

GENERAL TERMS AND CONDITIONS OF CONTRACT FOR SERVICES BLRT-1014

Table of contents

1. General provisions	1	15.11. [Correction of defects after the expiry of the Warranty Period]	8
2. The scope of contract for services	2	16. Price and payment procedure	8
3. The site of contract for services	2	16.1. [The price of a contract for services]	8
3.1. [General provisions]	2	16.2. [Taxes]	8
3.2. [Countries where contract for services may be performed]	2	16.3. [Deductions from the price of a contract for services]	8
3.3. [The Contractor's access to the site of the contract, working area]	2	16.4. [Payment procedure]	8
3.4. [The Customer's access to the site]	2	16.5. [Penalty for late payment]	9
3.5. [On-site safety measures]	2	17. The Contractor's performance bond	9
4. General organisation of works	2	18. The Contractor's liability insurance	9
4.1. [Administrative permits]	2	19. Force Majeure and hardship	9
4.2. [General co-ordination of works on the site of contract for services]	2	20. Liability of the Parties	9
4.3. [Equipment, offices, accommodation units]	2	20.1. [The scope of the Contractor's liability]	9
4.4. [Power and water supply]	3	20.2. [Liability to employees]	9
4.5. [Work wear]	3	20.3. [Contractual penalty for the violation of the rules of performance of a contract for services]	9
4.6. [Occupational health and safety]	3	20.4. [Contractual penalty for the non-suitability of the Contractor's personnel]	9
4.7. [Employees of the Contractor]	3	20.5. [Contractual penalty for the absence of the Contractor's liability insurance]	9
4.8. [Representatives of the Parties]	3	20.6. [Contractual penalty for the Contractor's failure to meet deadlines]	9
4.9. [Meetings between the Parties]	3	20.7. [Liability of the Contractor's employees]	9
4.10. [Reporting and accompanying documentation]	3	20.8. [Payment of contractual penalty and performance of obligations]	9
4.11. [No sub-contracting]	3	21. Right of security of the Contractor	9
5. Projects, engineering solutions, calculations	4	22. Contract Period	9
6. Quality	4	23. Early termination of contract	10
6.1. [Quality of work]	4	24. Resolution of disputes	10
6.2. [Materials and equipment]	4	25. Applicable law	10
7. Period of contract for services. Causes to extend the period of contract for services	4	26. Final provisions	10
8. Instructions of the Customer	5	26.1. [Amendment of contract]	10
9. Suspension of contract for services	5	26.2. [Confidentiality]	10
10. amendment of contract for services	6	26.3. [Notices]	10
11. Correction of defects before the completion of works	6	26.4. [Validity of prior agreements]	10
12. Acceptance of works	6	26.5. [Expenses for the preparation of, and entry into, a contract]	10
13. Transfer of risks and ownership	7	26.6. [The right to determine the procedure for exercising rights]	10
14. Correction of defects after the delivery of works	7	26.7. [Assignment of claims]	10
15. Warranty	7	26.8. [Severability]	10
15.1. [Warranty Period]	7	26.9. [Anti-corruption provisions]	10
15.2. [Extension of the Warranty Period]	7	26.10. [Interpretation of contract and the order of precedence of annexes]	11
15.3. [Suspension of the Warranty Period]	7	26.11. [Provisions to remain in force after the expiry of contract]	11
15.4. [Warranty Inspection]	7	26.12. [Copies of contract]	11
15.5. [Warranty tests, tests to discover defects]	7	26.13. [Annexes to master contract]	11
15.6. [Notice of defect]	7	26.14. [Entry into force of the General Terms and Conditions]	11
15.7. [Warranty obligations of the Contractor]	8		
15.8. [Reduction of price]	8		
15.9. [Limitation of warranty]	8		
15.10. [Violation of warranty obligations by the Contractor]	8		

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1. GENERAL PROVISIONS

- 1.1. These general terms and conditions (hereinafter the "**General Terms and Conditions**") apply to the award and performance of contracts for services with companies belonging to BLRT Grupp (hereinafter the "**Customer**").
- 1.2. The Parties to a contract for services are the Customer and the Contractor as specified in a master contract and/or the corresponding local contract (hereinafter the "**Contractor**").
- 1.3. The Customer and the Contractor are hereinafter jointly referred to as the "**Parties**" and severally as a "**Party**".
- 1.4. The Parties, at their discretion, may agree upon the list of works and services to be performed or provided by the Contractor in Annex 1.4. The Parties shall agree upon the terms and conditions of separate services in a local contract.
- 1.5. These General Terms and Conditions:
 - 1.5.1. shall be an integral part of any master contract and/or local contract for services between the Parties, unless otherwise agreed by the Parties;
 - 1.5.2. shall be the general terms and conditions of a contract for services for the Customer;
 - 1.5.3. may be amended fully or in part by a master or local contract in the course of negotiations (Clause 1.12 ниже);
 - 1.5.4. shall prevail with regard to the general terms and conditions applied by the Contractor, unless expressly agreed otherwise.
- 1.6. A contract for services between the Parties shall consist of the following documents (hereinafter the "**Contract Documents**"):
 - 1.6.1. These General Terms and Conditions;
 - 1.6.2. Master contract between the Parties;
 - 1.6.3. The Quality and Environmental Management System as well as other instructions and procedures applicable in BLRT Grupp (Clause 1.10);
 - 1.6.4. Local contract (Clause 1.13);
 - 1.6.5. The list of orders in the case of multiple orders;
 - 1.6.6. The bill of quantities and/or the cost estimate of the services and/or the price list of works and materials (if applicable);
 - 1.6.7. Other specifications (if applicable);
 - 1.6.8. Time schedule of works (the performance of the contract for services);
 - 1.6.9. Drawings attached to the local contract (if applicable);
 - 1.6.10. The Customer's instructions.
- 1.7. The following documents shall be prepared during the performance of a contract for services:
 - 1.7.1. A time sheet if the Customer has not expressly waived the respective claim;
 - 1.7.2. Minutes of meetings (Clause 4.9);
 - 1.7.3. Work acceptance certificates (Clauses 12.8 and 12.9);
 - 1.7.4. Mechanical condition reports, including measurement logs;
 - 1.7.5. The Contractor's invoice (Clause 16.4);
 - 1.7.6. Other documents separately provided for in the local contract.
- 1.8. The Parties have the right to exclude or waive the execution of a certain Contract Document set out in Clause 1.6 выше, if the excluded document is not reasonably required.

- 1.9. The Parties may elect not to enter into a master contract. In such a case, the terms and conditions of the contract for services shall be governed by the local contract and other Contract Documents.
- 1.10. All the documents of the Quality and Environmental Management System, code of conduct, internal working regulations, environmental, fire and electrical safety rules, risk analysis and other corresponding instructions and procedures applicable on the premises of BLRT Grupp that are binding for the Parties under the General Terms and Conditions have been listed in Annex 1.6.3 to a master contract (hereinafter also the "**Procedures of BLRT Grupp**").
- 1.11. Upon the entry into a contract the Contractor shall represent that it has received the Procedures of BLRT Grupp, it is fully aware of the Procedures of BLRT Grupp and undertakes to comply with the said procedures according to the contract. The Parties shall not attach the Procedures of BLRT Grupp to a master or local contract. The Contractor is entitled to request any time a copy of any Procedure of BLRT Grupp specified in Annex 1.6.3.
- 1.12. In the case of a contradiction between the provisions of various Contract Documents, the Parties shall be governed by the following principles:
- 1.12.1. in the case of a contradiction between the General Terms and Conditions and a master contract, the Parties shall proceed from the master contract;
- 1.12.2. in the case of a contradiction between a master and local contract, the Parties shall proceed from the local contract;
- 1.12.3. in the case of a contradiction between a local contract and drawings, the Parties shall proceed from the drawings;
- 1.12.4. in the case of a contradiction between Contract Documents and specific instructions of the Customer, the Parties shall proceed from the specific instructions of the Customer, unless the Customer's instructions infringe on the rights of the Contractor arising from the contract;
- 1.12.5. in the case of a contradiction between other Contract Documents, the Parties shall proceed from the actual intent and the purpose of the master contract, and they shall interpret the contract according to the rules provided for in applicable law.
- 1.13. In a local contract, the Parties shall provide for the following:
- 1.13.1. the scope and type of works and/or other services (the contract for services) (Clause 2);
- 1.13.2. the labour input under the contract for services (the number of man-hours) (Clause 2.3);
- 1.13.3. the site of the contract for services (Clause 3);
- 1.13.4. the place of the performance of the contract for services;
- 1.13.5. which Party shall prepare drawings and calculations for the performance of the contract for services;
- 1.13.6. if necessary, the list of drawings according to which the contract for services shall be performed (Clause 5);
- 1.13.7. the list of normative documents (standards, technical specifications, quality control plans) setting the requirements for the quality of the services provided, the name of a classification society or another supervisory agency whose requirements are applicable to the repair of a specific object (Clause 6);
- 1.13.8. the period of the contract for services (Clause 7);
- 1.13.9. the price of the contract for services, including the unit price of the services (Clause 15.10);
- 1.13.10. the type of the cost estimate of the contract for services (fixed or flexible);
- 1.13.11. the list and prices of materials provided by the Customer (if any);
- 1.13.12. the period of warranty provided by the Contractor (Clause 14.3);
- 1.13.13. the amount of the penalty payment for the late delivery of works (Clause 20.7);
- 1.13.14. the name of the Contractor's insurer and the minimum amount of the Contractor's liability insurance (Clause 18);
- 1.13.15. the details of the Parties' representatives during the performance of the contract for services (Clause 4.8);
- 1.13.16. annexes to the local contract (Clause 1.5.2);
- 1.13.17. other terms and conditions provided for in the master contract or the General Terms and Conditions or an agreement between the Parties.

2. THE SCOPE OF CONTRACT FOR SERVICES

- 2.1. The Customer shall order from the Contractor and the Contractor shall perform works and services on certain sites or provide other services as ordered by the Customer (hereinafter the works and services referred to as the "**services**"), proceeding from the requirements stipulated in the Contract Documents and the normative and technical documentation of the Customer and on the basis of the Contract Documents as set out in Clause 1.6 выше herein.
- 2.2. The total scope of services, including the list of works, shall be provided for in a local contract as well as in other Contract Documents.
- 2.3. A local contract may specify the labour input under the contract for services, i.e. the number of man-hours required to perform the works, as well as the price of one man-hour. The labour input under the contract for services is indicative, unless otherwise agreed by the Parties. The

Contractor shall be liable for providing false information about the labour input according to Clause 16.3.1 ниже.

3. THE SITE OF CONTRACT FOR SERVICES

3.1. [General provisions]

The site of a contract for services shall be premises, building, vessel or other site(s) specified in the local contract on which the Contractor performs the works provided for in the local contract.

3.2. [Countries where contract for services may be performed]

Unless otherwise agreed by the Parties, the Contractor shall be able to perform works for the Customer in the following countries: Estonia, Lithuania, Latvia and Finland.

3.3. [The Contractor's access to the site of the contract, working area]

3.3.1. The Customer shall provide or ensure access to the site of the contract for services to the Contractor's representatives and employees by the date of the commencement of works stipulated in the local contract.

3.3.2. If the access has not been provided in due time, the Contractor has the right to demand the extension of the works completion deadline by the duration of the delay.

3.3.3. At the Customer's request, the Contractor shall provide the Customer with personal data of its representatives and employees to prepare entrance passes and other permits to access the site of the contract for services. The data shall be submitted by the date specified by the Customer.

3.3.4. If the Contractor's employee violates the rules applicable on the site, the Customer has the right to revoke access of such Contractor's employee and the Contractor shall replace the employee whose access to the site has been revoked by the Customer.

3.3.5. During the performance of a contract for work and labour at the Customer's premises, the Contractor shall ensure that all his representatives and employees comply with the rules of an access log or access control system used at the Customer's premises.

3.4. [The Customer's access to the site]

3.4.1. The Customer or inspectors invited by the Customer are entitled to visit the site any time for the monitoring, control or inspection of works.

3.4.2. The Customer has the right to carry out related works on the same site and allow other contractors to carry out related works; however, the Customer shall ensure that the works carried out by the Customer or other contractors do not interfere with the performance of works by the Contractor as set out in the local contract.

3.5. [On-site safety measures]

3.5.1. The Customer shall ensure safety and security on the site of the contract for services (premises, room, vessel), unless otherwise follows from the nature of the contract for services, the General Terms and Conditions or an agreement between the Parties.

3.5.2. The Contractor shall observe the rules and instructions of the Customer regarding the code of conduct on the site of the contract for services (premises, room, vessel), unless otherwise follows from the nature of the contract for services, the General Terms and Conditions or an agreement between the Parties.

3.5.3. Notwithstanding the provisions in Clauses 3.5.1 and 3.5.2 выше, the Contractor shall ensure the safety of (1) sites, (2) tools used to perform the contract for services, and (3) the property of the Customer and third persons delivered to the Contractor for the performance of the contract for services. The Contractor shall be liable for the theft of, or damage to, property owned by persons other than the Contractor on the site of the contract for services (Clause 20.1.2 ниже).

4. GENERAL ORGANISATION OF WORKS

4.1. [Administrative permits]

If administrative or other permits or licences issued by government or local authorities or legal persons in private law are required to perform a contract for services, the Contractor shall obtain such permits or licences according to the established procedure, unless otherwise agreed by the Parties.

4.2. [General co-ordination of works on the site of contract for services]

Unless otherwise agreed by the Parties, the Customer shall co-ordinate works on the site of a contract for services in such a way as to ensure the uninterrupted performance of the works and adherence to the time schedule.

4.3. [Equipment, offices, accommodation units]

4.3.1. Unless otherwise agreed by the Parties, the Customer shall not provide accommodation units for the Contractor's employees.

4.3.2. The Contractor's employees cannot live or spend nights on the site of a contract for services or be there for any reason other than the performance of the contract, unless otherwise agreed by the Parties.

4.3.3. The Customer shall not provide an office to the Contractor, unless otherwise agreed by the Parties.

4.3.4. The Customer shall not provide equipment to the Contractor, unless otherwise agreed by the Parties.

4.3.5. The Customer may provide the Contractor with equipment, including lifting equipment (shore crane, dock crane, floating crane, truck-mounted crane or other), accommodation units and offices, for consideration on the basis of a separate agreement. Unless the Parties have agreed on the amount of such payment, the Customer has the right to claim from the Contractor a payment for the use of equipment, accommodation units and offices according to the rates applied by the respective service provider (the lessor of the equipment, accommodation units or offices).

4.3.6. If the Contractor has delivered to the site of the contract of services unrelated machines, equipment or materials that have not been provided for in the contract, the Contractor, at the Customer's request, shall promptly remove such unrelated machines, equipment or materials from the site. The failure to comply with such request gives the Customer the right to remove the unrelated machines, equipment or materials from the site independently and at the Contractor's expense.

4.3.7. Other provisions regarding machines, equipment and materials for the performance of the contract have been stipulated in Clause 6.2 ([Materials and equipment]).

4.4. [Power and water supply]

4.4.1. During the performance of a contract on the site located at Kopli 103, Tallinn or Tööstuse 48, Tallinn, the Customer shall supply to the Contractor electric power (230÷400V, 50Hz) and compressed air with the pressure of up to 8 bars at the Customer's expense, unless otherwise agreed by the Parties.

4.4.2. During the performance of a contract outside the site located at Kopli 103, Tallinn or Tööstuse 48, Tallinn, the Contractor shall provide all utilities, including gases, at his own expense, unless otherwise agreed by the Parties.

4.5. [Work wear]

The Contractor shall provide work wear for his workers and specialists independently and at his own expense, unless otherwise agreed by the Parties.

4.6. [Occupational health and safety]

4.6.1. The Contractor shall strictly adhere to the norms of occupational health and safety, the Procedures of BLRT Grupp (Annex 1.6.3) and environmental regulations according to applicable law.

4.6.2. The Customer provides the Contractor with the Procedures of BLRT Grupp required for training (Annex 1.6.3), unless the Contractor is part of BLRT Grupp.

4.6.3. The Contractor shall ensure that all his workers and specialists have been made aware of BLRT Grupp's Procedures.

4.6.4. Signing any local contract, the Contractor confirms its awareness of BLRT Grupp's Procedures.

4.6.5. The Contractor shall:

- a) provide work wear and personal protective equipment to its employees as per legal requirements;
- b) ensure that the Contractor's workers always wear protective helmets and other required protective equipment on sites according to occupational safety norms;
- c) attach labels to work wear and helmets of the Contractor's workers, indicating the business name of the Contractor.

4.6.6. The Contractor is independently and solely liable for the compliance of its employees working environment, environmental safety, fire safety and electrical safety rules as well as BLRT Grupp's Procedures.

4.6.7. The Contractor shall daily remove waste from workplaces and observe the industrial practices.

4.7. [Employees of the Contractor]

4.7.1. The Contractor provides its services using professionally trained workers and specialists.

4.7.2. The Contractor shall ensure that its employees involved in the performance of a contract for services have knowledge, skills, experience, qualifications, attestation, documents, permits, etc. including work permits or employment visas (if necessary) required to perform the contract in a safe manner at the agreed location (Clause 1.13.4 above, 3.2 выше) according to the provisions of the contract.

4.7.3. The Customer is entitled to demand that the Contractor use employees with certain professions, qualifications and work experience and demand the submission of respective certificates.

4.7.4. The Contractor shall ensure that all its employees have the right to work in the country where the contract for services is being performed.

4.7.5. The Customer shall not assist the Contractor with obtaining required attestations or work permits for the Contractor's employees, unless otherwise agreed by the Parties.

4.7.6. The Customer shall not reimburse the Contractor for the costs related to document processing and moving of the Contractor's employees, unless otherwise agreed by the Parties.

4.7.7. The Customer is entitled to claim a contractual penalty from the Contractor according to Clause 20.5 ниже for a violation of the requirements of the General Terms and Conditions applicable to the Contractor's employees.

4.8. [Representatives of the Parties]

4.8.1. Upon the entry into a local contract, the Contractor shall appoint its representative authorised, together with a member of the Contractor's management board, to perform all the legal formalities related to the provision of services under the local contract as though such actions are performed by a member(s) of the Contractor's management board, including the right (1) to amend and terminate the local contract, (2) accept the site for the performance of the contract for services, (3) accept instructions, claims and complaints of the Customer, (4) draw, sign and submit Contract Documents on behalf of the Contractor that are executed after the entry into the local contract, (5) deliver completed works to the Customer, sign works delivery certificates, (6) represent the Contractor at working meetings, (7) issue invoices to the Customer and perform other actions related to, or arising from, the local contract. The Contractor's representative for a local contract shall not have the right to transfer his/her authority to another person. The Contractor may limit the authority of its representative in a local contract or separate power of attorney.

4.8.2. Upon the entry into a local contract, the Customer shall appoint its representative authorised (to the limited extent), together with a member of the Customer's management board, to perform the following legal formalities related to the provision of services under the local contract, including the right (1) to deliver the site to the Contractor for the commencement of works, (2) issue the Customer's instructions, approvals, claims and complaints to the Contractor, (3) prepare, sign and submit on behalf of the Customer technical documentation (Clauses 1.6.5-1.7.6) related to the performance of the local contract, (4) accept completed works from the Contractor, (5) sign works delivery certificates on behalf of the Customer, (6) represent the Customer at working meetings, (7) accept the Contractor's invoices, (8) carry out on-site monitoring and control. The Customer's representative for a local contract is entitled to amend or terminate the local contract, but NOT entitled to transfer his/her authority to another person. The Customer may limit or broaden the authority of its representative in a local contract or separate power of attorney.

4.9. [Meetings between the Parties]

4.9.1. Each Party may initiate a meeting regarding the organisation and performance of the contract for services. Representatives of the Parties shall take part in the meetings.

4.9.2. At the request of either Party, representatives of the end user (customer) or other persons may be invited to a meeting.

4.9.3. The Customer shall keep minutes of meetings and provide the minutes to the Contractor by the start of the next meeting or the moment of delivery of completed works, at the latest (Clause 12), unless otherwise agreed by the Parties in writing.

4.9.4. The Contractor's representative shall sign the minutes of a meeting. If the Contractor's representative disagrees with the minutes, he/she may make remarks (amendments) in writing to be attached to the minutes of the meeting.

4.9.5. The terms and conditions of the contract cannot be amended by the minutes of a meeting between the Parties. A Party is entitled to proceed from decisions and instructions (Clause 8) set out in the minutes of a meeting between the Parties to the extent such decisions and instructions comply with the terms and conditions of the contract.

4.10. [Reporting and accompanying documentation]

4.10.1. The Parties shall make a reference to the Customer's internal order number when they prepare reporting and financial documentation.

4.10.2. The Contractor shall keep records of the work progress and submit required reports, instruments and certificates to the Customer. The Contractor shall submit respective reporting documentation upon the completion of works.

4.10.3. Information and documents shall be submitted by the agreed deadlines and if there is no agreement – without delay and within the time limits as required to perform the contract for services according to the time schedule.

4.11. [Prevention of tax offences]

4.11.1. The Customer may require the Contractor at the conclusion of the contract and further beyond but not often than twice in a calendar year:

a) copies of tax returns submitted by the Contractor (in the case of the Estonian taxpayer-contractor respectively - Tulu- ja sotsiaalmaksu, kohustusliku kogumispensioni makse ja töötuskindlustusmakse deklaratsioon and its annex 1) for any two of the past following month; and / or

b) a copy or extract from the register of employees of the Contractor, if the Contractor is required to maintain a register according to the law; and / or

c) the balance sheet and income statement of the Contractor at the end of any month during one year.

4.11.2. If the Contractor violated Clause 4.11.1, the Customer is entitled to withheld payments to the Customer till above mentioned documents are presented.

4.11.3. The Customer shall not be liable for any of tax violations performed by the Contractor. If the tax authority files a claim to the Customer in connection with an alleged tax offense conducted by the Contractor, the Contractor shall secure the Customer from liability before the

tax authority and to reimburse to the Customer all and any of the costs and losses incurred as a result of the claims issued by the tax authority.

4.12. [No sub-contracting]

The Contractor shall not transfer its obligations under a local contract to third parties without the prior written consent of the Customer.

5. PROJECTS, ENGINEERING SOLUTIONS, CALCULATIONS

5.1. A Party that is obligated under a contract to submit projects, drawings or calculations for the performance of a contract for services (hereinafter also the **"technical data"**) to the other Party shall ensure the completeness and integrity of such technical data and cover expenses caused by the submission of incomplete or false technical data to the other Party. The acceptance of incomplete or false data by the other Party shall not constitute a release from liability under this clause, except when the Party that received the technical data knew or ought to have known about the obvious incompleteness or falseness of the technical data.

5.2. The Contractor shall provide projects, drawings and calculations for the performance of a contract for services, unless otherwise agreed by the Parties.

5.3. If the Contractor is responsible under a contract for the preparation of projects, drawings and calculations, the Parties are governed by the following rules:

5.3.1. the Contractor shall perform the project in the agreed scope and deliver it to the Customer in a timely manner.

5.3.2. The Customer is entitled to submit objections concerning the project within 14 days of the receipt thereof.

5.3.3. The Contractor shall accept the Customer's objections concerning the project and eliminate deficiencies in the project.

5.3.4. The Contractor is entitled to commence the performance of the contract for services on the basis of the project prepared by the Contractor only with the prior consent of the Customer.

5.3.5. The Contractor shall be liable for projects that it has prepared or ordered to prepare as well as for the suitability of projects for the purpose of the contract for services.

5.3.6. The Contractor is independently liable for the observance of intellectual property rights in relation to the preparation of a project.

5.4. If a contract obligates the Customer to prepare projects, drawings or calculations, but the Contractor believes in good faith that submitted drawings are incomplete, imprecise and/or insufficient for the adequate performance of the contract for services or additional calculations, drawings or other documents are required, the Contractor shall promptly notify the Customer thereof and explain the possible consequences of the continuation of works in the absence of adequate calculations, drawings or other documents.

5.5. The Contractor shall be released from liability related to the performance of a contract for services in the absence of calculations, drawings or other documents, if:

5.5.1. the preparation of calculations, drawings or other documents is objectively required for the performance of the contract for services; and

5.5.2. the preparation of calculations, drawings or other documents **IS NOT** an obligation of the Contractor under the local contract; and

5.5.3. The Contractor has notified the Customer beforehand that the performance of the contract for services (continuation of works) would be impossible or risky without the respective calculations, drawings or other documents.

6. QUALITY

6.1. [Quality of work]

6.1.1. The Contractor shall:

a) assure quality and ensure that works are performed in accordance with technological requirements and the requirements in technical documentation and (if applicable) the requirements of a classification society or other supervisory authority specified in the contract (Clause 1.13.7 выше);

b) keep records of the quality of works and submit required documents (reports) or quality certificates to the Customer;

c) observe the requirements set out in BLRT Grupp's Procedures.

6.1.2. If the observance of the requirements for the quality of works runs into significant difficulties, the Contractor shall notify the Customer in due time and the Parties shall agree upon measures to ensure the fulfillment of the requirements for the quality of works.

6.1.3. The quality of works shall comply with legal requirements and standards specified in the local contract, the requirements in the Quality and Environmental Management System applicable on the premises of BLRT, and – in the absence of the specific references to standards – with the best industrial practice.

6.1.4. The result of work shall have the agreed properties and serve the intended purpose of work, including the intended purpose of the site of the contract for services.

6.2. [Materials and equipment]

6.2.1. The Contractor shall fully and at its own expense provide, purchase, deliver and unload materials and equipment for the performance

of a contract for services according to DDP Incoterms® 2010 - the site of the contract for services, unless otherwise agreed by the Parties in the local contract.

6.2.2. The Contractor shall only install new equipment and other parts for the performance of works, unless otherwise agreed by the Parties.

6.2.3. An agreement upon the provision of equipment, materials and other means for the performance of a contract for services by the Customer to the Contractor shall be stipulated in a local contract.

6.2.4. The list of materials and equipment for the performance of a contract for services shall be provided in an annex to a local contract.

6.2.5. The Contractor shall check beforehand the quality of materials and equipment to be used for the performance of a contract for services;

6.2.6. Unless the Parties have specified the manufacturer, seller, quality or other characteristics of materials and equipment, the Contractor shall:

a) subject to the cost estimate of a contract for services, use good quality materials that are suitable for the intended purpose, have the required quality certificates and have been certified by the classification society (a member of IACS) specified in the contract or other supervisory authority whose requirements are applicable to the repair of the specific object (Clause 1.13.7);

b) if necessary, request the Customer's instructions regarding the choice of materials for the performance of a contract for services.

7. PERIOD OF CONTRACT FOR SERVICES. CAUSES TO EXTEND THE PERIOD OF CONTRACT FOR SERVICES

7.1. A contract for services shall be performed by the deadline specified in a local contract and according to the time schedule.

7.2. The Contractor may deliver a completed work prematurely only if the Customer gives its consent.

7.3. The Contractor shall submit the milestone schedule of a contract for services for the Customer's approval. If the Contractor has not submitted the schedule for approval within reasonable time or such time as agreed by the Parties, the Customer is entitled to set the milestone schedule unilaterally and such schedule shall be binding for the Contractor.

7.4. The Contractor shall strictly observe interim and final deadlines of a contract for services.

7.5. The extension of works completion deadlines in the case of changes in a contract for services (extra works) is provided for in Clause 9 ниже.

7.6. A works completion deadline shall be extended if:

7.6.1. access to the site has been provided with delay – for the duration of such delay;

7.6.2. works temporarily cannot continue due to climatic conditions or other force majeure – for the duration of circumstances set out in this Sub-clause;

7.6.3. works cannot continue temporarily due to circumstances depending on the Customer – for the period until the Customer has eliminated impediments to the continuation of works;

7.6.4. required Customer's instructions are absent or the Customer has given risky instructions – until the Customer has given proper instructions (Clause 8.4 ниже);

7.6.5. works have been rightfully suspended according to the terms and procedure set out in law or a contract;

7.6.6. the scope of a contract for services has significantly increased or a contract for services has become more complicated – according to the rules of amending a contract for services (Clause 9 ниже);

7.6.7. in other cases provided for in a contract or applicable law.

7.7. The Contractor is liable for the failure to comply with works completion deadlines (Clause 20 ниже).

7.8. If circumstances are discovered that might cause the suspension of works or the extension of the completion deadline thereof, including changes in a contract for services that the Contractor has not been aware of or should not have reasonably foreseen upon the entry into the local contract, the Contractor shall give a respective notice to the Customer immediately, but within three days of the moment when any employee of the Contractor who directly supervises the performance of works has or should have become aware of the corresponding circumstance. In such case the Contractor shall also indicate an approximate period by which the works completion deadline shall be extended.

7.9. If the Contractor has failed to notify the Customer in due time of circumstances that might cause the suspension of works or the extension of the completion deadline thereof according to Clause 7.8 выше, and has not asked for the extension of the period of the contract for services or the reimbursement of costs required to accelerate the performance of works (Clause 7.10 ниже), the Contractor loses the right to apply for the extension of the works completion deadline based on circumstances of which he failed to notify the Customer.

7.10. In the case of (the probability) of a time schedule overrun due to circumstances unrelated to the Contractor, the following provisions shall apply:

7.10.1. The Customer is entitled to demand that the Contractor accelerate the performance of works in order to comply with the time schedule or shorten the delay of the works completion (hereinafter **"acceleration"**) provided that (1) acceleration by the Contractor is feasible, and (2) the

Customer will compensate the Contractor for the additional relevant and proportional costs of such acceleration;

7.10.2. The Contractor is entitled to accelerate works and claim from the Customer the reimbursement of the relevant and proportional additional costs of acceleration, if:

7.10.3. the Contractor believes that the works completion deadline shall be extended;

7.10.4. the Contractor has notified the Customer in advance of the additional costs related to acceleration;

7.10.5. the Customer wrongfully denies the Contractor the extension of the period of a contract for services based on causes provided for in the contract (Clause 7.6 etc.).

7.10.6. If the Parties have agreed upon the extension of a works completion deadline after the Customer had been notified in advance of the additional costs related to acceleration, the Contractor is not entitled to claim the costs of acceleration.

8. INSTRUCTIONS OF THE CUSTOMER

- 8.1. The Customer is entitled to give instructions to the Contractor (also during meetings between the Parties) regarding works to be performed at the Customer's sites (Clause 4.9 выше), and control the performance of a contract for services. The Customer's control shall not release the Contractor from liability.
- 8.2. The Contractor shall thoroughly and professionally consider and perform the Customer's instructions.
- 8.3. The Contractor shall notify the Customer in a timely manner of all deviations from the requirements in technical documentation in order to take joint decisions.
- 8.4. If the Contractor believes in good faith that the fulfilment of the Customer's instructions is impossible or would significantly increase the costs or complexity, adversely affect the quality, extend the period or jeopardise the successful fulfilment of a contract for services or would otherwise have a significant adverse effect on the performance of the contract for services or the result of works (services), the Contractor shall promptly give the Customer a respective warning about the risky nature of the Customer's instructions and request additional instructions from the Customer, having explained the nature of the risks.
- 8.5. If the Contractor has violated his duty to assess the Customer's instructions (Clause 8.2 выше) or give warning about the risky nature of the instructions (Clause 8.4 выше), the Contractor cannot claim the release from liability under the contract based on the observance of the Customer's instructions.
- 8.6. If the Customer's instructions are of a risky nature, the Contractor is entitled to suspend work from the moment of giving a respective warning and until the Customer has provided additional (repeated) instructions.
- 8.7. If works are suspended, the Contractor shall take measures according to Clause 9 ниже. The risk of damage to, or loss of, the site or the result of works during the suspension of works as well as the risk of other adverse effects on the progress or result of the contract for services directly related to the suspension of works shall be distributed according to Clause 9 ниже.
- 8.8. The Customer shall immediately analyse the Contractor's warning regarding the risky nature of the Customer's instructions and clarify, complement or repeat the instructions. Clarified, complemented or repeated instructions shall be binding for the Contractor.

9. SUSPENSION OF CONTRACT FOR SERVICES

9.1. [The right to suspend a contract for services]

9.1.1. The Customer is entitled to suspend a contract for services partly or in full any time before the completion of works and the Contractor shall fulfil the respective order.

9.1.2. The Contractor is entitled to suspend works partly or in full in cases expressly provided for in law or a contract, having notified the Customer thereof.

9.2. [Conservation of works by the Contractor]

9.2.1. If works (a contract for services) have been suspended, the Contractor, exercising his discretion in good faith, shall promptly take all reasonable measures to ensure the safety and preservation as well as the prevention of damage to, loss or destruction of, the result of the works created by the moment when the contract for services has been suspended (hereinafter the said measures are referred to as the "conservation of works").

9.2.2. If a contract for services has been suspended due to circumstances related to the responsibility or risk of the Contractor, the latter shall properly conserve the works at his own expense and bear the respective costs for the whole duration of the suspension.

9.2.3. If a contract for services has been suspended due to circumstances NOT INCLUDED in the Contractor's responsibility or risk, the Contractor shall conserve works until one of the following events has occurred, whichever comes first:

- a) re-start of the works (Clause 9.6.2); or
- b) the delivery of the site of the contract for services to the Customer for its further conservation according to Clause 9.6 ; or
- c) the termination of the contract according to Clause 9.5.2 ; or

d) the expiry of the deadline for negotiating terms and conditions of, and paying for the conservation of, the works according to Clause 9.5.2

9.2.4. The Contractor shall be released from the obligation to conserve works if the site of the contract for services is in the possession of the Customer or third parties, also for the purpose of performing related works. In such a case the Contractor shall be released from liability to the extent and for such consequences that arose during the suspension of the contract for services or as a result of the non-performance of additional actions that were reasonably required for the conservation of works.

9.3. [Reimbursement of the Contractor's costs for the conservation of works]

9.3.1. If a contract for services has been suspended due to circumstances NOT INCLUDED in the Contractor's responsibility or risk, and to conserve the works for the duration of the suspension of the contract for services the Contractor, according to Clause 9.2 , shall take additional actions or incur additional expenses in the amount exceeding 2 % (two per cent) of the price of the contract for services (Clause 1.13.9), the Contractor, remaining responsible for the safety of the works, shall notify the Customer of (1) circumstances posing risk for the site of the contract for services and/or the result of the works during the suspension of the contract for services and (2) the additional costs of the conservation of the works, and the Contractor is entitled to demand that the Customer:

- a) reimburse the costs of the works conservation in the justified, reasonable and sufficient amount and in accordance with the estimate of the works conservation costs agreed upon by the Parties for this purpose; and/or
- b) pay a sufficient amount for materials and equipment ordered for the performance of the contract for services according to the terms and conditions of the local contract regardless of the suspension thereof; and/or
- c) enter into an agreement providing for specific work conservation measures and the payment procedure for such measures.

9.3.2. If the Contractor fails to notify the Customer of the risks or costs of works conservation according to Clause 9.3.1 within three days of the suspension of the works or of the moment when the respective costs have been incurred, the Contractor shall lose the right for the compensation of the works conservation costs.

9.4. [Release of the Contractor from the obligation to conserve works]

9.4.1. If the Customer fails to comply with the Contractor's demands set out in Clause 9.3.1 within 20 (twenty) days of the receipt of the Contractor's demand, the latter shall be released from the obligation to continue the conservation of works, subject to the following rules:

- a) to be released from the obligation to continue the conservation of works, the Contractor shall inform the Customer that the conservation of the works has stopped;
- b) the Contractor is entitled to claim from the Customer the actually incurred works conservation costs;
- c) after the Customer has been given the notice specified in Clause 9.4.1.a) , the Contractor shall be released from liability to the extent and for such consequences that arose during the suspension of the contract for services or as a result of the non-performance of additional actions that were reasonably required for the conservation of the works;

9.4.2. The Contractor shall remain liable for the usual risks of accidental damage to, or loss of, the site of the contract for services unrelated to the conservation of the works or the suspension of the contract for services, according to the general rules set out in a contract upon the distribution of the said risks.

9.5. [Transfer of site to the Customer for long-term conservation]

9.5.1. If a contract for services has been suspended due to circumstances NOT INCLUDED in the Contractor's responsibility or risk for a period in excess of 3 (three) months, the Contractor, in addition to the provisions of Clause 9.3.1 , is entitled to demand that the Customer accept the site of the contract for services from the Contractor for its further conservation, subject to the following rules:

- a) the risk of damage to, loss or accidental destruction of, the site of the contract for services shall be fully transferred to the Customer upon the receipt of the site of the contract for services due to the suspension of the contract for services;
- b) the Contractor shall be indemnified from the duties and costs related to the conservation of the works upon the transfer of the site of the contract for services to the Customer due to the suspension of the contract for services;
- c) if the Customer has not accepted the site of the contract for services from the Contractor according to this Sub-clause 9.5.1 without good reasons, the Contractor is entitled to terminate the contract and sell the site of the contract for services according to the procedure stipulated for the sale of a pledge.

9.5.2. If a contract for services has been suspended due to circumstances NOT INCLUDED in the Contractor's responsibility or risk for a period in excess of 3 (three) months the Contractor, in addition to the rights provided for in Clause 9.5.15.1., is entitled to terminate the contract for services due to the Customer's delay and claim a remuneration for works completed and delivered to the Customer and the reimbursement of direct losses. The loss of income shall not be compensated in such case.

9.6. [Resuming contract for services]

9.6.1. A contract for services shall be resumed at the request of either Party after the elimination of circumstances that caused the suspension thereof.

9.6.2. At the request of either Party, immediately before resuming a contract for services the Parties shall inspect the site of the contract for services, materials and equipment and draw a written document to fix:

- a) the level of suitability of the site of the contract for services for the continuation of work according to the terms and conditions of the contract;
- b) the presence and extent of damage caused by the suspension of the contract for services;
- c) whether the Parties have fulfilled the obligation to conserve works;
- d) extra works and the cost thereof, expenses and time needed to eliminate the consequences of the suspension of the contract for services.

9.6.3. The period of a contract for services may be extended by the duration of the suspension thereof according to Clause 10.4.

9.6.4. The Contractor is not entitled to refuse to resume and/or perform a contract for services based on the fact that his conservation costs have not been reimbursed.

9.6.5. Disputes concerning the amount of the reimbursable works conservation costs of the Contractor shall be resolved according to the procedure set out in Clause 24.

10. AMENDMENT OF CONTRACT FOR SERVICES

- 10.1. For the purposes of the General Terms and Conditions, a change of a contract for services means a change in the level of complexity, quality or scope of works, including an order to the Contractor to perform extra works.
- 10.2. The Customer is entitled to change a contract for services up to the moment of the final acceptance of the works.
- 10.3. The Contractor shall perform the changed contract for services within the time limit set out in the local contract and for the consideration set out in the local contract, except in cases specified in Clause 10.4 *ниже*.
- 10.4. Upon a change of a contract for services, the Contractor has the right to demand, and the Parties shall beforehand agree in writing upon, the new period and/or price of the changed contract for services, only if:
 - 10.4.1. the Contractor submitted his demand to change the period and/or price of the contract for services within the time limit set out in Clause 7.8 of the General Terms and Conditions;
 - 10.4.2. the contract for services is changed due to extra works or other increase in the scope or price of the works (the contract for services);
 - 10.4.3. the scope or price of the contract for services is increased by 20% compared to the scope or price of the contract for services as stipulated in the local contract;
 - 10.4.4. an increase in the scope or price of the contract for services has been initiated by the Customer; and
 - 10.4.5. an increase in the scope or price has been caused by circumstances that are unrelated to the Contractor and do not constitute the Contractor's risk according to the contract and applicable law.
- 10.5. If the change of a contract for services is caused by the demands of supervisory authorities, classification societies or other third parties, such circumstances shall constitute the Contractor's risk, unless the demands of third parties are caused by a violation of the Contractor's obligations. If the demands of third parties are caused by a violation of the Contractor's obligations, the latter shall fulfil the demands of third parties at his own expense without the right to extend the period of the contract for services.
- 10.6. The Parties shall agree upon the price of extra works:
 - 10.6.1. on the basis of rates and prices specified in the local contract; or
 - 10.6.2. as a lump sum, subject to the rates specified in the agreed cost estimate.
- 10.7. If a contract for services has been changed and the Contractor demands a change in the price thereof on the terms and conditions set out in Clause 10.4 *выше*, but the Parties have not agreed upon the new price of the contract for services, the Customer is entitled to deposit the disputed amount at a notary public's escrow account at the Customer's location until the resolution of the dispute regarding the final price of the contract for services. In such case the Contractor shall continue works immediately after he has received the confirmation that the respective amount has been deposited and duly perform the changed contract for services, whereas the amount payable for the performance of the changed contract for services shall be determined at a later date by an agreement between the Parties or (arbitration) court according to the dispute resolution procedure set out in the General Terms and Conditions or other Contract Documents.
- 10.8. If the Parties fail to agree upon the new period and/or price of a changed contract for services according to Clause 10.4 *выше*, each Party is entitled to terminate the contract, whereas the Customer shall pay to the Contractor only the price of actually performed works.
- 10.9. A reduction of the scope of a contract for services by the Customer shall not give grounds to reduce the price of the works, if the reduction of the scope of the contract for services has not been caused by false information provided by the Contractor during the negotiations upon the cost estimate or scope of the contract for services, including the period pre-

ceding the entry into the local contract, or by other inflated data or contract violations by the Contractor. If the Contractor has provided false information to the Customer during the negotiations upon the cost estimate or scope of the contract for services, including the period preceding the entry into the local contract, or submitted inflated data or committed other contract violations, then provisions of applicable law or the contract establishing the liability for default shall apply.

11. CORRECTION OF DEFECTS BEFORE THE COMPLETION OF WORKS

- 11.1. The Customer is entitled to point out defects in works to the Contractor any time and demand the correction of such defects within reasonable time.
- 11.2. The correction of defects before the acceptance of works shall not constitute warranty work.
- 11.3. Time needed by the Contractor to correct defects in its work shall not justify the extension of the period of the contract for services or the postponement of the works delivery date as agreed by the Parties.
- 11.4. The Contractor shall promptly and at his own expense correct defects caused by workmanship, materials or equipment used by the Contractor or related to the engineering solutions, projects, drawings or other documents prepared by the Contractor.
- 11.5. The Contractor shall not correct at his own expense corresponding defects in works, if such defects have been caused solely by:
 - 11.5.1. the use of poor quality materials or equipment provided by the Customer or if the Contractor could not and should not have noticed defects in materials or equipment provided by the Customer before the use thereof for the performance of the works;
 - 11.5.2. the fulfilment of the Customer's instructions, provided that the Contractor has fulfilled his duty to warn the Customer of the risky nature of the Customer's instructions (Clause 8.4 of the General Terms and Conditions);
 - 11.5.3. defects in drawings and projects according to Clause 5.5 *выше*.
- 11.6. Provisions of the General Terms and Conditions regarding changes in a contract for services (Clause 9 *выше*) shall apply to the corrective works that the Contractor shall not perform at his own expense.
- 11.7. If the Customer discovers defects in works upon the receipt thereof, the Customer is entitled to refuse to accept the works. If the Customer has refused to accept works due to defects, the Customer shall:
 - 11.7.1. clearly state in a works acceptance certificate or other document that the works have not been accepted and list defects that the Customer demands to be corrected; or
 - 11.7.2. refuse to sign the works acceptance certificate and submit its objections to the Contractor in writing with a list of defects to be corrected.
- 11.8. The Contractor shall promptly correct the defects and deliver the works to the Customer for the new acceptance.
- 11.9. If the Customer has accepted works, he loses the right to demand the correction of obvious defects that the Customer discovered or should have discovered upon the usual inspection of the works but the correction of which he did not demand.
- 11.10. If the Contractor refuses or delays the correction of defects or if it has not managed to correct defects, the Customer is entitled, at its sole discretion, including but not limited to:
 - 11.10.1. to independently correct defects fully or in part;
 - 11.10.2. to order any other person to correct the defects of the Contractor;
 - 11.10.3. to collect from the Contractor all the costs related to the correction of defects;
 - 11.10.4. in addition to the provisions of this clause, use other legal remedies arising from law or a contract.

12. ACCEPTANCE OF WORKS

- 12.1. The Contractor shall promptly notify the Customer of the completion of works.
- 12.2. If the Customer considers works as completed, he may demand that the Contractor deliver the works on the date chosen by the Customer.
- 12.3. The Customer shall inspect works.
- 12.4. Commissioning tests (inspections, tests) shall be carried out before or in the course of the acceptance of works, if so provided for in the technological requirements.
- 12.5. Commissioning tests shall not suspend the works completion deadline, unless otherwise agreed by the Parties.
- 12.6. If commissioning tests, measurements, taking instrumentation readings or other analysis of technical data regarding the quality or quantity of performed works (expert examination) should be carried out upon the acceptance of the works, the Customer is entitled to appoint an expert whose opinion shall be binding for the Parties. If the cost estimate does not include the costs of commissioning tests, measurements or other expert examination, then such costs shall be covered by the Customer. If commissioning tests, measurements or other expert examination have discovered violations of the Contractor, the latter shall pay the costs

thereof regardless of whether or not the cost estimate includes the costs of the tests (measurements).

- 12.7. Upon the completion of corrective works either Party is entitled to demand new commissioning tests (inspections, tests) to determine the correction of the defects; such tests shall be carried out according to the rules applicable to the first tests (inspections, tests).
- 12.8. The Customer shall accept works from the Contractor on the basis of a works acceptance certificate prepared in writing according to the format specified in Annex 12.8 or some other respective document.
- 12.9. The Parties are entitled to deliver and accept works in parts.
- 12.10. If works are accepted in parts, a Party is entitled to demand that the scope, part or share of the performed works, be determined according to the standard industrial requirements or practice, unless otherwise agreed by the Parties.
- 12.11. If works are accepted in parts, the works are considered as completed and delivered to the Customer upon the successful delivery of the final (last) part of the works. When a part of works is delivered, an interim certificate shall be drawn up according to the format specified in Annex 12.8 which may be the basis for the partial payment of the price of the contract for services, if so provided for in the local contract.

13. TRANSFER OF RISKS AND OWNERSHIP

- 13.1. The Contractor bears the risk of damage to, loss or accidental destruction of, the site of the contract for services, the result of the Contractor's work, materials or equipment used to perform the contract for services from the moment the site thereof was delivered and until the works acceptance certificate has been signed, provided that such certificate does not contain the Customer's remarks requiring the correction of defects by the Contractor. Upon signing of the said certificate, the risk of damage, loss or accidental destruction is transferred to the Customer.
- 13.2. If works are delivered in parts, the risks specified in Clause 13.1 выше shall be transferred to the Customer upon the successful delivery of the final (last) part of the works.
- 13.3. The ownership of the result of a contract for services and the materials and equipment used for the performance of the contract for services shall be transferred to the Customer at the moment of signing of the works acceptance certificate by the Customer, unless otherwise agreed by the Parties.
- 13.4. Intellectual property rights related to a contract for services shall be transferred to the Customer.
- 13.5. The Contractor shall return to the Customer non-serviceable parts and units dismantled from the site as well as serviceable equipment taken for the performance of works.

14. CORRECTION OF DEFECTS AFTER THE DELIVERY OF WORKS

- 14.1. If, after the acceptance of works, the Customer discovers hidden defects or other deficiencies that could not be discovered during a usual inspection of the works in the course of the acceptance thereof and existed at the moment of the acceptance of the works or appeared later because of the Contractor's violations, the Customer shall notify the Contractor of the discovery of defects within 14 days.
- 14.2. The Customer is entitled to demand the correction of defects or the compensation for the defect correction costs:
 - 14.2.1. during the Warranty Period under the warranty procedure (Clause 14.3), including, in particular, defects (deficiencies) that existed at the moment of the delivery of the works to the Customer; or
 - 14.2.2. within 3 years of the acceptance of works, if:
 - a) the defects existed upon the delivery of the works to the Customer, even if they have been discovered after the delivery; and
 - b) the Contractor knew or should have known about the defects in the works upon the delivery of the works to the Customer.
- 14.3. The correction of defects is otherwise governed by the rules specified in Clauses 11.5 выше, 11.6, 11.8, 11.9, 11.10 выше herein.

15. WARRANTY

15.1. [Warranty Period]

15.1.1. The Contractor shall provide a warranty to the Customer with regard to completed works, materials and equipment and the compliance of the works with other terms and conditions of the contract, including the suitability of the results of the works for their intended purpose, for the period of **180 days** from the date of the acceptance of the works, unless otherwise provided for in the General Terms and Conditions or a local contract (hereinafter the "**Warranty Period**"). The Contractor shall correct defects or deficiencies in works and/or compensate for damages caused by such defects (deficiencies) that (1) existed upon the delivery of the works to the Customer or (2) appear or become apparent during the Warranty Period, if the exceptions specified in Clause 15.9 [Limitation of warranty] do not apply to such defects.

15.1.2. If works performed by the Contractor under a local contract are intended for the delivery to an end buyer (end customer), the Warranty Period shall begin upon the delivery of the works to the end buyer (end customer), but within two months of the acceptance of the works by the Customer.

15.1.3. The Warranty Period for equipment and materials shall not exceed the warranty period provided by the manufacturer of the respective equipment or materials.

15.2. [Extension of the Warranty Period]

With regard to the defect correction works under a warranty, the Contractor shall provide a new warranty on a repaired unit for the period equal to the period specified in Clause 15.1.1 , starting upon the acceptance of the corrective works, unless the local contract provides for another extended warranty period. In such case the duration of the Warranty Period cannot exceed **24** months, unless otherwise provided for in the local contract.

15.3. [Suspension of the Warranty Period]

The Warranty Period shall be suspended:

15.3.1. upon the submission of a valid notice of defect (Clause 15.6) and until the delivery of the warranty works to the Customer;

15.3.2. upon the submission of a request to the Contractor to carry out a warranty inspection (Clause 15.4) and until the warranty inspection has been completed or discovered defects have been corrected.

15.4. [Warranty Inspection]

15.4.1. The Customer is entitled to demand a joint warranty inspection of the result of works to check for possible defects in the works 14 days before the expiration of the Warranty Period, at the latest.

15.4.2. If the Customer requests a warranty inspection, the Contractor shall take part in such inspection. The Contractor's absence shall not prevent a warranty inspection.

15.4.3. A warranty inspection shall be documented in the format specified in Annex and 15.4.3 or another format agreed upon by the Parties.

15.4.4. If a warranty inspection discovers defects, the Contractor is entitled to demand the correction thereof according to the procedure set out in this Clause.

15.4.5. If the Customer has not notified of defects after a warranty inspection, the contract for services is considered as performed according to the terms and conditions of the contract and the results of the contract for services are free of defects to be corrected by the Contractor under warranty.

15.4.6. If a warranty inspection performed at the Customer's request does not discover any defects to be corrected under warranty, the Contractor is entitled to demand a respective written certificate from the Customer and the return (cancellation) of the financial collateral provided to secure the performance of the Contractor's contractual obligations, including warranty obligations.

15.5. [Warranty tests, tests to discover defects]

15.5.1. The Customer is entitled to conduct warranty tests, tests, measurements, inspections or expert examination of works during the Warranty Period to verify the quality of the works. If the Customer conducts warranty tests, measurements, inspections or expert examination of works to verify the presence and/or causes of defects, the Customer shall notify the Contractor thereof and provide the Contractor with an opportunity to take part in the selection of an expert and the performance of the measurements, inspections and expert examination. The Contractor shall reimburse the Contractor for the costs of warranty tests, measurements, inspections or expert examination initiated by the Customer in order to discover defects, if the tests, measurements, inspections or expert examination initiated by the Customer have confirmed (1) the presence of a defect and (2) a significant probability that the Contractor is responsible for the cause of the defect.

15.5.2. If the cause of a defect is difficult to determine, during the Warranty Period the Customer is entitled to demand that the Contractor carry out tests or other similar inspection to discover the cause of the defect. The Contractor shall carry out such tests or other inspection within a reasonable time under warranty service, while the corresponding costs shall be distributed subject to the following rules:

a) If it has been determined that the Contractor is responsible for the cause of a defect, the Contractor shall bear all the costs of the tests or other inspections carried out to discover the causes of the defect as well as the costs of repair and subsequent tests.

b) If it has been determined that the Contractor is NOT responsible for the cause of a defect, the Customer shall bear (reimburse) all the costs of the tests or other inspections carried out to discover the causes of the defect as well as the costs of repair and subsequent tests.

15.5.3. Upon the completion of corrective works either Party is entitled to demand new warranty tests (inspections, tests, expert examination) to verify the correction of the defects; such tests shall be carried out according to the rules applicable to the first warranty tests.

15.6. [Notice of defect]

15.6.1. If defects (deficiencies) have been discovered during the Warranty Period, the Customer shall notify the Contractor thereof promptly, but within 14 days of the discovery of the defect. For this purpose the Customer shall send to the Contractor a written complaint, citing the following:

- a) the name and location of the defect;
- b) the nature and presumed cause of the defect;
- c) the date of discovery of the defect;
- d) the Customer's demands.

15.6.2. The Contractor's warranty also applies if defects are discovered during the Warranty Period, but the Contractor receives the notice of defect sent in a timely manner after the expiry of the Warranty Period.

15.6.3. The Contractor shall respond to complaints about defects within 7 days of the receipt of the respective complaint and submit a time schedule of warranty works for the correction of defects for the Customer's approval.

15.7. [Warranty obligations of the Contractor]

15.7.1. If defects (deficiencies) are discovered during the Warranty Period and the Customer has notified of such defects in a timely manner, the Contractor, at the Customer's discretion and subject to the nature and consequences of the defect, shall in an expedite manner, but within **30 days** of the receipt of the respective claim:

- a) correct the defects;
- b) replace non-conforming parts of the works with new conforming parts;
- c) compensate the Customer for damage caused and costs related to the correction of the defects.

15.7.2. Subject to the Customer's consent, warranty rights may be exercised instead of the Customer by the end user (customer) or the owner of the site of the contract for services. If the site of the contract for services has been alienated, the rights arising from the Contractor's warranty remain valid until the expiry of the Warranty Period.

15.7.3. The approval of projects, drawings and results of work as well as permits and certificates issued by the Customer, classification society, third parties or authorities shall not exclude the Contractor's liability for the correction of defects under warranty.

15.7.4. The Parties shall agree upon the list of defects and corrective works as well as the time schedule of corrective works. No delays in the correction of defects are allowed without a valid reason.

15.7.5. In the course of corrective works the Contractor shall replace defective units or parts with new ones, unless otherwise agreed by the Parties.

15.7.6. If the Contractor has replaced defective equipment with new ones, the Contractor is entitled to demand that the defective (replaced) equipment to be transferred to its ownership free of charge.

15.7.7. Correction of defects under warranty shall occur at the location specified by the Customer. The transportation costs of equipment and labour to the place of corrective works and back shall be covered by the Contractor, unless otherwise agreed by the Parties.

15.7.8. If a defect caused damage to related units of the site of the contract for services, the Contractor shall reimburse the repair or replacement costs of the related unit.

15.7.9. The Contractor shall compensate for downtime losses (including loss of income) caused by defects discovered during the Warranty Period according to the provisions on the Contractor's liability in these General Terms and Conditions.

15.8. [Reduction of price]

If defects are discovered that shall be corrected under warranty, the Customer is entitled to replace the corrective work fully or in part with the reduction of the price of the works.

15.9. [Limitation of warranty]

The Contractor's warranty shall not apply to:

- 15.9.1. defects caused by misuse or improper maintenance of the result of works or equipment, including the use under conditions that clearly contradict the intended use of the works or equipment;
- 15.9.2. defects caused by the improper assembly or mounting of the result of works on other units or equipment if such assembly or mounting have been carried out by any person other than the Contractor or his subcontractor;
- 15.9.3. defects caused by the unauthorised or improper modification or change of the result of work or equipment without the Contractor's prior approval;
- 15.9.4. mechanical, fire, chemical or other damage of anti-corrosion coating caused by circumstances unrelated to the Contractor;
- 15.9.5. defects that the Contractor shall not correct according to Clause 11.5 выше;
- 15.9.6. defects caused by force majeure;
- 15.9.7. defects caused in the course or as a result of normal wear and tear.

15.10. [Violation of warranty obligations by the Contractor]

If the Contractor fails to fulfil obligations arising from the warranty (Clause 15), the Customer is entitled, including but not limited to, to assign works for the discovery and/or correction of defects to a third party and collect from the Contractor all the costs of the discovery and correction of defects as well as fines and penalties under the contract, without granting an additional term for the correction of defects to the Contractor.

15.11. and in which order to exercise such rights and legal remedies,

After the expiry of the Warranty Period the Customer is entitled to demand the free correction of the defects (deficiencies) specified in

Clause 14.2.2 выше. Other defects or deficiencies shall be corrected according to the rules of the approval and performance of extra works (Clause 9 выше).

16. PRICE AND PAYMENT PROCEDURE

16.1. [The price of a contract for services]

16.1.1. The price of a contract for services shall be specified in a local contract:

- a) as a lump sum for the performance of the contract for services;
- b) as a time rate (by the hour, day, etc.) for the unit of work set out in a local contract.

16.1.2. If the Parties have agreed upon the rates and prices for the Contractor's services or products (price list, Annex 16.1.2) to be valid during a certain period, the price of the contract for services shall be calculated on the basis of the price list and shall not exceed the price arising from the rates used in the price list, unless otherwise agreed by the Parties.

16.1.3. Unless otherwise provided for in a contract, the price of the contract for services (cost estimate):

- a) is a fixed amount not subject to increase;
- b) includes the costs of all the materials needed to perform the contract for services under the local contract;
- c) includes the costs of all the equipment needed to perform the contract for services under the local contract;
- d) includes all the expenses required to perform the contract for services, including:
 - (i) related works to ensure access;
 - (ii) transport;
 - (iii) loading and unloading;
 - (iv) cleaning and disposal of production waste;
 - (v) tests, including commissioning and warranty tests;
 - (vi) submission of work to the representatives of the Customer and end customer;
 - (vii) submission of work to respective competent authorities;
 - (viii) drawing up required reporting documentation.

16.1.4. If a local contract provides for the price of a contract for services as well as time rates and other rates (labour input), the time rates (labour input) specified in the local contract shall be considered as indicative, unless otherwise expressly provided for in the local contract. If the Contractor has exceeded the indicative labour input provided for in Contract Documents, the Contractor is not entitled to demand an increase in the price of the works under the local contract.

16.1.5. If the Customer orders extra works that have not been provided for in the local contract, the Parties shall apply the rules of amending the contract for services (Clause 9 выше).

16.2. [Taxes]

16.2.1. The price of a contract for services is not inclusive of VAT. VAT shall be added to the price of a contract for services, unless otherwise provided for in applicable law or a contract.

16.2.2. Taxes and other liabilities related to the activities of the Parties to a contract shall be paid separately by each Party at its own expense.

16.2.3. If the Contractor, for purposes of taxation, is a resident of any country other than the country of the Customer, the former shall independently pay all the taxes in his country of registration and is not entitled to claim an increase of his remuneration by the amount of taxes payable in the Contractor's country of registration. This clause shall not apply to VAT.

16.2.4. The Parties shall take all means to prevent tax offenses (Clause 4.11 above).

16.3. [Deductions from the price of a contract for services]

16.3.1. If the data on the labour input under a contract for services have been distorted, especially if inflated data on the time spent to perform the contract for services have been provided, the Customer is entitled to calculate the Contractor's remuneration according to the actually spent time, having deducted all labour hours that the Customer reasonably believes to be false.

16.3.2. The amount of damage caused to the Customer by the Contractor, including damage to third parties, the amount of contractual penalties and fines and the price of the Customer's services may be deducted from the price of works in the course of offsetting claims.

16.3.3. The Customer is entitled to withdraw an amount equal to **5%** of the price of a contract for services until the expiry of the Warranty Period to secure the performance of the Contractor's warranty obligations. If the Contractor belongs to BLRT Grupp, this provision shall apply only if expressly agreed by the Parties.

16.4. [Payment procedure]

16.4.1. The Customer shall pay in a timely manner the price of a contract for services performed by the Contractor on the basis of (1) a local contract, (2) a works acceptance certificate free of the Customer's remarks and (3) the Contractor's invoice.

16.4.2. The Customer shall pay to the Contractor the price of a contract for services (remuneration for the performance of the contract for services) within **30 days** of the acceptance of the works on the basis of the works completion report and the invoice for the contract for services provided that the Parties have signed the works acceptance certificate free

of the Customer's remarks, unless the Parties have agreed upon another payment term and procedure in relation to the contract for services.

16.5. [Penalty for late payment]

In the case of a late payment the Customer shall pay to the Contractor a penalty interest in the amount of 0.02 % of the outstanding amount per each day of delay until the debt has been paid in full, unless a local contract provides for another penalty interest rate. The amount of a penalty interest cannot exceed 100% of the principal, unless a local contract provides for another maximum amount of penalty interest.

17. THE CONTRACTOR'S PERFORMANCE BOND

If a local contract stipulates that a performance bond shall be provided, the Contractor, at the Customer's request, shall provide a performance bond (issued by a bank) to guarantee the performance of (warranty) obligations under the contract within 14 days of the submission of the request in the format set out in Annex 17.

18. THE CONTRACTOR'S LIABILITY INSURANCE

18.1. The Contractor shall maintain the insurance of its liability to the Customer in the amount set out in Clause 18.3 ниже.

18.2. The liability insurance shall cover, including but not limited to, the compensation for damage caused to the site of the contract for services, materials and equipment of the Customer and third parties as well as the correction of defects in works before or after the works have been accepted by the Customer, including:

18.2.1. the restoration or replacement of property owned by persons other than the Contractor that remains in the Contractor's care, custody and control;

18.2.2. equipment dismantling and re-installation;

18.2.3. manufacturer's errors and omissions;

18.2.4. product recall at the Customer's separate request;

18.2.5. pure financial loss;

18.2.6. environmental liability;

18.2.7. employer's liability to employees.

18.3. The insured amount of the Contractor's liability insurance cannot be less than 150% of the gross remuneration payable to the Contractor by the Customer under all the local contracts entered into between the Parties during a calendar year, unless the Parties have agreed upon another insured amount. If necessary, the Contractor shall increase the insured amount during the period of the contract for services.

18.4. The Contractor shall ensure the fulfilment of the requirements for the minimum insured amount as well as for the insured risks as specified in Clause 18.3 выше.

18.5. The Contractor shall provide the Customer with a copy of the valid liability insurance policy within three days of the receipt of the Customer's respective request.

18.6. The Contractor shall be liable according to Clause 20.5 ниже for the failure to obtain liability insurance as set out in this Clause.

19. FORCE MAJEURE AND HARDSHIP

19.1. The Parties shall not be liable for the non-performance of a contract caused by force majeure. Force majeure shall mean natural disasters, military operations, actions by government and administrative institutions and other emergencies beyond the control of the Parties that have directly influenced the performance of the works.

19.2. The failure to perform obligations or other wrongful acts of third parties or authorities shall not be considered as force majeure for the purposes of a contract, if such violations or wrongful acts have not been caused by force majeure.

19.3. A Party to a contract shall not be held liable for the failure to perform obligations due to force majeure from the moment the other Party has been notified of such circumstances.

19.4. If force majeure prevents the continuing performance of a contract for more than one month, either Party is entitled to terminate the contract.

19.5. ICC Force Majeure Clause 2003 shall apply to the circumstances and consequences of force majeure that have not been provided for in this Clause.

19.6. ICC Hardship Clause 2003 shall apply to significant difficulties with the performance of a contract due to unexpected changes (hardship).

20. LIABILITY OF THE PARTIES

20.1. [The scope of the Contractor's liability]

20.1.1. The Contractor shall be fully liable for damage caused by the failure to perform his obligations under a contract.

20.1.2. The Contractor shall be liable for the loss of, or damage to, property owned by persons other than the Contractor on the site of the contract for services.

20.1.3. If works have been performed poorly or the property of the Customer and/or third parties has been damaged, the Contractor shall fully compensate for the caused damage and eliminate the discovered damage and defects at his own expense.

20.1.4. If the Contractor goes bankrupt, the equipment and materials of the Contractor shall be used on the site of works until the works have been completed. The ownership of the materials, equipment and the results of the contract for services shall be transferred to the Customer according to Clause 13.

20.2. [Liability to employees]

20.2.1. Either Party is independently liable to its employees for possible damage caused as a result of a work accident.

20.2.2. A Party shall not be liable to an employee of the other Party for damage to life, body or health caused to the employee of the other Party.

20.2.3. Each Party shall indemnify and hold the other Party harmless from liability to its own employees.

20.3. [Liability of the Contractor's employees]

20.3.1. If the Contractor's employees have committed thefts of property on the Customer's premises, the access pass of the guilty person shall be irrevocably cancelled.

20.3.2. If the Contractor's employees appear under the influence of alcohol or have been apprehended for the consumption of alcohol or narcotics on the Customer's premises, the access pass of the guilty person shall be irrevocably cancelled.

20.4. [Contractual penalty for the violation of the rules of performance of a contract for services]

If the Contractor or the employees thereof have violated BLRT Grupp's procedures, requirements of occupational health and safety legislation and environmental legislation, the Customer, in addition to other rights arising from a contract, is entitled to collect from the Contractor a contractual penalty in the amount of **640 EUR** for each incident of such violation, unless the local contract provides for another contractual penalty.

20.5. [Contractual penalty for the non-suitability of the Contractor's personnel]

If the Contractor has failed to fulfil the requirements for the Contractor's personnel set out in Clause 4.7 выше, the Customer, in addition to other rights arising from a contract, is entitled to collect from the Contractor a contractual penalty in the amount of **640 EUR** for each incident of such violation, unless the local contract provides for another contractual penalty.

20.6. [Contractual penalty for the absence of the Contractor's liability insurance]

If the Contractor's liability insurance is absent, the requirements for the minimum insured amount set out in Clause 18.3 have not been fulfilled, a liability insurance policy has not been provided or the Customer's requirements for the terms and conditions of the insurance policy have not been fulfilled, the Customer is entitled to collect from the Contractor a contractual penalty in the amount of **1000 EUR**.

20.7. [Contractual penalty for the Contractor's failure to meet deadlines]

20.7.1. If the Contractor fails to meet a works completion deadline, including the delivery of a certain stage of the works according to the time schedule, the Contractor shall pay to the Customer a contractual penalty in the amount of **5%** of the price of the contract for services under a local contract per each day of delay, unless the local contract provides for another contractual penalty.

20.7.2. If the failure to meet a deadline of the contract for services has resulted in the failure by the Customer to meet a works completion deadline for an end buyer (end customer), then the contractual penalty or fine claimed by the end buyer (end customer) from the Customer shall be reclaimed from the Contractor (claimed from the Contractor by the Customer) and the Contractor shall pay (re-pay) to the Customer the amount of the fine or contractual penalty claimed by the buyer (end customer).

20.8. [Payment of contractual penalty and performance of obligations]

The payment of a contractual penalty provided for in a contract shall not release the guilty Party from the respective obligation. In the case of the repeated violation of an obligation secured by a contractual penalty, the injured Party is entitled to collect from the guilty Party the new contractual penalty for the violation of the respective obligation.

21. RIGHT OF SECURITY OF THE CONTRACTOR

21.1. Signing the contract, the Contractor waives any rights to demand the establishment of a mortgage on real property or vessel that constitute the object of the contract for services.

21.2. If applicable law provides for the Contractor's right of security on movable property in the Contractor's possession, the Contractor may exercise his right of security only on the basis of a court ruling through a public auction under the procedure set out in applicable law for making a claim for payment on movable property to enforce court rulings.

22. CONTRACT PERIOD

22.1. A master contract (for services) is entered into for a specified term, comes into force from the moment of signing thereof and remains valid until the last day of the calendar year when the master contract has been entered into.

22.2. The validity period of a master contract shall be automatically extended for the next calendar year, if:

22.2.1. a Party proposed to extend the master contract and the other Party has not objected until the expiry of the master contract; or

22.2.2. the Parties enter into the next local contract before the previous master contract has expired.

- 22.3. If a master contract has expired according to the provisions in this Clause 22 выше, but the works continue under any local contracts entered into before the master contract has expired, the master contract shall remain valid until the said local contracts have been fulfilled.

23. EARLY TERMINATION OF CONTRACT

- 23.1. The Parties are entitled to terminate a master contract prematurely according to the terms and conditions and following the procedure provided for in law and the General Terms and Conditions.
- 23.2. A Party is entitled to terminate a master contract with a respective notice to the other Party given 30 days in advance. Within 30 days of such notice the Parties shall agree upon the terms of continuing co-operation or termination of the master contract. A notice of intent to terminate a master contract and the termination of a master contract shall not release the Parties from liability and obligations under unfulfilled local contracts and separate agreements.
- 23.3. The Customer is entitled to terminate a master contract or local contract any time. If the Customer has terminated a contract due to circumstances unrelated to the Contractor, the Contractor is entitled to receive payment for the work performed by the moment of the termination of the contract, and the reimbursement of reasonable expenses incurred by the Contractor for the performance of the work.
- 23.4. If the Contractor is in breach of a contract, the Customer is entitled to give the Contractor a term to correct the defects.
- 23.5. If the Contractor has not corrected the defects by the term given by the Customer, the latter is entitled to terminate the contract prematurely.
- 23.6. A master contract or local contract may be terminated by the Customer without an advance notice, if a material or repeated violation of the requirements set out in normative and technical documentation, technological requirements, BLRT Grupp's Procedures or other requirements for the performance of works has been determined.

24. RESOLUTION OF DISPUTES

- 24.1. Disputes arising from a contract or in connection therewith shall be resolved in Harju County Court as a court of first instance.
- 24.2. If all the Parties to a contract are subsidiaries of BLRT Grupp, disputes between such companies shall be finally resolved in an arbitration court according to the procedure established by the management board of BLRT Grupp or the Procedures of BLRT Grupp.

25. APPLICABLE LAW

A master contract and local contract shall be governed by the legislation of the Republic of Estonia, unless otherwise agreed by the Parties.

26. FINAL PROVISIONS

26.1. [Amendment of contract]

All additions to, and amendments of, a contract shall be executed in writing and signed by the authorised representatives of the Parties.

26.2. [Confidentiality]

26.2.1. The Parties shall keep confidential the terms and conditions of a contract and local contracts as well as information related to the performance of the said contracts. Information that has become publicly available before the entry into a contract or in any other legal way without the breach of the confidentiality obligation shall not be deemed confidential.

26.2.2. A Party is not entitled to disclose confidential information to third parties without the prior consent of the other Party provided in writing.

26.2.3. The prohibition to disclose confidential information to third parties shall not apply to the disclosure of confidential information to government or local authorities and agencies in cases and under the procedure provided for in applicable law and/or on the basis of a binding directive or order of the said authorities or agencies, as well as to professional advisers and consultants of a Party if the adviser or consultant is bound by the confidentiality obligation provided for in law (lawyers, auditors).

26.2.4. Disclosure of information and documents to a Party's parent company is allowed.

26.2.5. ICC Confidentiality Clause 2006 shall otherwise apply to the confidentiality obligation.

26.3. [Notices]

26.3.1. A Party (sender) sends to the other Party (recipient) its declarations of intent, complaints, claims and other notices related to the contract to the addresses specified in the master contract or local contract by any of the following means:

- delivery by messenger against signature; or
- by registered mail; or
- by electronic mail following the rules of electronic correspondence set out in this Sub-clause.

26.3.2. Notices sent by the sending Party to the receiving Party via e-mail shall be equated to notices sent by registered mail, if the notice has been sent by the sender

a) from the e-mail address specified in a master contract or local contract or from an e-mail address specified by the Party as one of its addresses for electronic correspondence under the procedure set out in this Clause; and

b) TO the e-mail address of the receiving Party specified in a master contract or local contract or TO another e-mail address specified by the receiving Party as one of its addresses for electronic correspondence under the procedure set out in this Clause; and

c) the notice has been delivered to the server of the receiving Party or a person providing the respective telecommunication service to the recipient.

26.3.3. The aforesaid rules of electronic correspondence shall not apply to correspondence of the Parties with third parties.

26.3.4. The Parties SHALL NOT use facsimile transmission for sending notices, unless the sending Party has received an automated error message that the electronic letter could not be delivered.

26.3.5. A notice is considered as delivered:

- if sent by messenger service – at the moment indicated on the delivery sign-off;
- if sent by registered mail – on the 5th business day after sending, unless an earlier date is indicated in the delivery receipt;
- if sent via e-mail – on the next business day after sending, unless an earlier time is indicated in the read receipt or reply to the electronic letter.

26.3.6. If a Party's contact details or addresses have changed, the Party shall notify the other Party of its new contact details or addresses according to the procedure set out in Clause 26.3.1 выше. Otherwise the actual change of the Party's contact details is not taken into account and the other Party is entitled to send its declarations of intent and notices to the addresses specified in the master contract or a local contract or to addresses specified under the procedure set out in Clause 26.3.1 выше.

26.3.7. The contact details of the Parties' representatives under local contracts are specified in local contracts (Clauses 1.13.15, 4.8 above).

26.3.8. The receiving Party shall reply to a notice within **two** business days, unless a faster reply is required by good practice, the subject of the notice or the importance of the matter at hand.

26.3.9. The contact details of the Parties for issues outside the scope of a local contract are provided in the master contract.

26.4. [Validity of prior agreements]

26.4.1. All prior agreements related to the entry into the contract shall become void upon signing the master contract.

26.4.2. The Parties shall apply the General Terms and Conditions from the moment of the entry into the master contract or local contract:

26.4.3. to all the contracts for services unfulfilled on the signing date of the master contract or local contract; and

26.4.4. to the contracts for services (local contracts) entered into between the Parties after the entry into the master contract.

26.5. [Expenses for the preparation of, and entry into, a contract]

Each Party shall independently cover expenses for the preparation of, and entry into, a master or local contract. This provision shall not exclude or limit the requirements based on the provisions regulating pre-contractual negotiations.

26.6. [The right to determine the procedure for exercising rights]

A Party is entitled independently and at its own discretion to determine which rights and legal remedies are reserved for it by law or a contract to exercise and in which order to exercise such rights and legal remedies, unless otherwise follows from law, the contract or the nature of the right or legal remedy. The full or partial exercise of any right shall not constitute a waiver of other rights or legal remedies, unless otherwise provided for in law, the contract or a declaration of intent made by the Parties.

26.7. [Assignment of claims]

The Contractor shall not assign its rights or claims to third parties without a prior consent of the Customer granted in writing.

26.8. [Severability]

26.8.1. If a provision of a contract (including local contracts) is null and void, it shall not affect the validity of other provisions of the contract that shall remain fully in force, unless the continuing validity of other provisions of the contract in the unchanged wording would result in a significant increase of costs for one of the Parties or a significant reduction in the value of benefits received by one of the Parties under the contract.

26.8.2. If a provision of a contract is null or void, the Parties shall negotiate in good faith to replace the null or void provision of the contract with a new valid provision, the scope, contents and purpose of which correspond to the null or void provision to the maximum possible extent.

26.9. [Anti-corruption provisions]

26.9.1. Signing a master or local contract, each Party represents and warrants that it will take all reasonable measures to prevent all the members of its management bodies, its officers, employees, representatives or other affiliated persons from offering, promising, giving, demanding or receiving bribes, rewards or any other illegal benefits whatsoever given in cash or in kind or as other benefits of corrupt nature now and in future in the course of, or in relation to, pre-contractual negotiations, entry into,

amendment, supervision or fulfilment of the terms and conditions of this contract or any other contracts between the Parties.

26.9.2. The Parties undertake to exercise all reasonable efforts to prevent corruption according to the *ICC Rules of Conduct and Recommendations to Combat Extortion and Bribery in international business transactions*.

26.10. [Interpretation of contract and the order of precedence of annexes]

The interpretation rules for annexes are set out in Clause 1.8 .

26.11. [Provisions to remain in force after the expiry of contract]

After the expiry of a master or local contract the provisions thereof related to the dispute resolution procedure, applicable law, liability, confidentiality, warranty, the procedure for the correction of defects after the acceptance of works, contractual penalty rates, force majeure, periods for the submission of claims and limitation periods and other provisions that do not expire due to the nature thereof shall remain in force.

26.12. [Copies of contract]

Contracts shall be executed in identical copies the number of which is equal to the number of the Parties to the contract. Each Party shall retain one copy of the contract.

26.13. [Annexes to master contract]

Unless otherwise agreed, the following documents shall be attached to a master contract as annexes constituting an integral part thereof:

- a) Annex 1.4 - The list of works and services to be performed by the Contractor;
- b) Annex 1.6.3 – The list of BLRT Grupp's Procedures;
- c) Annex 12.8 – The format of certificate of the final delivery and receipt of works;
- d) Annex 12.9 – The format of interim certificate of works delivery and receipt;
- e) Annex 16.1.2 – Prices of goods and service rates of the Contractor (price list);
- f) Annex 15.4.3 – The format of the warranty inspection report;
- g) Annex 17 – The format of the Contractor's performance bond.

26.14. [Entry into force of the General Terms and Conditions]

These General Terms and Conditions are valid from 20 October 2014.