same can be relied on for at least medium-term growth.

HAVEL & PARTNERS has a stable team in this area, ready to advise on setting up licensing agreements with broadcasters of tournaments or events, contractual arrangements for sponsoring teams or events, copyright protection for developers, as well as other areas necessary for success in the e-sports market.



Štěpán Štarha | Partner
Róbert Gašparovič | Associate
Martina Rievajová | Junior Associate

WHEN SUCCESS CONNECTS...



One of the key cornerstones for HAVEL & PARTNERS is a long-term strategic partnership with its clients. The relationship between the law firm and the client goes far beyond the provision of legal and tax services and, moreover, leads to a very close, systematically forged and confidential business relationship. Along the line of our motto “Connected through success”, such relationship is beneficial for both parties.

Please accept our invitation to a distinguished company of selected clients alongside whom we have been growing for a number of years. These include top companies in individual business fields but also other companies that are exceptional thanks to their products, services or owners, including the champions of the future. Being the market leader,

we select these clients on our own and we gradually form strategic partnerships with them. Building trust and loyalty, which is one of our core values, takes months to years but brings demonstrable benefit and a major competitive advantage to everyone.

On the occasion of our 20th anniversary, we have dedicated the series called When

success connects to our clients, in which we present their success stories. The last issue featured the first six inspiring stories of our clients. In this issue, we will bring you more stories – this time about how a family business turned into a prominent Central European company, a leader in the insurance and risk management business.

NUTREND

A synonym for success and continuous growth

ACCOLADE

A modern fund with a sustainable future in mind

ROHLÍK

Gets ahead of the pandemic and is now expanding across Europe

CREDO VENTURES

A global player in the start-up market that knows the winners in advance

MTX GROUP

An industrial holding company with a family tradition and their eye on the goal

SEKYRA GROUP

A developer that gives cities a new look



RENOMIA Top risk management and insurance solutions with family values

For 28 years since its establishment, the Czech company RENOMIA has developed into a major Central European insurance and risk management company. Today it is a company with a global reach that has grown on family values and perfect service for businesses and individuals. As business partners of RENOMIA, we have the opportunity to be part of this inspiring development.

Since its establishment, RENOMIA has been built on sharing common family values such as good relationships, service, reliability, development, and enthusiasm. In 1993 the company was founded by Jiřina Nepalová and her sons Jiří and Pavel. It is therefore a family business, even though in 2019, one of the market leaders, the US-based company Gallagher, which was founded and is still managed by the Gallagher family, became one of its minority shareholders.

“About ten years ago I read a very inspiring interview in the media with the founder of RENOMIA, Mrs Jiřina Nepalová. This was followed by a personal meeting with her and her sons who are my age and the age of the other founders of HAVEL & PARTNERS. Not only that, but above all, we shared a similar view of business and a vision to build a renowned Central European firm with top-notch service,” recalled managing partner Jaroslav Havel on the



During its existence, RENOMIA has gained a lot of professional experience, undergone innovations, and transformed into a successful professional company with an international presence. It manages insurance programs for its clients in the CEE region with a total premium of over CZK 14 billion and coordinates hundreds of international insurance programs on virtually every continent. It also settles over 100,000 insurance claims annually. It employs 1,500 experienced professionals who help companies from various industries to defend their interests and achieve excellent business results.

beginnings of mutual cooperation. And it was to offer clients and colleagues the best possible facilities and working environment that we and RENOMIA moved to the then brand-new prestigious office premises in the Florentinum in Prague in 2014.

“I remember my first meeting with Jaroslav very well. He was full of energy and desire to build a top and large law firm with the ability to provide services to clients from all industries anywhere in the world. I am very happy that he and his team have succeeded in fulfilling this goal and that our company can use HAVEL & PARTNERS’ services in its international development,” said Jiří Nepala, RENOMIA’s managing partner.

At HAVEL & PARTNERS, we also use RENOMIA’s top-quality services, not only in the area of corporate or professional insurance; many of our colleagues also handle their private matters with RENOMIA. And vice versa – not only RENOMIA, but also the Nepal family and other members of the company’s management use the legal and tax advice of our law firm.

However, our strategic partnership is not only in the Florentinum, but also in other cities in the Czech Republic and Slovakia where our companies have offices. We also work closely together in the areas of trade, marketing, and client events. “We are also united by the fact that both our companies set trends in their respective fields and are constantly developing their services, whose added value is comprehensive solutions and maximum comfort for the client,” added Jaroslav Havel.



REAL ESTATE SPIRAL IN BRNO PRICES CLIMBING UPWARDS

New apartments in Brno are becoming more expensive than in Prague. Their prices have doubled in the Moravian capital in the last five years. Developers, architects, investors and representatives of real estate funds and consulting firms discussed the reasons for this and how the market situation in the South Moravian region will continue to develop at the Real Estate Forum 2021, organised by HAVEL & PARTNERS in Brno.



From left: Viktor Poledník (Department of Land Use Planning and Development of the Municipality of Brno), Marek Vinter (Association of Brno Architects and Builders), Jiří Václavek (presenter), Jan Kasl (Czech Chamber of Architects), František Korbel (HAVEL & PARTNERS)

Marcel Soural (with microphone) and to his left Robert Robek



“In the last five years, prices have doubled in Brno, while in Prague it took ten years,” said Marcel Soural, founder and owner of Trigema. Prices were rising even during the pandemic. People were motivated to buy real estate by cheap mortgages. “The interest in residential real estate was driven by the need to secure oneself and take advantage of incredibly cheap money,” confirmed Prokop Svoboda of the real estate agency Svoboda & Williams.

Moreover, there is a shortage of real estate in the region and demand is still exceeding supply. As in the rest of the country, new construction is held up by lengthy permitting processes, and in Brno investors are also waiting for the approval of a new zoning plan.

IN BRNO, NEW APARTMENTS ARE CURRENTLY BEING SOLD FOR AN AVERAGE OF CZK 120,000 PER M². IN THE SOUTH MORAVIAN REGION, IT IS APPROXIMATELY CZK 100 THOUSAND PER M².

Experts are trying to find the answer to the question of when the interest will subside, and the steep price growth will stop. “Since there are few apartments, the interest will continue. This is also evidenced by funds that are focused on residential construction – they are noticing high demand,” said Robert Robek, investment director at AVANT investiční společnost.

However, inflation, which is around 5%, could have a say in real estate prices in the coming months. The question is whether it will not impede prices itself and determine where the ceiling actually is. “We are far from it,” argued Tomáš Vavřík, founder of development company DOMOPLAN. “Demand is still unsatisfied and until



Real Estate Forum 2021
The idea of organizing a Real Estate Forum focused on selected trends in the real estate market, current and specific projects and real estate topics in Brno and the South Moravian region originated three years ago at the law firm HAVEL & PARTNERS, which invited other important partners to co-organize it. Thanks to the exceptional composition of partners and speakers, the environment, organisation and media coverage, the forum has become the largest and most significant real estate event in Moravia.

On stage from left: Viktor Poledník (Department of Land Use Planning and Development of the Municipality of Brno), Marek Vinter (Association of Brno Architects and Builders), Jiří Václavek (presenter)



Robert Robek (AVANT investiční společnost)

From left: Milan Kratina (Accolade), Prokop Svoboda (SVOBODA & WILLIAMS), Petr Hromádka (Henceforth)

construction processes are activated, which will not be before five years, growth will continue," he added.

The new Building Act was supposed to help speed up the permitting process for structures. According to František Korběl of HAVEL & PARTNERS, co-author of the government draft law, the new regulation simplifies the permitting process. "It's one procedure, one stamp, one process." However, he expressed concern over whether the new law will even be put into practice after the elections.

From homes to offices and from own housing to rental
Experts predict that a strong rental market will emerge as a result of the current situation. More and more people will not be able to afford their own housing, so renting will be the solution. And during the pandemic, the office space market has also had to cope with significant changes. Brno is specific in this segment; the local office space market focuses on shared service centres. These are companies that needed large offices before the pandemic and are now dealing with how to bring people back from home offices or how well the combination of home and office work will work.

"Even if the plan is to reduce the number of people in offices, it does not necessarily mean a reduction in the number of square metres of leasable area," said Lukáš Netolický of Cushman & Wakefield. Both tenants and landlords are trying to create as nice a space as possible to lure people back to the offices. This creates various informal zones, spaces for sports, relaxation places. Developers who want to succeed on the market must respond to this new trend and increasingly offer more flexible office models, which have also been in great demand in recent months.

Legal market in the Czech Republic

We present league charts ranked by the number of lawyers and revenue on the basis of data provided for the Law Firm of the Year 2021 awards, source: epravo.cz

Ranking of law firms by the number of lawyers

Ranking	Name	Number of Lawyers
1	HAVEL & PARTNERS	220
2	Deloitte Legal	97
3	PRK Partners	84
4	ROWAN LEGAL	74
5	CÍSAŘ, ČEŠKA, SMUTNÝ	67

Ranking of law firms by revenue

Ranking	Name	Revenues in 2020 (in millions of CZK)
1	HAVEL & PARTNERS	933
2	Dentons	764 ¹
3	Rödl & Partner	517 ²
4	Deloitte Legal	312
5	PRK Partners	303

¹ The amount also includes services provided outside the Czech Republic.
² The amount includes not only revenues from legal services.





We run for a good cause: RUN AUT, Teribear, night run for Světluška

Autumn is traditionally the season for charity runs. First, as part of the RUN AUT run organized by the AutTalk Foundation, we raced in support of families caring for autistic children. Then we joined the Teribear sports charity event organized by the Tereza Maxová Foundation, which helps abandoned and endangered children. We finished our running “triathlon” with a night run for Světluška, during which we try to “light up” the lives of blind and partially sighted people. A hundred participants put on their running shoes for HAVEL & PARTNERS for a good cause and ran over a thousand kilometres.

Wait a minute, I’m collecting clothes!

For the fifth year now, we have been introducing the idea of sustainable fashion into our wardrobes and organising charity collections of clothes and other items across our offices, which we then send for reuse. We work with MOMENT ČR, a charitable second-hand clothing company that runs charity second-hand shops – bringing used items back to life, selling them and sending the proceeds to those in need. From our autumn clothing collection, we supported the Ondrášek Mobile Hospice, which provides palliative care for terminally ill children and adults, the Žebřík day hospital for people with disabilities, the Society for Early Care, which helps families with disabled children, Kola pro Afriku (Bikes for Africa) and the CCBC (Czech Coalition for Biodiversity Conservation), which works in the field of biodiversity conservation and development aid.



We help South Moravia



South Moravia was hit by a catastrophic tornado at the end of June, which left several villages completely devastated. A huge wave of solidarity immediately swept across the country, and we sailed on it. We helped primarily through the Via Foundation, with whom we have been working on community projects for

many years. We have contributed financially to its fundraising efforts, provided pro bono legal assistance to some of the affected villages, and together with the Faculty of Law at Masaryk University in Brno we have set up a legal clinic to provide free legal advice to local residents. And because there is still a lot of work to be done in South Moravia, we have decided to donate another CZK 100,000 to help. At the Real Estate Forum conference we organise in the South Moravian capital we handed over a charity cheque for this amount to the foundation’s director Zdeněk Mihalec.

New Hair!

One of the pillars of our pro bono activities is engaging non-profits to work with us as our service or product suppliers. Nové Háro (meaning new hair in Czech) is a beautiful example of this. After helping us financially last year, this year we ordered golf balls for ourselves and our clients from their e-store. And they are beautiful! The non-profit association Nové Háro helps children in cancer treatment feel as “normal” as possible. It collects hair from donors and uses it to



make customized wigs for specific children. The great advantage is that the wig fits perfectly, and looks natural. Check out the Nové Háro e-shop too, you’ll find lots of tips for lovely gifts there!

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 five times in the last seven years, receiving the main award **Domestic Law Firm of the Year in the Czech Republic** (2015, 2017, 2018, 2020, 2021) and ranking among the most recommended law firms in all sector categories. HAVEL & PARTNERS is also a fivetime winner of the **Law Firm of the Year award for Best Client Services** (2015, 2016, 2019, 2020, 2021) and received the same award in Slovakia (2020, 2021).

HAVEL & PARTNERS was named the best law firm operating in the Czech Republic by the prestigious global rating agencies **Chambers and Partners** (2020, 2021) and **Who’s Who Legal** (2018, 2019).

In the field of M&A, HAVEL & PARTNERS ranks among the best law firms in the Czech Republic. As part of the **Law Firm of the Year** competition, it won this category both in the Czech Republic (2019, 2020, 2021) and in Slovakia (2015, 2020, 2021).

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 Czech Republic since 2010. Based on the number of completed transactions, HAVEL & PARTNERS is also the top law firm in the region of Eastern Europe according to the foreign ranking **Refinitiv** (2019). 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.



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